

PUBLIC DISCLOSURE

December 11, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

UniBank for Savings
Certificate Number: 90290

49 Church Street
Whitinsville, Massachusetts 01588

Division of Banks
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Boston, Massachusetts 02118

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
New York Regional Office
350 Fifth Avenue, Suite 1200
New York, New York 10118

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 federal financial supervisory agency 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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	
Satisfactory**	X		X
Needs to Improve			
Substantial Noncompliance			
<p><i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i></p> <p><i>** 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.</i></p>			

The Lending Test is rated Satisfactory.

- Lending levels reflect good responsiveness to its assessment areas’ credit needs.
- The bank made an adequate percentage of its loans in its assessment areas.
- The geographic distribution of loans reflects a poor penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different sizes.
- The bank uses of innovative or flexible lending practices in order to serve the credit needs of its assessment areas.
- The bank made an adequate level of community development loans.

The Investment Test is rated High Satisfactory.

- The bank has a significant level of qualified community development investments and grants, occasionally 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 bank does not use innovative or complex investments to support community development initiatives.

The Service Test is rated Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the bank's assessment area, including low- and moderate-income areas.
- To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals.
- The bank has an adequate level of qualified community development services.

DESCRIPTION OF INSTITUTION

Background

UniBank for Savings (UniBank) is a state-chartered trust company headquartered in Whitinsville, Massachusetts. Since the prior evaluation, the bank converted from a stock savings bank to a trust company. The bank is a wholly owned subsidiary of UFS Bancorp, a mutual holding company. The bank has five subsidiaries including UniBank Securities Corp, Sterling Associates, UFS OREO Holdings LLC, UniBank Fiscal Advisory Services, Inc., and Unipay Direct. These subsidiaries do not engage in activities considered as part of this CRA evaluation.

The Federal Deposit Insurance Corporation (FDIC) and the Division of Banks (Division) last evaluated UniBank's CRA performance as of September 14, 2020. The bank received a Satisfactory rating using the Federal Financial Institution Examination Council's (FFIEC) Interagency Large Institution CRA Examination Procedures.

Operations

The bank operates 14 branches (13 full service and 1 limited service) throughout Massachusetts. The bank operates 13 ATMs located in each branch, as well as 1 stand-alone ATM located in a senior living facility in Worcester, Massachusetts. Since the previous examination, the bank has not opened or closed any branches, and has not or engaged in any mergers or acquisitions.

The bank offers standard deposit products for consumers and businesses, including checking accounts, savings and money market accounts, certificates of deposits, and individual retirement accounts. The bank's primary business focus is residential lending; however, the bank offers a wide range of lending products including residential mortgage loans, home equity loans and lines of credit, small business loans, personal loans, auto loans, boat loans, recreational vehicle loans, and Mass Save HEAT loans. The bank continues to offer alternative banking services, which include remote deposit capture, online banking, digital wallet, and VISA click to pay. Lastly, UniBank also operates a government banking department that provides a range of products and services for the financial needs of municipalities.

Ability and Capacity

As of September 30, 2023, UniBank had total assets of \$2.5 billion, which includes total loans of \$2.0 billion. Deposits totaled \$2.2 billion. Residential mortgage loans, including one-to-four family and multi-family loans, account for the largest portion of the bank's loan portfolio, followed by consumer loans and loans secured by nonfarm nonresidential properties. The table below illustrates the bank's loan portfolio distribution.

Loan Portfolio Distribution as of 9/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	63,316	3.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	733,031	37.3
Secured by Multifamily (5 or more) Residential Properties	41,982	2.1
Secured by Nonfarm Nonresidential Properties	410,187	20.9
Total Real Estate Loans	1,248,516	63.5
Commercial and Industrial Loans	48,317	2.5
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	668,800	34.0
Obligations of State and Political Subdivisions in the U.S.	2,367	0.1
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	1,228	-0.1
Total Loans	1,966,772	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the institution's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas (AA) in which examiners will evaluate its CRA performance. UniBank identified two AAs that are composed of portions of three counties in Massachusetts. One assessment area encompasses a majority of Worcester County in the Worcester, MA-CT Metropolitan Statistical Area (MSA) #49340. Of the bank's 14 branches, 13 are located within the Worcester, MA-CT MSA assessment area.

The second assessment area encompasses portion of Middlesex and Norfolk Counties in the Boston-Cambridge-Newton, MA-NH MSA #14460. Middlesex County is located in the Cambridge-Newton-Framingham, MA Metropolitan Division (MD) #15764, and Norfolk County is located within the Boston, MA, MD #14454. Both MDs are part of the larger Boston-Cambridge-Newton, MA-NH MSA. The bank operates one branch in the Boston-Cambridge-Newton, MA-NH MSA assessment area.

Examiners conducted full-scope analyses of the Worcester, MA-CT MSA and Boston-Cambridge-Newton, MA-NH MSA AAs. The two assessment areas are contiguous and located within the larger Boston-Worcester-Providence, MA-RI-NH Combined Statistical Area (CSA) #148. Examiners determined that the bank's performance was consistent in both AAs; therefore, examiners presented data and conclusions on a consolidated basis at the CSA level.

