

PUBLIC DISCLOSURE

September 14, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

UniBank for Savings
Certificate Number: 90290

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Whitinsville, Massachusetts 01588

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Federal Deposit Insurance Corporation
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This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. 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 or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

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 neighborhoods, in a manner consistent with its resources and capabilities.

The following table indicates the performance level of UniBank for Savings with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	X
Satisfactory**	X		
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

** FDIC rules and regulations stipulate use of a “high satisfactory” and “low satisfactory” rating for the three tests. This jointly issued public evaluation uses the term “satisfactory” in lieu of “low satisfactory” for the Lending, Investment, and Service Test ratings, as the Division does not have a “low satisfactory” rating.

The Lending Test is rated Satisfactory.

- Lending levels reflect good responsiveness to assessment area credit needs.
- A high percentage of residential and small business loans are made in the assessment area.
- The geographic distribution of loans reflects poor penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the bank, good penetration among retail customers of different income levels and business customers of different size.
- The bank makes extensive use of innovative and/or flexible lending programs in order to serve assessment area credit needs.
- The bank has made an adequate level of community development loans.

The Investment Test is rated High Satisfactory.

- The bank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.
- The bank exhibits good responsiveness to credit and community economic development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- The bank's delivery systems are reasonably accessible to essentially all portions of the institution's assessment area.
- To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- The bank's services, including business hours, do not vary in a way that inconveniences portions of the assessment area, particularly to low- and moderate -income geographies or individuals.
- The bank provides a relatively high level of community development services.

SCOPE OF EVALUATION

General Information

This performance evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Commonwealth of Massachusetts Division of Banks (Division), covers UniBank for Savings' (UniBank) Community Reinvestment Act (CRA) performance since the prior examination dated June 7, 2017 through the current examination dated September 14, 2020. Examiners used the Interagency Large Institution Examination Procedures, which evaluate the bank's CRA performance pursuant to three tests: Lending, Investment and Service.

The Lending Test considered the institution's performance according to the following criteria.

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Innovative and/or flexible lending practices
- Community development loans

The Investment Test considered the following criteria.

- Number and dollar amount of qualified investments
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments

The Service Test considered the following criteria.

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services

This evaluation does not include any lending activities performed by affiliates.

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage loans and small business loans based on its business strategy and the number and dollar volume of loans originated or purchased during the evaluation period. Since the bank did not originate any small farm loans during the evaluation period, examiners did not evaluate this product line. Additionally, although consumer loans make up 28.5 percent of the loan portfolio, examiners did not review them as the bank does not collect or report this data, and consumer loans do not represent a substantial majority of lending activity.

Examiners analyzed all residential mortgage loan data derived from the bank's 2017, 2018, and 2019 Home Mortgage Disclosure Act (HMDA) loan application registers (LARs). UniBank originated 480 residential loans totaling \$140.7 million in 2017, 493 residential loans totaling \$143.1 million in 2018, and 510 residential loans totaling \$173.8 million in 2019. Examiners compared the bank's performance during all three years to aggregate performance and demographic data; however, examiners only presented 2018 and 2019 activity under the Geographic Distribution and Borrower Profile factors as these two years are representative of the bank's performance throughout the review period. In addition, the bank's 2017 lending was consistent with its 2018 and 2019 lending.

Examiners analyzed all small business loan data derived from the bank's 2017, 2018, and 2019 CRA loan registers. UniBank originated 227 small business loans totaling \$25.3 million in 2017, 229 small business loans totaling \$28.9 million in 2018, and 248 small business loans totaling \$35.2 million in 2019. Examiners compared the bank's 2017 and 2018 lending performance to aggregate performance, as 2019 CRA aggregate data was not available as of the evaluation date. Similar to home mortgage lending, the evaluation only presents 2018 and 2019 activity under the Geographic Distribution and Borrower Profile factors, as the bank's 2017 lending was consistent with its 2018 and 2019 lending.

When arriving at Lending Test conclusions, examiners placed more weight on UniBank's home mortgage lending performance due to its business focus, origination activity, and loan portfolio distribution. When drawing performance conclusions, examiners emphasized the bank's home mortgage lending in 2019 and small business lending in 2018, as these are the most recent years of available aggregate data for the respective product types.

Under the Lending Test, examiners also evaluated the bank's community development lending and innovative and/or flexible lending from June 7, 2017 through September 14, 2020. Under the Investment and Service Tests, examiners considered qualified investments, retail services, and community development services from the same period.

Examiners obtained demographic and economic information referenced in this evaluation from the 2015 American Community Survey (ACS), D&B, Moody's Analytics, and the United States (U.S.) Bureau of Labor Statistics. The June 30, 2020 Report of Income and Condition (Call Report) provided the financial data.

DESCRIPTION OF INSTITUTION

Background

UniBank is a state-chartered, stock savings bank headquartered in Whitinsville, Massachusetts. The bank is a wholly owned subsidiary of UFS Bancorp, a mutual holding company. The bank has four wholly owned subsidiaries, three of which do not engage in retail lending. The fourth subsidiary, Sterling Associates, originates boat, aircraft, recreational vehicle, and manufactured home loans through its offices in Whitinsville and Fort Lauderdale, Florida.

The FDIC and the Division last evaluated UniBank's CRA performance as of June 7, 2017. The bank received a Satisfactory rating using Large Institution CRA Examination Procedures.

Operations

The bank operates 14 branches (13 full-service and 1 limited-service), including its main office, throughout Massachusetts. Automated teller machines (ATMs) are located in each branch. The limited-service branch is located in a senior living facility in Worcester. In September 2017, UniBank opened a branch in Shrewsbury, located in a middle-income census tract. Since the previous examination, the bank has not closed any branches or had any mergers or acquisitions.

UniBank offers a wide range of lending products, including residential real estate, commercial real estate, commercial and industrial loans, home equity loans and lines of credit, construction loans, consumer loans, and consumer and commercial credit cards. Additionally, UniBank offers standard personal and business deposit products, as well as access to alternative banking services such as remote deposit capture and 24-hour online and mobile banking for customers and businesses. The bank also operates a government banking division that is tailored to the banking needs of municipal organizations. Services include payroll, remote deposit capture, state aid reporting, interest allocation and trust reporting, municipal money market, and *Positive Pay*, which is a fraud protection service.

