

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

Westfield Bank's performance under the Investment Test is rated "Outstanding." The Bank has an excellent level of qualified investments and donations in the AA. The Bank exhibits excellent responsiveness to credit and community economic development needs.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the Bank's level of qualified investments.

Qualified investments and donations totaled \$9.4 million or 6.55 percent of tier 1 capital. The Bank made three new investments in a pool of mortgage backed securities, which provided \$2.1 million in low- and moderate-income mortgages in Westfield Bank's Massachusetts assessment area. The Bank also has four prior period investments totaling \$6.6 million. The details for the Bank's community development investments are as follows:

- A \$3.3 million prior period investment in a CRA Qualified Investment Fund. The fund invests in CRA qualified projects, which primarily include investment in debt instruments supporting affordable housing and economic development for low- and moderate-income individuals and communities within the Bank's Massachusetts assessment area. The Bank made the initial \$2.6 million investment in 2002 and has since continued to reinvest their dividends and thus increasing the overall outstanding balance. The new book balance for the fund is \$3.5 million and 95.2 percent or \$3.3 million benefits the Bank's Massachusetts assessment area.
- A \$1.9 million prior period investment in the Access Capital Community Investment Fund whose mission is to invest in debt securities that promote community development activities servicing low- and moderate-income individuals within the Bank's designated target assessment area. The Bank made the initial investment of \$1.5 million in 2001 and has since continued to reinvest their dividends.
- A \$1.3 million prior period investment in Solomon Hess SBA Loan Fund whose mission is to promote economic development by supporting permanent job creation, retention, and/or improvement in low- or moderate-income geographies or in areas targeted for redevelopment by federal, state, or local governments. Westfield Bank targeted the counties of Hampden and Hampshire as their designated target area.
- A \$898 thousand investment in a mortgage-backed security (MBS) that provides affordable housing for low- and moderate-income individuals in the Bank's Massachusetts assessment area. The MBS is comprised of ten mortgages and six mortgages within the pool are for low- and moderate-income families within the Bank's Massachusetts assessment area.
- A \$866 thousand investment in a MBS that provides affordable housing for low- and moderate-income individuals in the Bank's Massachusetts assessment area. The MBS is comprised of 17 mortgages and six mortgages within the pool are for low- and moderate-income families within the Bank's Massachusetts assessment area.