The bank did not make any changes to the AA delineations since the previous evaluation; however, UniBank’s AAs changed slightly during the evaluation period based on the 2020 U.S. Census changes. These changes resulted in an increase of 14 total tracts and some changes to existing geographic income classifications. The revised delineation reflects an increase of 2 low-, 11 middle-, and 4 upper-income tracts; a decrease of 1 moderate-income tract; and no change to the NA-income tracts.

Economic and Demographic Data

According to 2020 U.S. Census data, the AAs include 139 census tracts, including 15 low-, 17 moderate-, 50 middle- 54 upper-, and 3 NA-income census tracts. The following table details select demographic information for the AAs.

Demographic Information						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	139	10.8	12.2	36.0	38.8	2.2
Population by Geography	650,580	10.4	11.2	34.0	43.2	1.2
Housing Units by Geography	248,236	10.3	11.5	35.9	41.6	0.6
Owner-Occupied Units by Geography	156,798	2.3	6.3	38.9	52.5	0.1
Occupied Rental Units by Geography	77,439	25.2	20.9	30.2	22.0	1.7
Vacant Units by Geography	13,999	17.6	17.7	34.4	29.3	1.0
Businesses by Geography	58,418	9.5	10.8	34.1	44.7	0.9
Farms by Geography	1,377	2.5	5.0	32.9	59.3	0.3
Family Distribution by Income Level	154,953	19.4	14.5	19.8	46.3	0.0
Household Distribution by Income Level	234,237	24.0	13.8	15.5	46.8	0.0
Median Family Income: MD 14454 Boston, MA MD		\$112,607	Median Housing Value Median Gross Rent Families Below Poverty Level			\$334,199 \$1,172 6.0%
Median Family Income: MD 15764 Cambridge-Newton-Framingham, MA MD		\$121,481				
Median Family Income: MSA 49340 Worcester, MA-CT MSA		\$96,860				
<i>Source: 2020 U.S. Census and 2022 D&B Data; (*) the NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.</i>						

According to the previous table, 6.0 percent of families live below the poverty level throughout the AAs. Low-income families, particularly those below the poverty level, would face significant challenges in qualifying for a home mortgage based on the area’s median housing value of \$334,199.

The analysis of small business loans under the Borrower Profile criterion analyzes the distribution of the bank’s small business loans by the gross annual revenue (GAR) of the business for each year.

According to 2022 D&B data, there were 58,418 non-farm businesses in the AAs. Listed below are the GARs for these businesses:

- 87.7 percent have GARs of \$1.0 million or less,
- 4.2 percent have GARs of more than \$1.0 million, and
- 8.1 percent have unknown revenues.

Service industries represent the largest portion of businesses at 37.7 percent, followed by retail trade and finance/insurance, both at 10.9 percent, followed by construction at 9.7 percent. Additionally, 65.8 percent of businesses employ four or fewer employees, and 93.2 percent operate from a single location.

As of October 2023, the unemployment rates for the counties of Worcester, Middlesex, and Norfolk stood at 2.7 percent, 2.4 percent, and 2.5 percent, which were all below both the state and national levels of 2.8 percent and 3.9 percent, respectively.

Competition

The AA is a competitive market for financial services. According to the FDIC Deposit Market Share report as of June 30, 2023, 26 financial institutions operated 160 offices within the AA. Of these institutions, UniBank ranked second with an 11.3 percent deposit market share. The five institutions with the highest deposit market shares accounted for 57.3 percent of total market share. These entities are larger depository institutions serving much larger multi-regional or multi-state areas, in addition to this AA.

There is a high level of competition for home mortgage loans among the area's banks, credit unions, and non-depository mortgage lenders. In 2022, 445 lenders reported 20,142 originations and purchases of home mortgage loans. The top ten lenders, which were primarily larger national credit unions, large regional banks, and large national depository institutions and mortgage companies, accounted for 30.5 percent of total market share.

There is also a high level of competition for small business loans within the AAs. In 2021, 239 lenders reported 99,038 small business loans in Worcester, Middlesex, and Norfolk Counties. Aggregate small business lending data is only available on at the county level; however, the bank's AAs include only portions of each county. The top ten lenders, which were primarily large national banks, accounted for 68.4 percent of total market share.

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 credit and community development needs and the responsiveness of local financial institutions to these needs.

Examiners contacted a local organization focused on affordable housing initiatives in Worcester, MA. According to the contact, the aging housing stock requires repairs and prevents financial challenges to current and aspiring homeowners. Additionally, the contact indicated that high rents compared to low- and moderate-income individuals' incomes creates an unaffordable area for individuals to live. The contact stated that support for low- and moderate-income individuals and an increase in affordable housing are primary needs of the area, especially in Worcester.