Ability and Capacity

As of June 30, 2020, UniBank had total assets of \$2.2 billion, which includes total loans of \$1.5 billion, representing 66.2 percent of total assets, and total deposits of \$2.0 billion. Residential mortgage loans, consisting of one-to-four family and multi-family loans, account for the largest portion of the bank's loan portfolio, followed by commercial loans, which include nonfarm nonresidential and commercial and industrial loans. The table below illustrates the bank's loan portfolio distribution.

Loan Portfolio Distribution as June 30, 2020		
Loan Category	\$(000s)	%
Construction and Land Development	127,241	8.6
Secured by 1-4 Family Residential	480,658	32.5
Multi-family (5 or more) Residential	1,149	0.1
Secured by Nonfarm Nonresidential	281,150	19.0
Total Real Estate Loans	890,198	60.2
Commercial and Industrial	165,842	11.2
Consumer Loans	420,983	28.5
Obligations of States and Political Subdivisions in the United States	5,210	0.4
Other Loans	5	0.0
Less: Unearned Income	3,877	(0.3)
Total Loans	1,478,361	100.0
<i>Source: Reports of Income and Condition</i>		

There are no significant financial or legal impediments identified that would limit the bank's ability to help meet the credit or community development needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. UniBank designated its assessment area to include cities and towns in Worcester County, Norfolk County, and Middlesex County. Worcester County, Norfolk County, and Middlesex County are all in Massachusetts, and are in the following Metropolitan Statistical Area (MSA) and Metropolitan Divisions (MDs).

- **Worcester, MA-CT MSA** – The bank includes the following cities and towns in **Worcester County**:
 - Auburn
 - Blackstone
 - Boylston
 - Douglas
 - Grafton
 - Holden
 - Hopedale
 - Leicester
 - Mendon
 - Milford
 - Millbury
 - Millville
 - Northborough
 - Northbridge
 - Oxford
 - Paxton
 - Shrewsbury
 - Southborough
 - Sutton
 - Upton
 - Uxbridge
 - Webster
 - West Boylston
 - Westborough
 - Worcester

- **Boston, MA MD** – The bank includes the following towns in **Norfolk County**:
 - Bellingham
 - Franklin
 - Medway

- **Cambridge-Newton-Framingham, MA MD** – The bank includes the following towns in **Middlesex County**:
 - Ashland
 - Holliston
 - Hopkinton

The Boston, MA MD and the Cambridge-Newton-Framingham, MA MD are both part of the Boston-Cambridge-Newton, MA-NH MSA. The CRA requires separate performance analyses and conclusions for each MSA where the bank maintains a branch. Of the bank's 14 branches, 13 are located within the Worcester, MA-CT MSA, and 1 is located within the Boston-Cambridge-Newton, MA-NH MSA. The two MSAs (Worcester, MA-CT MSA and Boston-Cambridge-Newton, MA-NH MSA) are contiguous and located within the Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area (CSA). Examiner analyzed the bank's CRA performance within each MSA (Worcester, MA-CT MSA and Boston-Cambridge-Newton, MA-NH MSA) and the bank's performance was consistent in both MSAs. Therefore, examiners presented data and conclusions combined at the CSA level. There have been no changes to the assessment area since the last evaluation.

Economic and Demographic Data

The assessment area contains 123 census tracts that reflect the following income designations.

- 13 low-income census tracts,
- 18 moderate-income census tracts,
- 39 middle-income census tracts,
- 50 upper-income census tracts, and
- 3 census tracts with no income designation.

Since the previous examination, low-income census tracts increased from 12 to 13, moderate-income census tracts decreased from 19 to 18, middle-income census tracts decreased from 42 to 39, upper-income census tracts increased from 48 to 50, and census tracts with no income designation increased from 2 to 3. Specifically, six census tracts went from middle- to moderate-income in the towns of Ashland, Millbury, and Worcester. Additionally, five census tracts went from moderate- to middle-income in the towns of Auburn, Northbridge, and Worcester.

All of the low-income census tracts are located in the City of Worcester, while the moderate-income census tracts are located in Ashland, Milford, Millbury, Webster, and Worcester. The three census tracts with no income designation are located in Worcester and contain the College of the Holy Cross and Clark University. The following table illustrates select demographic information for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	123	10.6	14.6	31.7	40.7	2.4
Population by Geography	605,771	9.1	11.4	33.0	45.7	0.8
Housing Units by Geography	236,941	10.0	12.4	33.5	43.5	0.6
Owner-Occupied Units by Geography	146,294	2.8	6.9	36.3	54.0	0.1
Occupied Rental Units by Geography	74,639	23.0	21.4	28.5	25.5	1.6
Vacant Units by Geography	16,008	14.7	20.9	31.9	30.9	1.5
Businesses by Geography	44,396	6.2	10.4	28.5	51.5	3.3
Farms by Geography	1,107	2.3	6.1	29.4	62.0	0.4
Family Distribution by Income Level	150,220	19.5	14.9	19.1	46.5	0.0
Household Distribution by Income Level	220,933	23.6	13.3	16.4	46.6	0.0
Median Family Income - 14454 Boston, MA MD		\$90,699	Median Housing Value			\$286,210
Median Family Income - 15764 Cambridge-Newton-Framingham, MA MD		\$100,380	Median Gross Rent			\$999
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Families Below Poverty Level			7.2%

Source: 2015 ACS and 2019 D&B Data; Due to rounding, totals may not equal 100.0 percent
 (*) The NA category consists of geographies that have not been assigned an income classification.

Since the previous CRA evaluation, the assessment area’s population increased by 12,199. Owner-occupied units decreased by 5,189 units and occupied rental units increased by 6,032 units. In addition, 7.2 percent of families live below the poverty level, which represents over a third of low-income families. Families with such low incomes may not qualify for home mortgages based on the area’s home prices. The median housing value has dropped considerably from \$316,243 to \$286,210, potentially improving affordability for low- and moderate-income individuals to purchase a home. The median housing value is \$250,962 in Worcester County and \$195,361 in the City of Worcester, where most of the area’s low- and moderate-income census tracts are located. The City of Worcester contains 44 census tracts, over a third of the assessment area’s census tracts.

