

PUBLIC DISCLOSURE

January 8, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**ST. VINCENT HOSPITAL CREDIT UNION
Certificate Number 67964**

**123 SUMMER STREET
WORCESTER, MA 01608**

**DIVISION OF BANKS
1000 WASHINGTON STREET
BOSTON, MA 02118**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of St. Vincent Hospital Credit Union (Credit Union) prepared by the Division of Banks, the institution's supervisory agency, as of January 8th, 2017. The Division of Banks rates the CRA performance of the Credit Union as per 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 members, including low- and moderate-income individuals, in a manner consistent with its resources and capabilities.

This evaluation was based upon an analysis of the Credit Union's performance in providing loans to its membership, providing loans to individuals of various incomes, including low- to moderate-income members, response to CRA complaints, and the Credit Union's fair lending performance. The rating is supported by the following summary of results.

- The Credit Union's average net loan-to-share (LTS) ratio for the period is adequate (38.5 percent) given the institution's size and financial condition.
- The distribution of loans to members of different income levels is considered satisfactory and is representative of its membership.
- The institution did not receive any CRA-related complaints during the evaluation period.

DESCRIPTION OF INSTITUTION

St. Vincent Hospital Credit Union is an industrial credit union chartered by the Commonwealth of Massachusetts on May 22, 1973 and is owned by and operated for the benefits of its members. The mission of St. Vincent Hospital Credit Union is to provide the financial services and products desired and needed by its members.

On November 13, 2017, St. Vincent Hospital Credit Union received the Low-Income Credit Union (LICU) designation. A LICU is one in which a majority of its membership (50.7 percent) qualify as low-income members. Low-income members are those who earn 80 percent or less than the median family income or total median earnings for individuals for the metropolitan area where they live, or the national metropolitan area, whichever is greater. As of September 30, 2017 the Credit Union has 1,734 members.

The Credit Union has one office located at 123 Summer Street in Worcester, MA, in a low-income census tract. Office hours are Monday, Thursday and Friday, 7:00 a.m. to 3:30 p.m. and Tuesday and Wednesday 7:30 a.m. to 3:30 p.m. The Credit Union offers products and services including passbook loans, home equity loans, home improvement loans, personal loans, credit builder/rebuilder loans, small dollar loans, new or used auto loans, recreational vehicle loans, checking accounts, certificates of deposit, savings accounts and club accounts. Other services include e-Statements for NOW checking accounts, online banking, direct deposit and payroll deductions. The Credit Union has two automated teller machines (ATMs) located onsite at the hospital, both connected to SUM[®], an alliance between many community financial institutions that have agreed not to assess ATM surcharge fees to any of the other member's customers. The Credit Union's website, www.svhcreditunion.org, provides a home page, rates, promotions, products and services, business hours, lost/stolen cards, important dates, and fees.

As of September 30, 2017, the Credit Union's asset size was \$13.3 million with total loans of \$4.7 million or 35.3 percent of total assets. The Credit Union's net LTS ratio, as of the same date, was 38.7 percent.

The Credit Union's major product line is consumer loans. The primary loan base is comprised of used vehicle loans representing the largest portion of loans with 43.6 percent followed by all other unsecured loans and lines of credit at 29.4 percent and all other real estate loans at 15.3 percent. The following table provides additional details regarding the Credit Union's loan portfolio.

Loan Distribution as of September 30, 2017		
Loan Type	Dollar Amount	Percent of Total Loans
All Other Unsecured Loans/Lines of Credit	\$1,387,585	29.4%
New Vehicle Loans	\$398,667	8.5%
Used Vehicle Loans	\$2,054,130	43.6%
All Other Secured Non-Real Estate Loans/Lines of Credit	\$149,375	3.2%
All Other Real Estate Loans/Lines of Credit	\$722,282	15.3%
Total Loans	\$4,712,039	100.0%

Source: NCUA Call Report

Other than its small asset size and limited resources, there are no apparent financial or legal impediments that would limit the Credit Union’s ability to help meet the credit needs of its membership.

The Credit Union’s assets have increased from \$11.5 million to \$13.3 million since the previous CRA examination.

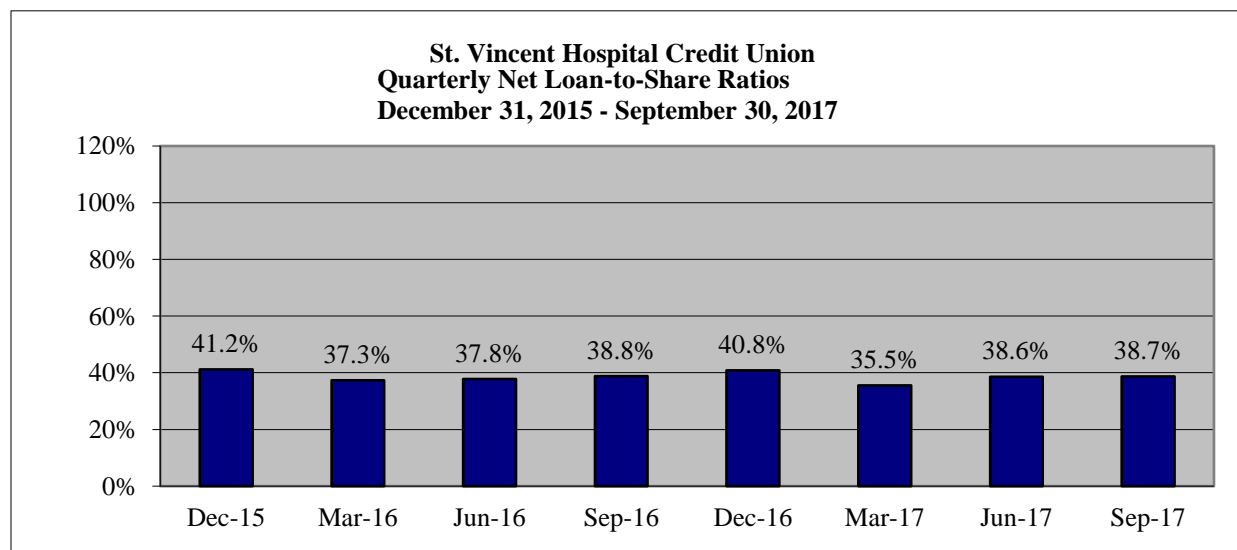
DESCRIPTION OF ASSESSMENT AREA

In accordance with the requirements of 209 CMR 46.41(8), the Credit Union defines its assessment area as its membership. According to the Credit Union’s bylaws, membership shall be open to all employees and immediate family of employees (spouse, mother, father, son, daughter, sister, brother, grandmother, grandfather, grandchild) of St. Vincent Healthcare System, Inc., including all subsidiaries. For the purpose of these bylaws, the term subsidiaries of St. Vincent Healthcare System, Inc. shall mean St. Vincent Hospital LLC, Providence House Nursing Homes and Millbury Adult Day Care Center. Membership shall also be opened to all people employed in any building owned by St. Vincent Hospital LLC.

CONCLUSIONS ON PERFORMANCE CRITERIA

Loan to Share Analysis (LTS)

A comparative analysis of St. Vincent Hospital Credit Union’s last eight quarterly net LTS ratios for the period of December 31, 2015 through September 30, 2017 was conducted. The analysis was conducted to determine the extent of the Credit Union’s lending compared to shares received from its membership. Using the National Credit Union Administration (NCUA) quarterly Call Reports, the average net LTS ratio for this period was 38.5 percent. This ratio is based on loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total shares. The following graph is provided for further analysis.



As shown in the graph above, the Credit Union’s net loan-to-share ratio has been consistent, with a high of 41.2 percent on December 31, 2015 to a low of 35.5 percent on March 31, 2017. During this time period, net loans increased 2.3 percent, shares increased 9.0 percent and assets increased 8.3 percent. Per Credit Union management, the increase in loan volume is due to the small dollar loan program as well as the holiday loan special. Members are starting to save more, resulting in the increase to shares.

The Credit Union’s average net LTS ratio was compared against the average net LTS ratios of two similarly situated industrial institutions based on asset size and loan portfolio composition.

Peer Group Net Loan-to-Share Comparison		
Credit Union Name	Total Assets as of 9/30/17	Average Net LTS Ratio 12/31/15 – 9/30/17
Worcester Fire Department Credit Union	\$40,248,835	26.7%
Worcester Police Department Credit Union	\$16,735,381	91.1%
St. Vincent Hospital Credit Union	\$13,336,264	38.5%

Source: NCUA Call Reports

As shown in the above table, the other Credit Unions’ average quarterly net LTS ratios were 26.7 percent and 91.1 percent.

Based on the foregoing information, the Credit Union’s asset size, resources and the credit needs of its members, the Credit Union’s net loan-to-share ratio is adequate.

Distribution of Credit Among Different Income Levels

A sample of the Credit Union’s consumer loan data from January 1, 2016 through December 31, 2017, was analyzed in order to determine the distribution of credit based upon the income level of borrowers. This examination compares the borrower income to the median family income for the Metropolitan Statistical Area (MSA) in which the borrower resides. The borrower income analysis was based on the median family incomes for the Worcester, MA-CT MSA for Worcester County for 2016 and 2017 of \$78,500 and \$84,000, respectively; Springfield, MA MSA, Hampden and Hampshire County for 2016 and 2017 of \$68,000 and \$66,600, respectively; and Providence-Warwick, RI-MA MSA for Bristol County for 2016 and 2017 of \$73,100 and \$74,500, respectively.

Consumer Loans

Examiners reviewed a sample of the Credit Union’s consumer’s loans which consisted of unsecured loans, and new and used automobile loans. It should be noted that the majority of consumer loans were granted to single applicants and the Credit Union typically relied upon the income of only one borrower to make the credit decision. Comparing one member’s income with the median family income of the Worcester, Springfield, and Providence-Warwick MSA potentially inflates the levels of lending to low- and moderate-income borrowers because the median family income typically includes the income of two individuals and can skew these percentages. Nevertheless, the Credit Union’s lending is well-distributed among various income levels, including low- and moderate-income members.

For both years reviewed, the balanced distribution of lending across all levels of income reflects the Credit Union’s willingness to service its entire membership.

Based upon the analysis of borrower income, the Credit Union demonstrates a satisfactory level of performance in providing loans to borrowers of different incomes.

Distribution of Consumer Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$	%
Low					
2016	20.6	7	28.0	\$21,500	7.9
2017	20.6	5	20.0	\$10,150	4.4
Moderate					
2016	16.5	7	28.0	\$80,036	29.4
2017	16.5	6	24.0	\$32,000	13.8
Middle					
2016	21.9	6	24.0	\$75,362	27.7
2017	21.9	4	16.0	\$31,009	13.4
Upper					
2016	41.0	5	20.0	\$95,310	35.0
2017	41.0	10	40.0	\$158,491	68.4
Totals					
2016	100.0	25	100.0	\$272,208	100.0
2017	100.0	25	100.0	\$231,650	100.0
<i>Source: Credit Union’s 2016 and 2017 Internal Records.</i>					

Response to Complaints

The Credit Union did not receive any CRA-related complaints during the evaluation period.

Fair Lending Policies and Practices

The Division of Banks provides comments regarding the institution’s fair lending policies and practices pursuant to Regulatory Bulletin 1.3-106. Based on a review of the Credit Union’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.

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 01608-1216.

- 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.