Credit and Community Development Needs and Opportunities

Based on information from the community contact, bank management, and the demographic and economic data, the most urgent and ongoing community development needs in the AAs are affordable housing and community development services for low- and moderate-income individuals. Opportunities exist in the form of grants to organizations supporting low- and moderate-income individuals and financial assistance for current or first-time homebuyers.

Credit needs include home repair loans to address the aging housing stock, as well as down payment assistance for low- and moderate-income homebuyers.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency Large Institution CRA Examination Procedures to evaluate UniBank's performance since the previous evaluation dated September 14, 2020, to the current evaluation date of December 11, 2023. Examiners used full-scope procedures to evaluate the bank's performance in both its AAs, conducted jointly with the Division of Banks. The procedures consist of the Lending, Investment, and Service Tests (see Appendices).

Activities 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.

Examiners analyzed all home mortgage loans, originated and purchased, reported on the bank's Home Mortgage Disclosure Act (HMDA) loan application registers (LARs) for 2020, 2021, and 2022. During the evaluation period, the bank reported 1,505 home mortgage loans totaling \$432.1 million inside the AAs. Examiners compared the bank's 2020 and 2021 home mortgage lending to 2015 American Community Survey (ACS) demographic data. Examiners compared the bank's 2022 home mortgage lending to 2020 U.S. Census data. Examiners also compared the bank's home mortgage lending performance to aggregate HMDA data for 2020, 2021, and 2022.

Examiners analyzed all small business loans reported on the bank's CRA loan registers for 2020, 2021, and 2022. During the evaluation period, the bank reported 1,537 small business loans totaling \$146.1 million in the AAs. Examiners compared the bank's record of small business lending to D&B demographic data for 2020, 2021, and 2022, and to the aggregate small business loan data for 2020 and 2021, which reflects the most recently available data.

Under the Lending Test, examiners placed more weight on UniBank's home mortgage lending given the bank's historical performance and strategic focus of being primarily a residential mortgage lender. UniBank's small business lending was also material to the performance conclusions, particularly given the notable increase in loan volume in 2020 and 2021 due to its participation with the Small Business Administration's (SBA) temporary Paycheck Protection Program (PPP) during the COVID-19 pandemic. In addition, while the evaluation presents the number and dollar volume of loans, examiners emphasized performance by number of loans because it is a better indicator of the number of individuals and businesses served.

Examiners also reviewed the bank's community development loans, investments, and services, as well as innovative and/or flexible lending practices, for the period from the previous CRA evaluation date to the current evaluation date. Qualified investments included new investments and grants and outstanding qualified investments from prior evaluation periods. Under the Service Test, examiners reviewed the bank's branch network, alternative delivery systems, and any impact of branch openings or closings since the prior evaluation. Examiners also reviewed retail banking products or services targeted to low- and moderate-income individuals or small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank's performance is Satisfactory under the Lending Test. UniBank's performance under the Lending Activity, Assessment Area Concentration, Borrower Profile, and Innovative or Flexible Lending criteria was good; performance under the Geographic Distribution criterion was poor; and performance under the Community Development Lending criterion was adequate. The following sections discuss the bank's performance under each criterion in more detail.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. UniBank's lending activity and market ranking among all lenders that reported home mortgage and small business loans during the evaluation period support this conclusion. In 2022, the bank originated 524 home mortgage loans totaling \$129.5 million in the assessment area. According to 2022 aggregate HMDA data, the bank ranked seventh, by number of home mortgage originations and purchases, out of 445 lenders.

In 2021, the bank originated 608 small business loans totaling \$56.7 million in its assessment area. According to 2021 aggregate CRA data, the bank ranked 25th, by number of small business loans, out of 239 lenders. The loan portfolio mix remained materially unchanged from the prior evaluation,

focusing on home mortgage and small business lending throughout its AAs; however, UniBank’s small business loan volume temporarily increased in 2020 and 2021 due to its extensive participation with the SBA PPP.

In addition, the bank extended \$35.1 million in community development loans in its AAs, which supported affordable housing, community services, and the revitalization and stabilization of low- and moderate-income geographies.

Assessment Area Concentration

UniBank made an adequate percentage of its loans inside the AAs. As shown in the following table, the bank originated 63.0 percent of its total home mortgage loans by number and 55.3 percent by dollar volume inside the AAs. The bank originated a higher percentage of small business loans inside the AAs, at 89.2 percent by number and 83.2 percent by dollar amount. The percentage of home mortgage lending inside the AAs declined year over year by number and by dollar volume from 2021 to 2022. Management attributed this trend to growing loan demand throughout Middlesex County that are not included within the AAs. As discussed under the *Scope of Evaluation* section, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served.