Demographic data for the Worcester County portion of the assessment area shows 196,815 housing units, of which 114,398 (58.1 percent) are owner-occupied, 67,607 (34.4 percent) are occupied rental units, and 14,810 (7.5 percent) are vacant units. Comparatively, the City of Worcester has 75,724 housing units, of which 29,499 (39.0 percent) are owner-occupied, 39,077 (51.6 percent) are occupied rental units, and 7,148 (9.4 percent) are vacant units. The poverty level in the city is 17.2 percent. The lower percentage of owner-occupied units in the City of Worcester and the higher percentage of families below the poverty level suggests a challenging environment for making home mortgage loans compared to other assessment area communities.

The following table illustrates the median family income for each MD and MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2018 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
Worcester, MA-CT MSA Median Family Income (49340)				
2018 (\$86,900)	<\$43,450	\$43,450 to <\$69,520	\$69,520 to <\$104,280	≥\$104,280
2019 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360

Source: FFIEC

According to 2019 D&B data, there are 44,396 non-farm businesses and 1,107 farms located in the assessment area. Of these, 84.7 percent reported gross annual revenues (GARs) of \$1 million or less, 5.7 percent reported more than \$1 million, and 9.6 percent have unknown revenues. Service industries represent the largest portion of businesses at 42.2 percent, followed by retail trade at 12.3 percent, and construction at 9.3 percent. Additionally, 66.0 percent of businesses employ four or fewer employees, and 89.0 percent operate from a single location. According to

the U.S. Bureau of Labor Statistics, unemployment rates decreased over the course of the evaluation period, as illustrated in the following table:

Unemployment Rates			
County	2017	2018	2019
	%	%	%
Worcester County	3.9	3.6	3.1
Norfolk County	3.3	3.0	2.5
Middlesex County	3.1	2.7	2.3
State	3.7	3.4	2.9
National Average	4.4	3.9	3.7
<i>Source: Bureau of Labor Statistics</i>			

According to Moody’s Analytics, the Worcester County unemployment rate steadily declined until the COVID-19 pandemic, which resulted in a drastic increase in unemployment. Economic strengths within the Worcester, MA-CT MSA are lower living costs relative to other New England cities, the presence of local colleges and universities, and low employment volatility prior to the pandemic. Large employers in Worcester include UMass Memorial Healthcare, UMass Medical School, Reliant Medical Group, and Saint Vincent Hospital.

Competition

UniBank operates within a competitive market for financial services. Based on 2019 FDIC Deposit Market Share data, 37 financial institutions operated 177 branches within the assessment area. UniBank ranked 2nd with a 9.2 percent deposit market share and was the highest ranked community bank. Bank of America ranked 1st, Berkshire Bank ranked 3rd, and Santander Bank ranked 4th.

The market for home mortgage loans is also highly competitive. According to 2019 HMDA aggregate lending data, 445 institutions originated or purchased 24,850 home mortgage loans within the assessment area, UniBank ranked 18th with a 1.5 percent market share. The highest ranked lenders were large national banks or non-depository lenders including Wells Fargo, Quicken Loans, and Fairway Independent Mortgage Corp. UniBank was the highest ranked community bank, immediately followed by Middlesex Savings Bank.

Aggregate CRA small business lending data is only available at the full county level. Based on 2018 CRA aggregate lending data, there is a high level of competition for these types of loans within Worcester, Middlesex, and Norfolk Counties. Specifically, 165 lenders originated or purchased 78,780 small business loans in these three counties. UniBank ranked 32nd with a 0.3 percent market share and was the 4th highest ranked community bank, below Rockland Trust Company (16th), Eastern Bank (19th), and Middlesex Saving Bank (26th). The highest ranked institutions in the area comprised 49.2 percent of the market share, and included American Express, Bank of America, and Chase Bank.

Community Contact

As part of the CRA evaluation, examiners contact organizations active within the assessment area to better understand and assess the credit and community development needs of the area. Information obtained from the contacts helps determine opportunities to address community development needs and the responsiveness of local financial institutions to these needs.

The examiners contacted a local organization focused on assisting and supporting small businesses in the assessment area. The contact noted that the COVID-19 pandemic has put a significant strain on local small businesses. Formerly solvent small businesses are closing, and almost all small businesses facing challenges prior to the pandemic have closed as well. The contact noted that restaurants and salons are two industries at risk in the assessment area. The loss of businesses has hurt employment and reduced housing and food security.

The contact mentioned loan deferrals as particularly important to respond to the current situation. The organization also identified the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as helpful to small businesses. The organization expressed that UniBank has been particularly helpful with guiding small businesses through the PPP application process. The contact stated they would like additional financial education programs for small businesses and basic financial literacy for adults and children. Such programs would assist incremental financial decisions that could improve the economic outlook in the community over time.

Examiners also spoke with an organization that works with low-income individuals in Worcester. The organization emphasized a need for more affordable and updated housing. Because many of the multi-family homes were built in the early 1900's, apartments have become unsafe and unsanitary when property owners fail to maintain them. Low-income families typically occupy these units based on their affordability. In addition, due to the rise of individuals living in the Worcester area and commuting to Boston, as well as the recent Polar Park development, home prices have begun to rise, which makes finding an affordable home challenging for low- and moderate-income families.

The organization expressed a need for additional small dollar loan programs and banking services targeted to low- and moderate-income individuals.

Credit and Community Development Needs and Opportunities

Examiners identified the primary needs of the assessment area based on demographic and economic information, discussions with bank management, and information from the community contacts. The needs and opportunities of the assessment area include affordable housing, economic development, and community services for low- and moderate-income individuals.

There is an overall need for affordable housing in the area due to the disparities in relatively high home prices and varied income ranges depending on the town or city. Low- and moderate-income individuals would benefit from low-cost home mortgage loans and down payment assistance. Additionally, Worcester has seen an increased cost of living and mass layoffs, as long-standing

manufacturing firms have started to downsize or move out of the city. These challenges create the need for loans and investments targeted at increasing affordable housing stock and creating jobs for low- and moderate-income individuals.

Further, the COVID-19 pandemic has worsened food insecurity, the need for affordable housing, and job losses, as many families experienced layoffs that have threatened their ability to pay basic expenses. Low- and moderate-income individuals would benefit from small dollar loan programs, flexible loan modifications, and payment deferral options. Financial institutions have an opportunity to support community needs through innovative and/or flexible lending programs and community development loans, investments, and services.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank's performance is Satisfactory under the Lending Test. The following sections discuss the bank's performance under each criterion.

Lending Activity

UniBank's lending activity reflects good responsiveness to assessment area credit needs. The bank originated 352 home mortgage loans totaling \$85.3 million in 2018 in the assessment area. Home mortgage lending was similar in 2019 at 365 loans totaling \$89.2 million. In 2018, UniBank ranked 14th out of 417 lenders, for a 1.8 percent market share. The bank's 2019 ranking fell slightly to 18th, with a 1.5 percent market share among 445 lenders. UniBank was the highest ranked state-chartered institution in the assessment area, outranked only by larger national banks and non-depository lenders, such as Wells Fargo, Bank of America, and Guaranteed Rate.

In 2018, UniBank originated 202 small business loans totaling \$24.2 million in its assessment area. Small business lending was similar in 2019 with 209 loans for \$28.8 million. In 2018, the bank ranked 32nd out of 165 reporting lenders who originated or purchased at least one small business loan in Worcester, Middlesex, or Norfolk Counties, for a 0.3 percent market share.

Assessment Area Concentration

The bank originated a high percentage of loans in its assessment area. A majority of home mortgage lending and small business lending, by number and dollar amount, was inside the assessment area during the evaluation period. The following table details the bank's lending inside and outside of the assessment area by year and product type.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2017	323	67.3	157	32.7	480	79,895	56.8	60,771	43.2	140,666
2018	352	71.4	141	28.6	493	85,291	59.6	57,817	40.4	143,108
2019	365	71.6	145	28.4	510	89,217	51.3	84,605	48.7	173,822
Subtotal	1,040	70.1	443	29.9	1,483	254,403	55.6	203,193	44.4	457,596
Small Business										
2017	201	88.5	26	11.5	227	20,306	80.2	5,002	19.8	25,308
2018	202	88.2	27	11.8	229	24,230	84.0	4,620	16.0	28,850
2019	209	84.3	39	15.7	248	28,756	81.8	6,407	18.2	35,163
Subtotal	612	86.9	92	13.1	704	73,292	82.1	16,029	17.9	89,321
Total	1,652	75.5	535	24.5	2,187	327,695	59.9	219,222	40.1	546,917

Source: Bank Data

Geographic Distribution

The geographic distribution of loans reflects poor penetration throughout the assessment area. Examiners focused on the bank’s lending in low- and moderate-income census tracts. Unfavorable comparisons to aggregate performance, particularly in moderate-income census tracts, primarily supports the rating. However, the bank’s participation in Worcester-specific loan programs shows the bank’s willingness lend in the area’s low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of loans reflects poor penetration throughout the assessment area. Although UniBank’s lending performance in low-income census tracts exceeded aggregate lending performance and demographic data in 2018, lending in low-income census tracts decreased by half in 2019 by both number and dollar amount, falling below aggregate lending performance and demographics.

The bank’s lending performance in moderate-income census tracts was significantly below the aggregate lending performance and demographics in 2018. The bank’s lending improved slightly in 2019, but remained significantly below aggregate lending performance and demographics.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	2.8	3.9	20	5.7	3,321	3.9
2019	2.8	3.7	10	2.7	1,918	2.2
Moderate						
2018	6.9	7.6	5	1.4	846	1.0
2019	6.9	7.3	8	2.2	1,576	1.8
Middle						
2018	36.3	35.3	134	38.1	25,760	30.2
2019	36.3	33.9	145	39.7	31,366	35.2
Upper						
2018	54.0	53.1	193	54.8	55,364	64.9
2019	54.0	55.1	201	55.1	52,213	58.5
Not Available						
2018	0.1	0.1	0	0.0	0	0.0
2019	0.1	0.1	1	0.3	2,144	2.4
Totals						
2018	100.0	100.0	352	100.0	85,291	100.0
2019	100.0	100.0	365	100.0	89,217	100.0

Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data.

Small Business Loans

The geographic distribution of small business loans reflects poor penetration throughout the assessment area. The bank originated six small business loans in low-income census tracts in both 2018 and 2019, respectively, and its percentage of loans in low-income census tracts was below the aggregate lending performance in 2018 and the percentage of businesses in 2018 and 2019. The bank's lending in moderate-income tracts similarly lagged aggregate lending performance in 2018 and the percentage of businesses for 2018 and 2019.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	6.3	5.6	6	3.0	290	1.2
2019	6.2	--	6	2.9	477	1.7
Moderate						
2018	10.6	10.0	8	4.0	1,578	6.5
2019	10.4	--	10	4.8	1,085	3.8
Middle						
2018	28.9	28.8	48	23.8	6,757	27.9
2019	28.5	--	46	22.0	4,525	15.7
Upper						
2018	50.8	53.1	135	66.8	14,710	60.7
2019	51.5	--	141	67.5	21,687	75.4
Not Available						
2018	3.4	2.5	5	2.5	895	3.7
2019	3.3	--	6	2.9	982	3.4
Totals						
2018	100.0	100.0	202	100.0	24,230	100.0
2019	100.0	--	209	100.0	28,756	100.0

Source: 2018 & 2019 D&B Data; Bank Data; 2018 CRA Aggregate Data, "--" data not available.

Borrower Profile

The distribution of borrowers reflects good penetration among borrowers of different income levels and businesses of different sizes. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs of \$1 million or less because the number of loans is a better indicator of the number of individuals and businesses served.

Home Mortgage Loans

The bank's lending reflects good penetration among retail customers of different income levels. UniBank's lending percentage to low-income borrowers was slightly below aggregate lending performance in 2018; however, lending to low-income borrowers increased, slightly exceeding aggregate lending performance in 2019. Although the bank's percentage of loans to low-income borrowers was significantly below the percentage of low-income families for both years, comparisons to aggregate lending performance provides a much more meaningful comparison for determining the bank's performance. In addition, with over a third of low-income families in the area having incomes below the poverty level, and a low-income family in Worcester County

earning less than \$47,650, many low-income families would have difficulty qualifying for a home mortgage loan based on the area's home values.

UniBank's home mortgage lending to moderate-income borrowers was below aggregate lending performance in 2018, but was comparable to area demographics. The bank's lending performance to moderate-income borrowers improved in 2019, exceeding both aggregate lending performance and the demographics.

UniBank's market share ranking among low-income borrowers was consistent from 2018 (17th) to 2019 (18th). The bank's market share ranking among moderate-income borrowers rose from 2018 (20th) to 2019 (15th). The bank's overall lending market share exhibited a decrease from 14th to 18th. The consistent and improved market share rankings among low- and moderate-income borrowers, respectively, despite the decrease in the overall lending market share rank, further supports the good performance among borrowers of different income levels.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	19.5	5.3	16	4.5	1,835	2.2
2019	19.5	5.5	21	5.8	2,634	3.0
Moderate						
2018	14.9	18.4	52	14.8	7,780	9.1
2019	14.9	19.0	72	19.7	13,048	14.6
Middle						
2018	19.1	23.9	75	21.3	14,336	16.8
2019	19.1	23.6	91	24.9	18,094	20.3
Upper						
2018	46.5	39.8	202	57.4	60,089	70.5
2019	46.5	38.6	170	46.6	50,537	56.6
Not Available						
2018	0.0	12.6	7	2.0	1,251	1.5
2019	0.0	13.3	11	3.0	4,905	5.5
Totals						
2018	100.0	100.0	352	100.0	85,291	100.0
2019	100.0	100.0	365	100.0	89,217	100.0

Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data.

Small Business Loans

The distribution of small business loans reflects good penetration to businesses with GARs of \$1 million or less. The bank originated a majority of its small business loans to businesses with GARs of \$1 million or less and exceeded aggregate lending performance in 2018. Similarly, UniBank made a majority of small business loans to business with GARs of \$1 million or less in 2019. Examiners emphasized performance compared to aggregate lending data as it is a better indicator of the small business market for credit.

The bank’s small business loan market share supports the good performance. The bank had a 2018 market share of 0.4 percent for loans to businesses with GARs of \$1 million or less, ranking 20th among 165 lenders. While the market share was consistent, the bank’s rank for lending to businesses with GARs of \$1 million or less was substantially higher than its overall rank of 35th for total small business loans in the assessment area.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	83.0	42.0	109	54.0	8,623	35.6
2019	84.5	--	112	53.6	7,242	25.2
>\$1,000,000						
2018	6.4	--	93	46.0	15,607	64.4
2019	5.8	--	97	46.4	21,514	74.8
Revenue Not Available						
2018	10.6	--	0	0.0	0	0.0
2019	9.7	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	202	100.0	24,230	100.0
2019	100.0	--	209	100.0	28,756	100.0

Source: 2018 & 2019 D&B Data; Bank Data; 2018 CRA Aggregate Data; "--" data not available.

Innovative and/or Flexible Lending

The bank makes extensive use of innovative and/or flexible lending programs in order to serve assessment area credit needs. These programs are designed to benefit low- or moderate-income individuals and small businesses. The bank originated 1,194 innovative and/or flexible loans, totaling \$260.4 million to individuals and businesses during the evaluation period.

A substantial majority of the bank’s innovative and/or flexible lending programs were related to PPP loans and deferral or forbearance modifications to provide flexibility to borrowers affected by the COVID-19 pandemic. These modifications assisted low- and moderate-income individuals and families and small businesses undergoing financial hardship and illustrate the

bank's effort to provide continued credit during the pandemic. Specifically, the bank made 634 PPP loans for \$103.0 million and 263 deferral or forbearance for loans totaling \$111.4 million. In addition, a large portion of these loans received secondary deferrals based on continued financial hardship. The deferrals are responsive to a need identified by a community contact. The following table illustrates the bank's innovative and/or flexible lending programs.

Innovative and/or Flexible Lending Programs										
Type of Program	2017*		2018		2019		2020**		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Possible	6	1,360	4	847	9	2,199	1	230	20	4,636
Invest Worcester (Mortgage)	11	2,126	21	3,779	24	5,287	11	2,454	67	13,646
Veterans HELOC	6	451	8	791	1	144	2	133	17	1,519
Subtotal Residential Loans	23	3,937	33	5,417	34	7,630	14	2,817	104	19,801
Fast Track	1	42	27	1,885	28	1,076	16	922	72	3,925
SBA 7a Loans	32	2,415	27	2,200	23	2,451	1	9	83	7,075
SBA 504	1	110	1	101	1	389	0	0	3	600
Invest Worcester (Small Business)	6	418	10	1,802	8	885	11	11,459	35	14,564
PPP Loans	0	0	0	0	0	0	634	102,995	634	102,995
Subtotal Commercial Loans	40	2,985	65	5,988	60	4,801	662	115,385	827	129,159
Total Loans	63	6,922	98	11,405	94	12,431	676	118,202	931	148,960
Freddie Mac COVID-19 (Forbearance)	0	0	0	0	0	0	73	15,661	73	15,661
UniBank Mortgage COVID-19 (Deferral)	0	0	0	0	0	0	127	38,355	127	38,355
Commercial Loan COVID-19 (Deferral)	0	0	0	0	0	0	7	7,650	7	7,650
Business Banking/SBA COVID-19 (Deferral)	0	0	0	0	0	0	56	49,599	56	49,599
Consumer Loans COVID-19 (Deferral)	0	0	0	0	0	0	8	150	8	150
Subtotal COVID-19 (Forbearance/Deferral)	0	0	0	0	0	0	263	111,415	263	111,415
Total Flexible/Innovative Credit Activities	63	6,922	98	11,405	94	12,431	939	229,617	1,194	260,375
Source: Bank Records										
*6/8/17-12/31/17										
**1/1/20-9/14/20										

The following summarizes the bank's innovative and/or flexible loan programs during the evaluation period.

Residential Lending Programs

Home Possible: This Freddie Mac program assists low- and moderate-income first-time homebuyers. The program finances home purchases for income-eligible borrowers with a reduced down payment of three percent of the purchase price.

Invest Worcester Mortgage Program: The bank developed this program to increase its lending in Worcester. The program supports owner-occupied homeownership in Worcester, which primarily consists of low- and moderate-income census tracts. These loans include closing cost assistance for borrowers purchasing homes in Worcester.

Veterans Home Equity Line of Credit (HELOC) Program: The bank created this program to help active military service members and veterans. Characteristics include a reduced rate for lines of credit drawn on owner-occupied, one-to-four family dwellings. The program primarily benefitted low- and moderate-income families.

Small Business Lending Programs

Small Business Fast Track Loans: The program assists small businesses in obtaining credit with a streamlined application and approval process. Loans and lines of credit are limited to \$250,000.

SBA 7a Loan Program: The SBA 7a Loan Program provides loans up to \$5.0 million, with an SBA guaranty of 85.0 percent for loans \$150,000 or less, and 75.0 percent for loans greater than \$150,000. Small businesses that meet the SBA's size eligibility standards benefit from long-term financing options, a fixed maturity, and no prepayment penalties.

SBA 504 Certified Development Company (CDC) Program: The SBA 504 CDC Program is an economic development program offering small business financing while promoting job growth and creation. This program provides small businesses with long-term, fixed-rate financing for acquiring fixed assets for business expansion or modernization.

Invest Worcester Small Business Program: The bank developed this program to increase its small business lending in Worcester. The program allows small businesses to borrow up to \$1.0 million at a reduced interest rate.

SBA PPP: The SBA created this program in response to the COVID-19 pandemic to support job retention at small businesses. Businesses that adhere to the employee retention requirements are eligible for loan forgiveness.

Community Development Lending

UniBank made an adequate level of community development loans in the assessment area. The bank originated 28 community development loans totaling approximately \$33.5 million. This level of activity represents 1.9 percent of average total assets and 2.6 percent of average total loans since the previous CRA evaluation. The bank's community development lending increased significantly since the previous evaluation, when it made 3 loans for \$2.6 million. Of the 28 community development loans, the bank originated 23 loans totaling \$24.1 million that directly benefitted the assessment area. The remaining 5 loans totaling \$9.4 million benefitted a broader statewide regional area. The majority of the bank's community development loans supported economic development by financing small businesses through the PPP program. Qualifying loans specifically retained jobs in low- or moderate-income geographies or for low-

or moderate-income individuals. The following table illustrates the bank’s community development lending by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017 (Partial)	0	0	0	0	1	1,000	0	0	1	1,000
2018	0	0	0	0	0	0	0	0	0	0
2019	1	750	3	775	0	0	1	2,144	5	3,669
2020 (YTD)	0	0	7	1,723	15	27,141	0	0	22	28,864
Total	1	750	10	2,498	16	28,141	1	2,144	28	33,533

Source: Bank Records

The following are notable examples of the bank’s community development loans.

- In 2017, the bank originated a \$1.0 million line of credit to a non-profit organization in Worcester that finances local small businesses. The bank originated this loan under the Invest Worcester Community Development program.
- The bank originated two loans to an organization located in Grafton focused on increasing access to food for low-income families. The bank originated one working capital line of credit in 2019 for \$25,000, and originated PPP loan in 2020 for \$82,500.
- In 2019, the bank participated \$750,000 in a \$4.5 million Worcester loan fund to address homelessness in the area. The loan fund created over 100 units of affordable housing.
- The bank participated in five loans to renovate a community organization’s facilities in Worcester in 2020. The organization provides support services for women, predominantly from low- or moderate-income households. The bank’s participations totaled \$1.6 million.

INVESTMENT TEST

UniBank demonstrated High Satisfactory performance under the Investment Test. The following sections address the bank’s performance under each test factor.

Investment Activity

UniBank has an excellent level of qualified community development investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period, the bank maintained 273 qualified investments totaling \$32.8 million. The total investment activity represents 11.5 percent of average total securities and 1.8 percent of average total assets. Given the bank’s responsiveness to the needs of its assessment area, examiners also considered investments the bank made outside of the assessment

area. Of the total investment activity, five investments totaling \$1.2 million benefited a broader statewide regional area.

The table below illustrates qualified community development investments and qualified grants and donations by year and purpose.

Qualified Investments by Year and Purpose										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Prior Period	8	5,901	1	1,120	0	0	0	0	9	7,020
2017 (Partial)	5	3,357	0	0	0	0	0	0	5	3,357
2018	5	5,105	0	0	0	0	0	0	5	5,105
2019	4	4,851	1	6,308	0	0	0	0	5	11,159
2020 (YTD)	4	5,281	0	0	0	0	0	0	4	5,281
Subtotal	26	24,494	2	7,428	0	0	0	0	28	31,922
Grants & Donations	6	8	230	846	7	16	2	20	245	890
Total	32	24,502	232	8,274	7	16	2	20	273	32,812

Source: Bank Data

The following are notable examples of the bank’s community development investments.

Qualified Investments

During the evaluation period, the bank had 28 qualified investments totaling \$31.9 million, consisting of 19 new investments totaling \$24.9 million and 9 investments totaling \$7.0 million that remained from the prior evaluation period. The bank’s level of qualified investments more than doubled in number, and increased notably by dollar amount, since the previous evaluation; the prior evaluation noted 10 qualified investments totaling \$19.1 million. The following are examples of notable investments:

Mortgage-Backed Securities

UniBank purchased 21 mortgage-backed securities from the Federal National Mortgage Association (Fannie Mae), the Government National Mortgage Association (Ginnie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac). Each security is primarily backed by mortgages originated to low-and moderate-income borrowers within the assessment area.

Blanchard School Tax Credits

In November 2017, UniBank purchased both a low-income tax credit for \$943,750 and a historic tax credit for \$801,000 in support of the Blanchard School project. The project consists of a renovation and adaptive re-use of a historic school that will provide 25 affordable housing units to low-income residents in Uxbridge.

Main South Community Development Tax Credits

During the evaluation period, UniBank purchased three community investment tax credits in support of the Main South Community Development Corporation (MSCDC). The MSCDC provides affordable housing opportunities and other community services to residents in the Main South area of Worcester. The bank purchased the tax credits for \$10,000 in 2017, \$5,000 in 2018, and \$10,000 in 2020.

Charitable Contributions

During the evaluation period, UniBank made 245 qualified donations totaling \$890,062. The bank's level of contributions increased by both number and dollar volume since the previous evaluation, which included 145 donations totaling \$510,640. The majority of the bank's CRA qualified donations supported community service organizations that primarily benefit low- and moderate-income individuals. The following are examples of notable community development donations:

Net of Compassion

Net of Compassion is a non-profit organization based in Worcester dedicated to providing community services to low- and moderate-income individuals living in the city. The organization maintains a food pantry, an emergency homeless shelter, and provides essential items to those struggling with poverty, homelessness, and mental illness.

Dismas House

Dismas House is a non-profit organization that helps former prisoners reintegrate into society in Worcester. The organization maintains low-income housing for individuals transitioning back into society, as well as a farm where residents can work and develop skills such as farm production and marketing.

Worcester Business Development Corporation (WBDC)

The WBDC is a non-profit organization focused on economic and business development opportunities in Worcester. Additionally, the organization provides free community and advisory services for small businesses and entrepreneurs. Due to their location, the WBDC assists many small businesses located in low- or moderate-income census tracts.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community economic development needs. A substantial majority of the bank's investment activity, by number and dollar volume, supports community services and affordable housing initiatives, both of which a community contact identified as needs within the assessment area. The bank made a significant volume of community service grants and donations, many of which supported organizations in Worcester that provide food security, financial literacy, rental assistance, and language services.

The bank invested significant dollar amounts to affordable housing investments through mortgage-backed securities. Affordable housing represents a primary need in the assessment area; however, these investments do not directly support the need for more affordable and updated housing within Worcester specifically emphasized by community contacts.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support community development initiatives. The bank’s qualified investments mostly consist of mortgage-backed securities for affordable housing, participations in tax-exempt bonds, state issued tax credits, and charitable contributions. Although mortgage-backed securities, tax-exempt bonds, and charitable contributions are common investments within the industry, the bank’s purchase of state issued tax credits is an investment activity that other financial institutions do not routinely provide. Additionally, the bank’s purchase of various community investment and low-income housing tax credits reflect a new CRA strategy of obtaining local investments, since the previous examination.

SERVICE TEST

UniBank demonstrated High Satisfactory performance under the Service Test. Examiners gave the most weight to the bank’s performance under the community development services criteria when determining the rating. The following sections address the bank’s performance under each Service Test factor.

Accessibility of Delivery Systems

The bank’s delivery systems are reasonably accessible to essentially all portions of the assessment area. The bank operates 13 full-service branches and one limited-service branch. The limited-service branch is located in a senior living facility in Worcester. Due to census tract income designation changes, since the previous evaluation, the bank now only has one branch located in a low- or moderate-income census tract, its Worcester branch, which is in a moderate-income census tract. Although there are no branches in low-income census tracts, the Worcester branch is reasonably accessible to most of the low-income census tracts within the assessment area. The bank operates a 24-hour ATM at each branch location. The following table illustrates the distribution of the bank’s branches and ATMs by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	13	10.6	55,346	9.1	0	0.0	0	0.0
Moderate	18	14.6	69,309	11.4	1	7.7	1	7.7
Middle	39	31.7	199,715	33.0	6	46.2	6	46.2
Upper	50	40.7	276,610	45.7	6	46.2	6	46.2
NA	3	2.4	4,791	0.8	0	0.0	0	0.0
Totals	123	100.0	605,771	100.0	13	100.0	13	100.0

Source: 2015 ACS Census & Bank Data; Due to rounding, totals may not equal 100.0

While the bank's branch and ATM distribution compares unfavorably to the demographics of the assessment area, it is a member of Allpoint and MoneyPass networks, which gives customers' access to approximately 90,000 ATMs across the nation without imposing a surcharge. In addition, the bank offers free online and mobile banking with services such as remote deposit capture and bill pay to ensure customers have access to banking services. Finally, personal and business banking customers can contact customer service by telephone or email during business hours or extended telephone customer service hours. The Customer Contact Center operates Monday through Friday from 8:00 a.m. to 6:00 p.m. and Saturday from 8:30 a.m. to 1:00 p.m. These digital services increase the accessibility of banking services to parts of the assessment area without close branch locations.

UniBank also employs 15 employees that speak languages other than English. The bank maintains a list of each employee, the languages they speak, and their corresponding department, so all bank staff can easily contact a bilingual representative to serve customers with limited-English proficiency. Languages spoken include Bulgarian, Mandarin, Hindi, Greek, Ukrainian, Russian, Portuguese, and Spanish. These language services are critical, as a large portion of low- and moderate-income individuals in the assessment area are first-generation Americans, where English may not be their first language. UniBank's language services enhance accessibility to bank products and services and promotes economic inclusion among first-generation immigrants and other consumers who may otherwise have limited financial resources.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank opened one full-service branch in Shrewsbury in September 2017. The branch is located in a middle-income census tract. The bank did not close any branches during the evaluation period.

Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way that inconveniences portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Business hours are convenient and comparable to other local institutions. At the majority of the bank's branches, the bank offers extended hours on Thursdays and Fridays. Additionally, the bank is open on Saturdays, with the exception of the limited service branch. Due to the COVID-19 pandemic, some locations temporarily limited their availability to ATMs only. The bank's response to the pandemic, regarding business hours and services, was comparable to other institutions and has not disadvantaged low-and moderate-income geographies.

Community Development Services

The institution provides a relatively high level of community development services. During the evaluation period, UniBank employees provided 124 instances of qualified community development services among several different community organizations in and around the bank's

assessment area, which is a significant increase from the previous evaluation when the bank provided 40 instances of qualified community development services. The following table illustrates the number of community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2017 (Partial)	0	7	0	0	7
2018	2	25	8	1	36
2019	3	32	6	1	42
YTD 2020	4	28	6	1	39
Total	9	92	20	3	124

Source: Bank Data

The following are examples of the bank’s community development services.

Worcester Summer Youth Training Symposium – The organization provided this weeklong event to young adults from low- and moderate-income families throughout Worcester. UniBank employees volunteered as part of the FDIC SmartMoney financial literacy training. The program discussed basic banking knowledge, budgeting, and credit.

Tri-River Valley Elder Services for Money Management – The program is a free service that assists low-income elders who are at risk of losing their independence due to an inability to manage their own finances. The program focuses on providing convenient counseling to help individuals manage their social security income and personal finances. A relationship-banking manager serves on the advisory board of directors.

Bank on Worcester County – This organization utilizes partnerships between local government, non-profit organizations, and banking institutions to address the financial instability of low- and moderate-income individuals and families within Worcester County. The organization offers access to banking and financial education to low- and moderate-income individuals and families. Partners work to increase access to conventional banking institutions by offering safe and affordable products and options for individuals. The bank’s CRA officer serves as a board member.

Live Worcester Now – This organization builds collaboration between public, non-profit organizations, and private sector organizations to provide incentives to homebuyers, businesses, and renters to help revitalize the City of Worcester. The organization achieves this by offering down payment assistance and incentives for individuals and businesses looking to move to Worcester. A mortgage originator serves as the chairperson of the organization.

“Credit for Life” Fair – Worcester Technical High School offered this fair as an opportunity to give students exposure to living as 25 year-olds, with a profession, and annual salary. Students were assigned a credit counselor to review their financial decisions at the end of the fair to determine whether they were successful in creating a budget. Many of the students were from

low- and moderate-income families. Employees from the Worcester branch volunteered to provide financial counsel to students.

Other Services

- UniBank offers an Invest Worcester Account, which leverages deposits by individuals, businesses, non-profits, and municipalities in the accounts, and provides loans that advance home ownership, community development, and small business development in Worcester.
- The bank participates in the Interest on Lawyer's Trust Accounts program. Interest earned from the accounts helps deliver legal services to low-income clients.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices. Therefore, this consideration did not affect the bank's CRA rating.

APPENDIX

SCOPE OF EVALUATION

UniBank for Savings	
TIME PERIOD REVIEWED	06/07/2017 – 09/14/2020
PRODUCTS REVIEWED	
Home Mortgage Loans: 01/01/2017– 12/31/2019 Small Business Loans: 01/01/2017– 12/31/2019 Community Development Loans: 06/07/2017 – 09/14/2020 Community Development Investments & Grants: 06/07/2017 – 09/14/2020 Retail and Community Development Services: 06/07/2017 – 09/14/2020	

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Worcester, MA-CT MSA	Full-Scope Review	-	N/A
Boston, MA-NH MSA	Full-Scope Review		

APPENDIX A

Fair Lending Policies and Procedures – Massachusetts Division of Banks

The Division of Banks provides comments regarding the institution’s fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank’s public comment file indicated the bank received no complaints pertaining to the institution’s CRA performance since the previous examination. Examiners conducted the fair lending review in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, examiners noted no evidence of disparate treatment.

MINORITY APPLICATION FLOW

Examiners reviewed the bank’s 2018 and 2019 HMDA LAR data to determine if the bank’s application flow from the different racial and ethnic groups reflected the assessment area’s demographics.

According to the 2015 ACS U.S. Census Data, the bank’s assessment area contained a population of 605,771 individuals of which 21.9 percent are minorities. The assessment area’s minority and ethnic population is 4.7 percent Black/African American, 5.8 percent Asian, 0.1 percent American Indian, 9.2 percent Hispanic or Latino, and 2.1 percent Other. Refer to the following table for information on the bank’s minority application flow as well as aggregate data in the bank’s assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2018		2018 Aggregate Data	Bank 2019		2019 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	3	0.7	0.3	-	-	0.2
Asian	19	4.3	7.5	12	2.7	7.7
Black/ African American	5	1.1	3.4	1	0.2	3.4
Hawaiian/Pacific Islander	-	-	0.1	-	-	0.2
2 or more Minority	-	-	0.1	-	-	0.1
Joint Race (White/Minority)	5	1.1	1.2	3	0.7	1.3
Total Racial Minority	32	7.2	12.7	16	3.5	12.9
White	387	86.8	66.7	409	90.3	65.8
Race Not Available	27	6.1	20.6	28	6.2	21.4
Total	446	100.0	100.0	453	100.0	100.0
ETHNICITY						
Hispanic or Latino	12	2.7	5.6	13	2.9	5.7
Joint (Hisp/Lat /Not Hisp/Lat)	5	1.1	1.1	3	0.7	1.1
Total Ethnic Minority	17	3.8	6.7	16	3.5	6.9
Not Hispanic or Latino	394	88.3	71.9	410	90.5	71.4
Ethnicity Not Available	35	7.9	21.4	27	6.0	21.8
Total	446	100.0	100.0	453	100.0	100.0

In 2018, the bank received 446 HMDA reportable loan applications from within its assessment area. Of these applications, the bank received 32, or 7.2 percent, from racial minority applicants demonstrating the bank's performance was below the 2018 aggregate data of 12.7 percent received from racial minority applicants. Of the 32 applications to racial minority applicants, the bank originated 71.9 percent. For the same period, the bank received 17 applications, or 3.8 percent, from ethnic groups of Hispanic origin within its assessment area as compared to the aggregate that received 6.7 percent. Of these 17 applications from Hispanic applicants, the bank originated 64.7 percent.

In 2019, the bank received 453 HMDA reportable loan applications from within its assessment area. Of these applications, the bank received 16, or 3.5 percent, from racial minority applicants demonstrating performance well below the 2018 aggregate of 12.9 percent. Of the 16 applications to racial minorities, the bank originated 81.3 percent. For the same period, the bank received 16 applications, or 3.5 percent, from ethnic groups of Hispanic origin as compared to the aggregate that received 6.9 percent. Of these 16 applications from Hispanic applicants, the bank originated 81.3 percent.

Area lenders exhibit a lending and deposit concentration in Worcester, compared to the rest of the Blackstone Valley. Conversely, the bank's lending and deposit footprint is limited with only one branch in Worcester (opened in 2012), and the majority of their established branches are within the remainder of the Blackstone Valley area. The bank's lending pattern reflects this difference in structure. The bank's lending pattern, combined with the demographic profile of Worcester (representing the largest minority population in the Blackstone Valley Area) contributes to the difference between the bank and aggregate minority application flow.

Bank loan products and marketing mitigate the minority application flow performance. The bank created the Invest Worcester program to draw applications from a demographically diverse population and participates in the Buy Worcester Now program. Marketing and outreach also reflect support for applicants with Limited English Proficiency. Bank penetration of majority-minority census tracts is consistent with peer, and has consistent origination rates (above aggregate trends) irrespective of race and ethnicity, reflecting effective fair lending controls.

Bank management is aware of its minority application flow and examiners encourage the bank's continued attention to its application trends as well as business strategies and increased outreach efforts. Overall, the minority application flow for this examination period is reasonable.

Loss of Affordable Housing – Massachusetts Division of Banks

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units. The bank's development of credit products with flexible lending criteria, participation in flexible lending programs, community development lending, and lending to low- and moderate-income borrowers has assisted low- and moderate-income individuals to remain in their neighborhoods.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Areas (CBSAs): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) an unemployment rate of at least 1.5 times the national average;
- (2) a poverty rate of 20 percent or more; or,
- (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for

- Population size, density, and dispersion indicating the area's population is sufficiently small, thin, and
- Distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

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, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, 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 (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

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