

PUBLIC DISCLOSURE

MAY 11, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

QUINCY CREDIT UNION

67709

100 QUINCY AVENUE
QUINCY, MA 02169

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

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.

TABLE OF CONTENTS

I.	General Information	1
II.	Institution Rating	
a.	Overall Rating	1
b.	Description of Institution	2
c.	Description of Assessment Area.....	2
d.	Conclusions with Respect to Performance Criteria.....	4

GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the 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 neighborhoods, 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 **QUINCY CREDIT UNION** (or the "Credit Union") prepared by the Division, the institution's supervisory agency, as of **May 11, 2009**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. 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"

The assessment of Quincy Credit Union's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates.

Data reviewed to form conclusions about the Credit Union's lending performance includes originated home mortgage loans reported on the Credit Union's Home Mortgage Disclosure Act ("HMDA") Loan Application Registers ("LARs") for full years 2007 and 2008.

This performance evaluation assesses Quincy Credit Union's performance under the Small Institution Test which includes an analysis of the distribution of home mortgage loans.

- The average loan-to-share ratio is reasonable, given the Credit Union's size, financial condition, and community needs.
- The level of lending within the assessment area is considered satisfactory.
- The distribution of loans to borrowers of different income levels is considered reasonable and is representative of the membership and was determined to meet the standards for satisfactory performance.
- The geographic distribution of the Credit Union's HMDA reportable loans reflects a reasonable dispersion throughout the assessment area.
- The Credit Union received no complaints pertaining to its CRA performance and the fair lending examination revealed no evidence of discriminatory or illegal credit practices. Fair lending policies and practices are considered satisfactory.
- **Investments and Services:** A review, at management's request, of the Credit Union's qualified investments and services revealed a performance that was commensurate with the Credit Union's overall rating.

PERFORMANCE CONTEXT

Description of Institution

Quincy Credit Union, formerly Quincy Municipal Credit Union, was incorporated under the laws of the Commonwealth of Massachusetts in 1937 to serve the employees of the City of Quincy. Quincy Municipal Credit Union amended its by-laws to expand membership eligibility to include persons who reside in or are employed in Norfolk County, Plymouth County, Barnstable County and Dorchester, Massachusetts; and changed its name to Quincy Credit Union in 2004. In 2006, Quincy Credit Union and Braintree Educators & Municipal Employees Federal Credit Union merged with and into Quincy Credit Union under the charter, by-laws and name of Quincy Credit Union.

Membership in the Credit Union is limited to employees of the City of Quincy, persons who live or work in Norfolk County, Plymouth County, Dorchester and their family members.

Currently, the Credit Union operates one location at 100 Quincy Avenue, Quincy. Office hours are reasonable and convenient to its membership. Quincy Credit Union also operates three ATMs in Quincy. In addition, the Credit Union is a member of CIRRUS, NYCE, VISA and Surcharge-Free ATM networks. The Credit Union is also opening a second location at 519 Columbian Street, Weymouth in the summer of 2009.

As of December 31, 2008, the Credit Union's assets totaled \$298,455,870. Total loans as of this date stood at \$196,208,514 or 65.7 percent of total assets. The majority of the Credit Union's loan portfolio is comprised of first mortgage loans. Refer to the following table for further information regarding the Credit Union's loan portfolio as of December 31, 2008.

Loan Portfolio Distribution as of December 31, 2008		
Loan Type	Dollar Volume	Percentage of Total Loans
First Mortgage Loans	58,967,894	30.1
Other Real Estate Loans/ Lines of Credit	58,197,801	29.7
Used Vehicle Loans	24,175,285	12.3
New Vehicle Loans	22,821,041	11.6
Unsecured Credit Card Loans	19,999,801	10.2
All Other Unsecured Loans/ Lines of Credit	10,739,727	5.5
All Other Loans/ Lines of Credit	1,306,965	0.6
Less- Allowance for Loan & Lease Losses	(1,098,463)	--
Total	195,110,051	100.0

Source: 12/31/08 Consolidated Report of Condition

The Division last examined the Credit Union for compliance with the CRA on June 4, 2003. That examination resulted in a CRA rating of "Satisfactory". There are no apparent financial or legal impediments that would limit the Credit Union's ability to help meet the credit needs of its members.

Description of Assessment Area

The CRA requires each financial institution to define an assessment area within which its CRA performance will be evaluated. An assessment area should consist of Metropolitan Statistical Areas (MSAs), Primary Metropolitan Statistical Areas (PMSAs), Metropolitan Divisions (MDs), or contiguous political subdivisions such as counties, cities, or towns. Further, an assessment area should not arbitrarily exclude any low- or moderate-income area(s) taking into account the institution's size and financial condition. The CRA requires an institution to designate one or

more assessment areas within which its record of helping to meet the needs of its community will be evaluated.

Quincy Credit Union's assessment area is comprised of the cities and towns of Quincy, Weymouth and Braintree. Each of the cities and towns is located within Norfolk County, which is part of the Boston-Quincy, MA Metropolitan Division. The assessment area consists of 35 census tracts: 1 (2.9 percent) is designated as low-income, 2 (5.7 percent) are moderate-income, 27 (77.1 percent) as middle-income and 5 (14.3 percent) are designated as upper income.

The 2007 median family income for the assessment area for 2007 was \$64,189. Using data collected during the 2000 Census, the composition of families by income level is as follows: 17.5 percent are low-income, 19.2 percent are moderate-income, 24.8 percent are middle-income, and 38.5 percent are upper-income. Approximately, 4.2 percent of families are below the poverty level.

Housing

Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Low	2.9	23.8	1.7	0.8	3.0	2.9	\$152,900
Moderate	5.7	18.9	6.5	5.0	8.8	5.6	\$159,115
Middle	77.1	20.7	80.2	78.2	83.1	79.2	\$187,140
Upper	14.3	36.6	11.6	15.9	5.1	12.3	\$214,509
Total / Median	100.0	100.0	100.0	100.0	100.0	100.0	\$190,314

Source: 2000 U.S. Census

As displayed above, there is limited housing stock in the assessment area's low- and moderate-income tracts, which could inhibit an institutions ability to lend in those tracts. The table above also displays the median housing value in the assessment area according to the 2000 Census, which was estimated to be \$190,314. More recent data was obtained from The Warren Group, publisher of Bankers and Tradesman. Refer to the following table for further information regarding the median sales prices.

Median Home Sales Prices – Assessment Area Municipalities		
City or Town	2007	2008
Braintree	\$344,000	\$325,000
Quincy	\$323,000	\$310,000
Weymouth	\$300,000	\$285,000

Source: The Warren Group

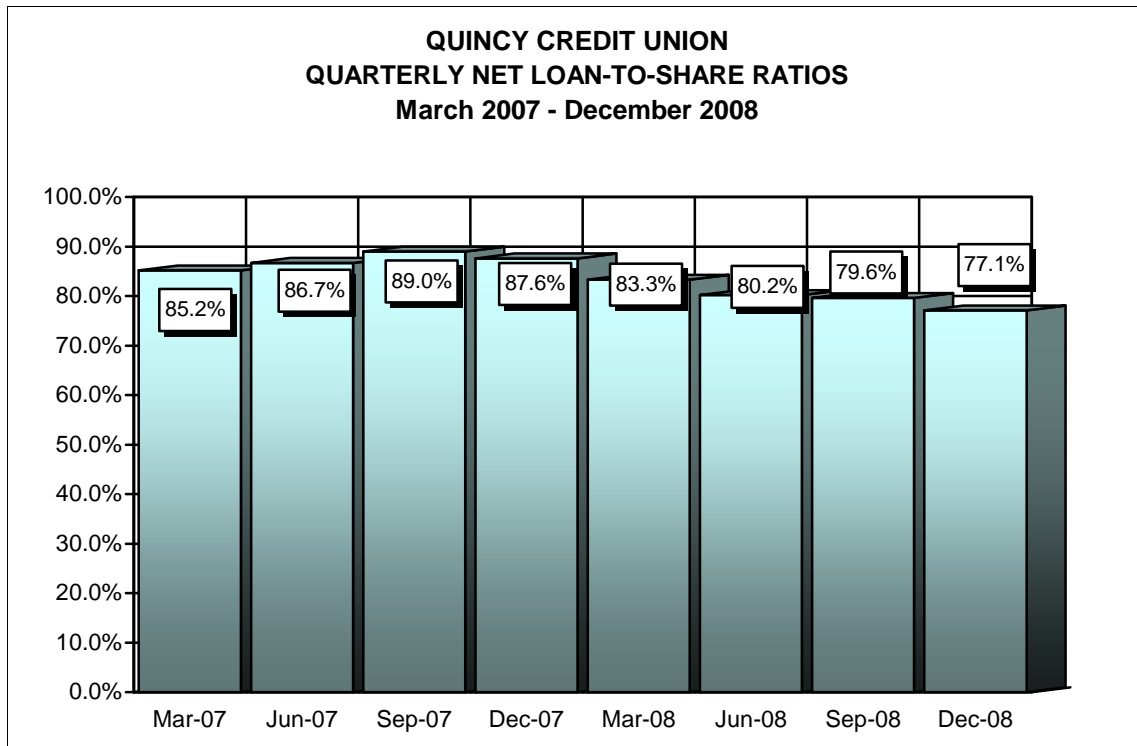
Community Contact

A community contact was conducted with a local non-profit organization that specializes in creating and operating affordable housing in Quincy. According to the contact, there is a need for community development loans would assist developers to modify and convert older buildings into more energy efficient housing for low- and moderate- income individuals.

PERFORMANCE CRITERIA

LOAN TO SHARE ANALYSIS

This performance criterion determines what percentage of the Credit Union's deposit (share) base is reinvested in the form of loans. The appropriateness of the Credit Union's loan-to-share ratio ("LTS") was evaluated. The analysis was performed using NCUA quarterly call report data for the period ending March 31, 2007 through December 31, 2008. The analysis was conducted to determine the extent of the Credit Union's lending compared to shares received from its membership. The average net LTS for the period reviewed was 83.4 percent.



Source: Call Report Data

As displayed in the table above, the Credit Union's net loan-to-share ratios fluctuated during the period but remained at relatively high levels. Overall, the Credit Union's LTS decreased from 85.2 percent as of March 31, 2007 to 77.1 percent as of December 31, 2008. The decrease in the ratios reflects growth in shares outpacing the growth in loans. During the time period, the Credit Union's total loans increased approximately 1.6 percent from \$192,603,469 to \$196,208,514. During the same time period, shares increased from \$226,013,107 to \$252,949,163 or approximately 11.9 percent. Additionally, the Credit Union's net loan-to-share ratio was compared to two similarly situated credit unions. The following table displays the Credit Union in comparison two other credit unions of similar asset size. The ratios and asset sizes are based on the Credit Union's December 31, 2008 CALL reports. As displayed below, the two comparable credit unions had higher LTS ratios. Refer to the following table.

<i>Institution</i>	<i>Net LTS</i>	<i>Asset Size</i>
<i>Tremont Credit Union</i>	<i>94.0%</i>	<i>\$171,392,874</i>
<i>Members Plus Credit Union</i>	<i>88.2%</i>	<i>\$196,061,652</i>
<i>Quincy Credit Union</i>	<i>77.1%</i>	<i>\$298,455,870</i>

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

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Data regarding the Credit Union's HMDA reportable lending activity for 2007 and 2008 was reviewed to determine the proportion of loans originated within the assessment area by number and dollar amount. Lending data was obtained from the Credit Union's LAR filed under the provisions of HMDA.

For the period reviewed, the Credit Union originated 103 HMDA-reportable loans totaling approximately \$25.6 million. Refer to the following table for additional information regarding the Credit Union's HMDA-reportable lending, by both number and dollar volume as well as by year and loan purpose.

Distribution of HMDA Loans Inside and Outside the Assessment Area										
Loan Category or Type	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2007 HMDA										
Purchase	9	52.9	8	47.1	17	2,393	56.3	1,859	43.7	4,525
Refinance	19	61.3	12	38.7	31	4,489	59.5	3,055	40.5	7,544
Subtotal	28	58.3	20	41.7	48	6,882	58.3	4,914	41.7	11,796
2008 HMDA										
Purchase	8	44.4	10	55.6	18	1,843	35.2	3,393	64.8	5,236
Refinance	22	59.5	15	40.5	37	5,067	58.7	3,572	41.3	8,639
Subtotal	30	54.6	25	45.4	55	6,910	49.8	6,965	50.2	13,875
Total	58	56.3	45	43.7	103	13,792	53.7	11,879	46.3	25,671

Source: HMDA LAR Data (2007 and 2008)

As displayed in the table above, the Credit Union originated 103 HMDA reportable loans totaling \$25,671,000, of which 58, or 56.3 percent by number, totaling \$13,792,000 or 53.7 percent by dollar volume, were originated within the assessment area. As illustrated in the table above, the Credit Union's level of lending within the assessment area declined slightly between 2007 and 2008. It should be noted that the Credit Union was previously operating as an industrial credit union, where membership was not based on geographic location, as such the Credit Union's ability to penetrate its assessment area is somewhat inhibited. Overall, as a slight majority of the Credit Union's lending was within the assessment area, the Credit Union meets the standards for satisfactory performance.

DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

An analysis of residential loans originated within the assessment area was conducted in order to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family incomes, as estimated by the Department of Housing and Urban Development (HUD), for the Boston-Quincy, MA MD.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following table breaks out the HMDA reportable loans the Credit Union granted to its membership in 2007 and 2008 categorized by the applicants' reported income in relation to the HUD-adjusted median family income for the respective year and MSA. Further the table presents the Credit Union's performance in relation to aggregate lenders and the distribution of families within the assessment area.

Distribution of HMDA Loans by Borrower Income									
Median Family Income Level	% of Total Families	2007 Credit Union Data		2007 Aggregate Data		2008 Credit Union Data		Total	
			%	#	%	#	%	#	%
Low	17.5	1	3.6	288	3.4	0	0.0	1	1.7
Moderate	19.2	3	10.7	1,417	16.9	2	6.7	5	8.6
Middle	24.9	10	35.7	2,393	28.5	9	30.0	19	32.8
Upper	38.4	14	50.0	3,088	36.7	19	63.3	33	56.9
NA	0	0	0.0	1,220	14.5	0	0.0	0	0.0
Total	100.0	28	100.0	8,406	100.0	30	100.0	58	100.0

Source: HMDA LAR, 2007 and 2008

As displayed in the table above, the Credit Union granted 1 loan, 3.6 percent, to a low-income member in 2007. The Credit Union's percentage was slightly higher than the 2007 aggregate's, but well below the percentage of low-income families. In 2008, the Credit Union made no loans to low-income borrowers. Although the Credit Union's lending percentages to low-income borrowers are lower than the total percentages of low-income families, it should be noted that 4.2 percent of the families in the assessment area are living below the poverty level, which inhibits the Credit Union's ability to lend. In 2007, the Credit Union granted 3 loans, 10.7 percent, to moderate-income members, lagging the aggregate's percentage of 16.9 percent. The Credit Union's percentage of lending to moderate-income borrowers was also below the percentage of moderate-income families in both years under review. Overall, the Credit Union's distribution of lending to borrowers of different income levels reflects a reasonable dispersion and meets the standards for satisfactory performance.

GEOGRAPHIC DISTRIBUTION

The Credit Union's residential loans located within the assessment area were further analyzed to determine their location by census tract income level. As mentioned previously in performance context, the assessment area contains 35 census tracts: 1 (2.9 percent) low-income, 2 (5.7 percent) moderate-income, 27 (77.1 percent) middle-income and 5 (14.3 percent) upper-income.

Refer to the following table for further information regarding the dispersion of the Credit Union's HMDA reportable loans for 2007 and 2008.

Distribution of HMDA Loans by Census Tract Income Level									
Median Family Income Level	% of Total Owner Occupied Housing Units	2007 Credit Union Date		2007 Peer Data		2008 Credit Union Data		Total	
		#	%	#	%	#	%	#	%
Low	0.8	0	0.0	57	0.7	0	0.0	0	0.0
Moderate	5.1	1	3.6	479	5.7	1	3.3	2	3.5
Middle	78.2	25	89.3	6,478	77.1	25	83.4	50	86.2
Upper	15.9	2	7.1	1,392	16.5	4	13.3	6	10.3
Total	100.0	28	100.0	8,406	100.0	30	100.0	58	100.0

Source: HMDA LAR, 2007 and 2008

As displayed in the table above, the Credit Union granted no loans in low-income census tract in either year under review. The Credit Union granted one loan in a moderate-income census tract in 2007 and additional loan in a moderate-income tract in 2008. The majority of the Credit Union's lending was in the assessment area's middle-income tracts. Given that the assessment area contains only 1 low-income tract and 2 moderate-income tracts and the limited opportunity to penetrate those tracts, as displayed by the low percentage of owner occupied units and the low percentage of loans granted by the aggregate, the Credit Union's performance is considered reasonable.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS AND REGULATIONS

A review was conducted for compliance with fair lending regulations, and no evidence of disparate treatment or impact was revealed.

A review of the Division of Bank's records, as well as the Credit Union's Public CRA File did not reveal any complaints relating to the Credit Union's CRA performance since the prior evaluation.

The Credit Union has a second review process in place. All denied loan applications are reviewed by two additional loan officers.

The Credit Union markets itself to its assessment area by using statement stuffers, quarterly newsletters, web site presence, brochures, and lobby posters.

The Credit Union has fifty-five employees, fifty-three employees are full-time and two employees are part-time. Currently, there are seven bilingual employees to assist the non-English speaking customers and potential customers at the Credit Union. Languages spoken are: Chinese, Cantonese, Greek, French, Italian and Vietnamese. As a result, the Credit Union is able to provide better service to customers of different ethnic backgrounds.

MINORITY APPLICATION FLOW

The Credit Union's LARs for 2007 and 2008 were reviewed to determine if the application flow from the different racial and ethnic groups within the Credit Union's assessment area was reflective of the area's demographics. The Credit Union's assessment area contains 175,841 individuals, 24,558 or 13.9 percent are minorities. The assessment area's minority and ethnic population is 0.2 percent Native American, 1.7 percent African American, 8.8 percent Asian, 1.7 percent Hispanic or Latino, and 1.5 percent other.

Quincy Credit Union received 75 HMDA reportable loan applications from within its assessment area in 2007 and 2008. Of these applications, 3 or 4.0 percent were received from minority applicants, of which 2 or 66.7 percent resulted in originations. The Credit Union did not receive any applications from individuals of Hispanic or Latino ethnic backgrounds, within its assessment area. Refer to the following table for information on the Credit Union's minority application flow as well as a comparison of the aggregate lenders throughout the Credit Union's assessment area. The comparison of this data assists in deriving less than reasonable expectations, for the rate of applications the Credit Union received from minority applicants.

MINORITY APPLICATION FLOW								
RACE	2007 Aggregate Data		Credit Union 2007		Credit Union 2008		Total Credit Union	
	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	15	0.1	0	0.0	0	0.0	0	0.0
<i>Asian</i>	1,095	8.6	2	5.4	0	0.0	2	2.7
<i>Black/ African American</i>	294	2.3	0	0.0	0	0.0	0	0.0
<i>Hawaiian/Pac Isl.</i>	46	0.4	0	0.0	0	0.0	0	0.0
<i>2 or more Minority</i>	9	0.1	0	0.0	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	85	0.7	1	2.7	0	0.0	1	1.3
Total Minority	1,544	12.2	3	8.1	0	0.0	3	4.0
<i>White</i>	8,018	63.4	34	91.9	38	100.0	72	96.0
<i>Race Not Available</i>	3,090	24.4	0	0.0	0	0.0	0	0.0
Total	12,652	100.0	37	100.0	38	100.0	75	100.0
ETHNICITY								
<i>Hispanic or Latino</i>	256	2.0	0	0.0	0	0.0	0	0.0
<i>Not Hispanic or Latino</i>	9,198	72.7	37	100.0	38	100.0	75	100.0
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	62	0.5	0	0.0	0	0.0	0	0.0
<i>Ethnicity Not Available</i>	3,136	24.8	0	0.0	0	0.0	0	0.0
Total	12,652	100.0	37	0.0	38	100.0	75	100.0

Source: PCI Corporation CRA Wiz, Data Source: 2000 U.S. Census Data

The Credit Union's level of lending was compared with that of the aggregate's lending performance levels for the most recent year that data was available, the year 2007. The comparison of this data assists in deriving less than reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants. The Credit Union's performance was lower than the 2007 aggregate's performance level for both minority and ethnic applications. The Credit Union received 8.1 percent of its applications from minorities while the aggregate was 12.2 percent. The Credit Union did not receive any Hispanic applications while the aggregate received 2.5 percent.

Optional Evaluation of Investments and Services

At the request of Credit Union management, the institution's community development investment and service activity was reviewed. This review revealed a performance that was commensurate with the Credit Union's overall rating.

Qualified Community Development Investments

A qualified investment for purposes of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. Between 2007 through year-to-date May 11, 2009, the Credit Union has provided \$49,680 in CRA qualified community development donations. The Credit Union has provided donations to organizations that support charitable organizations throughout the assessment area. These organizations provide financial literacy and other needed services to low and moderate-income individuals. Some of the organizations which have benefited from the Credit Union's donations include: Father Bill's Homeless Shelter, Germantown Neighborhood Center Shelter, Feed the Hungry and South Shore Habitat for Humanity.

Qualified Community Development Services

A Community Development Service has community development as its primary purpose and is generally related to the provision of financial services or technical services or assistance. The Credit Union has devoted time and resources to area organizations. Some of the organizations include, but are not limited to, the following:

Financial Literacy Trainings- School Partnerships

The Credit Union underwrites financial literacy materials for teachers to use in business classes at Quincy Public Schools. The Credit Union staff conduct monthly classroom visits teaching budgeting, check writing and calculating interest at a middle school in Quincy. At two high schools in Quincy, the Credit Union conducts credit score awareness presentations and promotes the Student Advantage literacy program. The Student Advantage Program is designed for students ages 15-25, to learn about budgeting, smart saving habits and handling credit wisely.

Quincy Community Action Program

Quincy Community Action Programs, Inc. (QCAP) is the leading private nonprofit organization in the Greater Quincy area dedicated to reducing poverty and helping low-income people achieve self-sufficiency. In conjunction with the program, the Credit Union hosted free seminars to residents in financial crisis.

Credit Awareness Campaign

The Credit Union hosted a month long campaign in April of 2007 to promote credit awareness and provided support on understanding good credit.

Quincy Medical Center Seminars

The Credit Union hosted a 3 month seminar series on "Credit Score Awareness and Budgeting Basics", at the Quincy Medical Center.

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 100 Quincy Avenue, Quincy, MA 02169."

- 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.