Lending Inside and Outside of the AAs										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2020	492	64.7	268	35.3	760	137,413	51.4	129,781	48.6	267,194
2021	489	63.8	278	36.2	767	165,278	48.1	178,678	51.9	343,956
2022	524	60.7	339	39.3	863	129,451	36.4	226,374	63.6	355,825
Subtotal	1,505	63.0	885	37.0	2,390	432,142	44.7	534,833	55.3	966,975
Small Business										
2020	727	88.0	99	12.0	826	69,311	81.0	16,257	19.0	85,568
2021	608	89.3	73	10.7	681	56,720	83.4	11,267	16.6	67,987
2022	202	93.5	14	6.5	216	20,064	90.6	2,072	9.4	22,136
Subtotal	1,537	89.2	186	10.8	1,723	146,095	83.2	29,596	16.8	175,691
Total	3,042	74.0	1,071	26.0	4,113	578,237	50.6	564,429	49.4	1,142,666

Source: 2020, 2021, and 2022 HMDA data; 2020, 2021, and 2022 CRA data. Due to rounding, totals may not equal 100.0.

Geographic Distribution

The geographic distribution of loans reflects poor penetration. The bank’s poor performance under home mortgage and small business lending support this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor penetration throughout the AAs. As shown in the following table, the bank’s percentage of home mortgage loans within low- and moderate-income census tracts was below the demographic data and aggregate performance for each year during the evaluation period. The following table shows the distribution of home mortgage loans by tract income level.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.8	2.8	7	1.4	1,271	0.9
2021	2.8	3.5	9	1.8	2,143	1.3
2022	2.3	4.1	7	1.3	1,937	1.5
Moderate						
2020	6.9	6.0	16	3.3	5,244	3.8
2021	6.9	7.1	8	1.6	3,449	2.1
2022	6.3	7.8	16	3.1	3,491	2.7
Middle						
2020	36.3	31.8	204	41.5	49,815	36.3
2021	36.3	33.6	214	43.8	64,240	38.9
2022	38.9	36.7	156	29.8	37,359	28.9
Upper						
2020	54.0	59.4	265	53.9	81,084	59.0
2021	54.0	55.7	256	52.4	95,215	57.6
2022	52.5	51.0	345	65.8	86,665	66.9
Not Available						
2020	0.1	0.1	0	0.0	0	0.0
2021	0.1	0.1	2	0.4	233	0.1
2022	0.1	0.3	0	0.0	0	0.0
Totals						
2020	100.0	100.0	492	100.0	137,413	100.0
2021	100.0	100.0	489	100.0	165,278	100.0
2022	100.0	100.0	524	100.0	129,451	100.0

Source: 2015 ACS Census and 2020 U.S. Census; 2020, 2021, and 2022 Bank Data, 2020, 2021, and 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.

Small Business Loans

The geographic distribution of small business loans reflects poor penetration throughout the AAs. As shown in the following table, the bank's percentage of small business loans within low- and moderate-income census tracts was below the percent of businesses and aggregate performance in 2020 and 2021. The bank's performance remained below the percent of businesses in 2022. The following table shows the distribution of small business loans by tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	6.2	6.1	22	3.0	3,456	5.0
2021	6.4	6.3	22	3.6	2,682	4.7
2022	9.5	--	6	3.0	255	1.3
Moderate						
2020	10.6	9.7	38	5.2	2,076	3.0
2021	10.7	9.7	30	4.9	2,492	4.4
2022	10.8	--	8	4.0	1,775	8.8
Middle						
2020	28.4	26.5	230	31.6	18,647	26.9
2021	28.2	27.6	164	27.0	14,567	25.7
2022	34.1	--	47	23.3	2,420	12.1
Upper						
2020	51.4	55.2	423	58.2	42,851	61.8
2021	51.3	54.2	381	62.7	35,386	62.4
2022	44.7	--	141	69.8	15,614	77.8
Not Available						
2020	3.4	2.6	14	1.9	2,281	3.3
2021	3.3	2.2	11	1.8	1,593	2.8
2022	0.9	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	727	100.0	69,311	100.0
2021	100.0	100.0	608	100.0	56,720	100.0
2022	100.0	--	202	100.0	20,064	100.0

Source: 2015 ACS Census and 2020 U.S. Census; 2020, 2021, and 2022 Bank Data, 2020 and 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different sizes. The bank's good performance under home mortgage and small business lending support this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans represents good penetration among retail customers of different income levels. As shown in the following table, UniBank's percentage of home mortgage loans among low-income borrowers in 2020 and 2021 was less than the demographics, but above the aggregate level each year. In 2022, UniBank's percentage of loans to low-income borrowers declined, but remained similar to aggregate performance.

While the bank's percentage of home mortgage loans among moderate-income borrowers in 2020 was less than both the demographics and aggregate performance, the bank's lending exceeded both the demographic comparison and aggregate performance in 2021. In 2022, the bank's percentage of loans among moderate-income borrowers continued to exceed the demographic data and was only slightly below aggregate performance. The following table shows the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	19.5	3.8	24	4.9	3,324	2.4
2021	19.5	4.6	30	6.1	3,800	2.3
2022	19.4	5.4	27	5.2	3,646	2.8
Moderate						
2020	14.9	16.6	66	13.4	12,431	9.0
2021	14.9	17.2	85	17.4	16,474	10.0
2022	14.5	19.9	103	19.7	18,313	14.1
Middle						
2020	19.1	23.4	130	26.4	30,071	21.9
2021	19.1	23.6	132	27.0	31,297	18.9
2022	19.8	24.7	128	24.4	23,041	17.8
Upper						
2020	46.5	43.7	264	53.7	88,484	64.4
2021	46.5	39.8	236	48.3	81,502	49.3
2022	46.3	37.9	253	48.3	78,444	60.6
Not Available						
2020	0.0	12.4	8	1.6	3,103	2.3
2021	0.0	14.7	6	1.2	32,206	19.5
2022	0.0	12.2	13	2.5	6,006	4.6
Totals						
2020	100.0	100.0	492	100.0	137,413	100.0
2021	100.0	100.0	489	100.0	165,278	100.0
2022	100.0	100.0	524	100.0	129,451	100.0

Source: 2015 ACS Census and 2020 U.S. Census; 2020, 2021, and 2022 Bank Data, 2020, 2021, and 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0.

Small Business Loans

The distribution of borrowers reflects good penetration of small business loans among business customers of different sizes. Examiners focused on the percentage of small business loans made to businesses with GARs of \$1.0 million or less by the number of loans, as detailed in the following table.

As shown in the following table, the bank's percentage of small business loans to businesses with GARs of \$1.0 million or less in 2020 and 2021 was lower than its performance level in 2022, and below demographic data and aggregate performance. This is primarily due to the bank's

participation in the SBA’s PPP during 2020 and 2021. Specifically, PPP loans represented 73.0 percent and 60.2 percent of the small business loans made within the AAs during 2020 and 2021, and most of the bank’s PPP loans did not have available revenue information. PPP lending resulted in high percentages of loans in the Revenue Not Available category, which skewed the percentages in the other revenue categories for 2020 and 2021. Given the limited available revenue data, examiners evaluated the PPP loans using loan size as a proxy for business size.

Aggregate data is not yet available for 2022; however, examiners noted that, after the PPP ended in 2021, the bank’s distribution of loans to businesses with GARs of \$1.0 million or less increased and returned to a level comparable to aggregate’s performance during the rest of the evaluation period. The bank’s distribution of PPP loans by loan size in 2020 and 2021 and good performance in 2022 support the conclusion.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	85.5	34.4	178	24.5	12,196	17.6
2021	86.5	43.7	89	14.6	9,738	17.2
2022	87.7	--	78	38.6	3,791	18.9
>\$1,000,000						
2020	5.3	--	149	20.5	33,532	48.4
2021	4.7	--	150	24.7	22,253	39.2
2022	4.2	--	124	61.4	16,273	81.1
Revenue Not Available						
2020	9.2	--	400	55.0	23,583	34.0
2021	8.8	--	369	60.7	24,729	43.6
2022	8.2	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	727	100.0	69,311	100.0
2021	100.0	100.0	608	100.0	56,720	100.0
2022	100.0	--	202	100.0	20,064	100.0

Source: 2020, 2021, and 2022 D&B Data; 2020, 2021, and 2022 Bank Data; 2020 and 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0.

As shown in the following table, a majority of PPP loans were for amounts of \$100,000 or less, indicating that the bank was responsive to the needs of smaller businesses in the AAs during the evaluation period. The distribution was similar in 2020. The following table reflects the distribution of PPP loans by loan amount for 2021.

Distribution of PPP Loans by Loan Size (2021)				
Loan Size	#	%	\$ (000s)	%
< \$100,000	307	83.9	8,003	33.1
\$100,000 - \$249,999	37	10.1	5,695	23.5
\$250,000 - \$1,000,000	22	6.0	10,500	43.4
Total	366	100.0	24,198	100.0
<i>Source: Bank Data</i>				

Innovative or Flexible Lending Practices

UniBank uses innovative or flexible lending practices to serve the credit needs of the AAs. A substantial majority of the bank’s innovative and/or flexible lending programs related to PPP loans and loan deferral or forbearance modifications to provide flexibility to borrowers affected by the COVID-19 pandemic in 2020 and 2021. These modifications assisted low- and moderate-income individuals and small businesses undergoing financial hardship and they illustrate the bank’s effort to provide continued credit during the pandemic.

The following table shows the number and dollar volume of loans originated through each of the bank’s innovative or flexible programs.

Innovative or Flexible Lending Programs										
Type of Program	2020		2021		2022		YTD 2023		Totals	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
SBA-PPP	0	0	438	53,303	0	0	0	0	438	53,303
SBA 7(a)	4	133	5	420	11	434	10	804	30	1,791
Fast Track	6	255	25	1,204	18	623	5	226	54	2,308
Mass Save Heat	0	0	0	0	0	0	172	2,743	172	2,743
Invest Worcester (small business)	2	77	0	0	8	1,215	7	4,099	17	5,391
Invest Worcester (home mortgage)	13	3,161	23	5,910	18	5,953	2	763	56	15,787
Veterans HELOC	1	20	0	0	0	0	0	0	1	20
Home Possible	0	0	0	0	1	324	0	0	1	324
COVID-Relief (forbearance)	90	19,792	20	5,062	0	0	0	0	110	24,854
COVID-Relief (deferral)	48	16,252	17	4,810	1	215	0	0	66	21,277
Totals	164	39,690	528	70,709	57	8,764	196	8,635	945	127,798
<i>Source: Bank Data</i>										

The following are descriptions of the bank’s innovative or flexible lending programs:

- **SBA PPP:** The bank actively participated in the SBA’s PPP, which was an emergency loan program to provide financial relief and assistance to small businesses experiencing financial

hardship and duress due to the COVID-19 pandemic. PPP financing featured below-market fixed rates and a 100.0 percent SBA loan guarantee for loans up to \$10.0 million. The PPP was available from April 3, 2020 through May 31, 2021.

- SBA 7a: This 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.
- 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.
- Mass Save Heat: This program provides no-interest financing of up to \$50,000 for HVAC and energy efficient improvements for primarily low- and moderate-income individuals and families throughout the State of Massachusetts, including the bank's AAs.
- Invest Worcester Small Business Program: The bank developed this program to meet the financing needs of small businesses in Worcester. The program allows small businesses to borrow up to \$1.0 million at a reduced interest rate.
- Invest Worcester Mortgage Program: The bank developed this program, which supports owner-occupied homeownership in Worcester and primarily benefits low- and moderate-income census tracts. The program includes closing cost assistance for borrowers purchasing homes in Worcester.
- Home Possible: This Federal Home Loan Mortgage Corporation (Freddie Mac) program assists low- and moderate-income first-time homebuyers purchase a home with a reduced down payment of three percent of the purchase price.
- Veterans Home Equity Line of Credit (HELOC) Program: The bank created this program to provide favorable rates on lines of credit for active military service members and veterans. The program offers a reduced rate for home equity lines of credit secured by owner-occupied, one-to-four family dwellings. The program primarily benefitted low- and moderate-income families.

Community Development Loans

UniBank made an adequate level of community development loans. During the evaluation period, the bank originated 11 community development loans totaling \$35.1 million throughout the AAs and an additional 8 community development loans totaling \$15.6 million that benefitted the broader statewide area. This level of community development lending activity represents 2.1 percent of average total assets and 3.0 percent of average total loans since the prior evaluation period. Compared to the prior evaluation period, when the bank originated 28 loans totaling \$33.5 million, the bank's performance is lower by number, but increased by dollar volume. UniBank's

performance slightly trails three out of four similarly situated institutions that originated a significant level of community development loans, and its performance is comparable to the fourth similarly situated institution. Examiners selected comparable institutions based on asset size, geographic location, and lending focus.

The following table illustrates the bank’s community development activities by year and purpose.

Community Development Loans										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
9/15/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	5	12,647	3	10,045	0	0	1	20,000	9	42,692
2022	4	7,218	3	111	0	0	0	0	7	7,329
YTD 2023	1	700	2	45	0	0	0	0	3	745
Total	10	20,565	8	10,201	-	-	1	20,000	19	50,766

Source: Bank Records

The bank’s community development lending primarily benefitted affordable housing and community services targeted to low- and moderate- income individuals, consistent with the primary community development needs of the AAs. The following are examples of UniBank’s community development loans in the AAs.

- In 2021, the bank participated \$20.0 million as part of a \$57.0 million loan that funded the purchase and renovation of a vacant factory site, which helped to revitalize and stabilize a moderate-income geography in downtown Worcester by attracting new residents, businesses, and jobs. In addition, the U.S. Treasury designated this geography as an Opportunity Zone, which identified it as being economically distressed. The funds helped to construct a 228-unit residential apartment building, four retail office spaces, and a 184-space parking garage. In addition, this project will help to spur additional economic development, as upon completion there are formal plans to build other commercial and retail projects adjacent to this site.
- In 2021, the bank originated a loan that funded the acquisition and rehabilitation of an existing building to provide a new 60-unit apartment community in Middlesex County, including 15 units (25.0 percent) set aside for low- and moderate-income individuals and families. The total loan amount was \$13.7 million; therefore, \$3.4 million qualifies as affordable housing. This loan supported a primary community development need of the assessment area.
- In 2021, during the COVID-19 pandemic, the bank extended a \$10.0 million PPP loan to a non-profit organization that provides various community services to primarily low- and moderate-income individuals and families, including assistance with housing, homelessness,

mental health, and substance abuse. UniBank extended this unsecured loan through the SBA’s PPP to help the organization maintain its operations, payroll, jobs, and services for local families and individuals during the pandemic. The organization is based in Worcester, but also serves the wider Central Massachusetts area.

INVESTMENT TEST

The Investment Test is rated High Satisfactory. The sections below discuss the bank’s performance under each criterion.

Investment and Grant Activity

The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those not routinely provided by private investors. The bank made 279 qualified investments totaling approximately \$17.5 million. The total dollar amount of qualified investments equates to 0.7 percent of average total assets and 3.4 percent of average total securities since the previous evaluation, which is lower than the previous evaluation period. This total includes qualified equity investments of \$16.9 million and donations of approximately \$606,000. During the prior evaluation period, the bank had 273 qualified investments and donations totaling approximately \$32.8 million.

A majority of the bank’s investments and donations, by dollar volume, supported affordable housing initiatives for low- and moderate-income individuals in the AAs. When compared to similarly situated institutions, the bank’s performance exceeded three of the four similarly situated institutions. The following table illustrates the bank’s community development investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	9	6,365	1	355	0	0	0	0	10	6,720
9/15/2020 – 12/31/2020	0	0	0	0	0	0	0	0	0	0
2021	3	5,268	0	0	0	0	0	0	3	5,268
2022	3	3,412	0	0	0	0	0	0	3	3,412
YTD 2023	1	1,463	0	0	0	0	0	0	1	1,463
Subtotal	16	16,508	1	355	0	0	0	0	17	16,863
Qualified Grants & Donations	4	31	256	571	2	4	0	0	262	606
Total	20	16,539	257	926	2	4	0	0	279	17,469

Source: Bank Data

Equity Investments

The bank has 16 qualified equity investments totaling approximately \$16.5 million. Seven investments totaling \$10.1 million are new and nine investments totaling \$6.4 million remain from the prior period. Equity investment activity decreased since the prior evaluation period. The following are examples of equity investments made during the evaluation period.

- ***Mortgage-Backed Securities*** – During the evaluation period, UniBank purchased five mortgage-backed securities from Freddie Mac. Each security is backed by a mortgage originated in the assessment area to low- and moderate-income borrowers.
- ***Massachusetts Community Investment Tax Credit*** – During the evaluation period, the bank purchased two community investment tax credits that support the Main South Community Development Corporation (MSCDC). MSCDC offers affordable housing and other community services to residents in the Main South area of Worcester. The bank purchased tax credits in 2021 and 2022.

Donations

During the evaluation period, UniBank made approximately \$606,000 in qualified donations. The bank made a higher number of qualified grants and donations compared to the prior evaluation period; however, the total dollar amount was approximately \$284,000 less than the prior evaluation period.

A majority of the bank's CRA qualified grants and donations supported community service organizations that primarily benefit low- and moderate-income individuals and families. The following are notable examples of qualified donations.

- ***Community Harvest Project*** – During the evaluation period, the bank made multiple donations to the Community Harvest Project. The Community Harvest Project provides locally grown food to local food banks that serve low- and moderate-income individuals and families living in the bank's assessment area.
- ***Net of Compassion*** – Net of Compassion is a Worcester based organization that provides community services to low- and moderate-income individuals and families living in Worcester. The organization offers a food pantry, emergency homeless shelter, and services related to homelessness, poverty, and mental illness.
- ***YWCA Central Massachusetts*** – The YWCA is a community service organization that serves women and children in the Worcester area. The organization provides domestic violence counseling, career counseling, economic empowerment, and childcare to low- and moderate-income women and their families.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community development needs. Investments and donations supported activities that promote affordable housing and community services to low-

and moderate-income individuals. The community contact identified these activities as the primary needs of the AAs.

Community Development Initiatives

The institution does not use innovative and/or complex investments to support community development initiatives.

SERVICE TEST

The Service Test is rated Satisfactory. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the bank’s AAs. The following table shows UniBank’s branch and ATM distribution by census tract income level in the AAs, along with the population distribution by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	15	10.8	67,660	10.4	0	0.0	0	0.0
Moderate	17	12.2	72,865	11.2	1	7.1	1	7.7
Middle	50	36.0	221,197	34.0	5	35.7	5	38.5
Upper	54	38.8	281,051	43.2	8	57.2	7	53.8
NA	3	2.2	7,807	1.2	0	0.0	0	0.0
Total	139	100.0	650,580	100.0	14	100.0	13	100.0

Source: 2020 U.S. Census Data; Bank Data

As shown in the previous table, UniBank maintains a network of 14 branches and 13 ATMs throughout the AAs. The bank’s distribution of branches and ATMs in low- and moderate-income census tracts is below the percentage of low- and moderate-income census tracts and the population in those tracts in the AAs. Although the bank does not have a branch or ATM in a low-income census tract, the bank’s Worcester and Shrewsbury branches are located in close proximity to all but one low-income census tract and are reasonably accessible to those geographies.

In addition to the bank’s branches and ATMs, UniBank offers alternative delivery systems to expand retail and commercial banking services to all individual and business customers. The bank offers personal and business online banking, mobile banking with mobile deposit, digital wallet, and telephone banking. The bank also offers ATM card access through the Allpoint and MoneyPass networks. The Allpoint system offers bank customers access to 55,000 ATMs surcharge free in Target, CVS Pharmacy, Circle K., Walgreens, and Speedway. The bank also offers access to the

MoneyPass ATM network, which offers surcharge free transactions at 40,000 ATMs nationwide at participating MoneyPass ATMs.

Changes in Branch Locations

The bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. During the examination period, the bank did not open or permanently close any branch locations. Due to the COVID-19 Pandemic, the bank has temporarily closed their Sutton Branch, which is located in an upper-income census tract.

Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Of the bank's 14 branches, 12 locations maintain similar hours and offers the same products. Two branches, both of which are in upper-income census tracts, offer shorter hours. The bank's Plaza branch offers hours from Monday to Friday from 9:00 a.m. to 2:00 p.m. The branch at the Willows at Worcester assisted living facility only operates between the hours of 9:00 a.m. to 11:00 a.m. on Tuesdays and Thursdays, and is only accessible to residents of the assisted living facility.

The bank also offers specific products and services that meet the needs of low- and moderate-income and underbanked populations in the AAs. Based on the FDIC's 2019 survey of unbanked and underbanked households, minority individuals in the northeast region have much higher populations of individuals underserved by retail banking. The bank employs 20 individuals who speak at least one language outside of English. Languages spoken include Spanish, French, Chinese, Creole, Hindi, Bulgarian, Albanian, Italian, Filipino, Bengali, Portuguese, Armenian, Russian, and Farsi. UniBank's language services enhance accessibility to bank products and services for all who live and work in the assessment area, including low- and moderate-income individuals.

The bank also offers free checking accounts that benefit low- and moderate-income and unbanked customers. According to the 2021 FDIC Survey, approximately 29.2 percent of unbanked households cited minimum balance requirements and high fees as the main reasons for not opening a bank account. These free checking accounts have no minimum balance requirement, no monthly maintenance fee, and provide access to online and mobile banking.

Community Development Services

The bank has an adequate level of community development services. During the evaluation period, UniBank employees provided 109 instances of qualified community development services at 31 different community organizations throughout the assessment area. The bank's performance was below the prior evaluation period, during which the bank provided 124 instances of community development services. The following table illustrates the bank's performance by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
9/15/2020 – 12/31/2020	5	22	4	0	31
2021	4	24	4	0	32
2022	4	15	4	0	23
YTD 2023	2	17	4	0	23
Total	15	78	16	0	109
<i>Source: Bank Data</i>					

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

- ***Habitat for Humanity*** – During the evaluation period, a vice president of the bank served on the Board of Directors for Habitat for Humanity. Habitat for Humanity provides affordable housing to low- and moderate-income individuals and families.
- ***Worcester Community Housing Resources*** – During the evaluation period, a branch manager for the bank served on the Board of Directors for Worcester Community Housing Resources. This organization works to create and preserve affordable housing opportunities for low- and moderate-income households.
- ***Bank on Worcester County*** – A vice president of the bank served on the Leadership Committee of Bank on Worcester County in 2020. Bank on Worcester County is a community service organization that offers access to banking and financial education to low- and moderate-income individuals and families.

Other Services

- ***Interest on Lawyer’s Trust Accounts*** – During the evaluation period, the bank continued to participate in the Interest on Lawyer’s Trust accounts program. Interest earned from these accounts helps provide legal services to low-income clients.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under

the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

APPENDIX A

DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES

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 did not note any evidence of disparate treatment.

MINORITY APPLICATION FLOW

Examiners reviewed the bank's 2021 and 2022 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment area reflected the assessment area's demographics.

According to the 2020 U.S Census, the bank's assessment area contained a total population of 650,580 individuals of which 30.4 percent are minorities. The minority population represented is 5.6 percent Black/African American, 7.5 percent Asian, 11.5 percent Hispanic or Latino, 0.1 percent American Indian, and 5.7 percent other.

Examiners compared the bank application activity with that of the 2021 and 2022 aggregate performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	2021		2021 Aggregate Data	2022		2022 Aggregate Data
	#	%	%	#	%	%
American Indian/Alaska Native	1	0.2	0.2	2	0.3	0.3
Asian	20	3.3	9.1	29	4.1	9.1
Black/African American	6	1.0	4.0	4	0.6	5.0
Hawaiian/Pacific Islander	0	0.0	0.1	3	0.4	0.2
2 or more Minority	0	0.0	0.2	0	0.0	0.1
Joint Race (White/Minority)	10	1.7	1.3	10	1.4	1.5
Total Racial Minority	37	6.1	14.9	48	6.8	16.2
White	536	88.9	60.5	591	83.2	60.6
Race Not Available	30	5.0	24.7	71	10.0	23.3
Total	603	100.0	100.0	710	100.0	100.0
ETHNICITY						
Hispanic or Latino	17	2.8	6.3	30	4.2	7.8
Joint (Hisp/Lat /Not Hisp/Lat)	10	1.9	1.2	18	2.5	1.6
Total Ethnic Minority	27	4.5	7.5	48	6.8	9.4
Not Hispanic or Latino	536	88.9	68.2	589	83.0	68.0
Ethnicity Not Available	40	6.6	24.4	73	10.3	22.6
Total	603	100.0	100.0	710	100.0	100.0
<i>Source: HMDA Aggregate Data (2021 and 2022), HMDA LAR Data (2021 and 2022)</i>						

In 2021, the bank received 603 home mortgage loan applications from within its assessment area. