



CPP ANNUAL USE OF CAPITAL SURVEY - 2014

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Wachusett Financial Services, Inc.

Person to be contacted regarding this report:	Richard Hayward, Jr.
UST Sequence Number:	1345
CPP/CDCI Funds Received:	12,000,000
CPP/CDCI Funds Repaid to Date:	12,000,000
Date Funded (first funding):	12/11/2009
Date Repaid ¹ :	4/23/2014

RSSD: (For Bank Holding Companies)	3195756
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	90181
Credit Union Charter Number: (For Credit Unions)	
City:	Clinton
State:	Massachusetts

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	During 2014, the CPP funds allowed Clinton Savings Bank (CSB) to keep its lending window open at all times with very competitive loan rates. The CPP funds allowed CSB to increase asset balances by increasing loans, in order to help improve the Bank's capital position.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	All loan balances and originations have remained strong as the CPP funds allowed CSB to continue lending in all loan types (residential, consumer, and commercial) within the community.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	The CPP funds have assisted CSB in maintaining a fully funded and adequate Allowance for Loan Loss reserve balance against any non-performing assets.
<input checked="" type="checkbox"/>	Reduce borrowings	The CPP funds have helped CSB reduce the balances of high cost borrowings.
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The CPP funds were fully redeemed in April 2014. However, when CSB had the CPP funds, they allowed the Bank to keep the lending window open at all times with very competitive loan rates. Having the ability to continue extending credit has helped the community get through the tough economic times over the past few years. CSB has also been able to complete more loan modifications for those in need, which has helped those borrowers who are really struggling to get back on their feet. The increased loan modifications are a direct result of CSB's strong capital position and Allowance for Loan Loss Reserve balances which was supported by the increased capital from the CPP Funds.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

As noted above, when CSB had the CPP funds, it allowed the Bank to increase loan originations and complete more troubled loan modifications for those in need at a time when lending was tight.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

None noted.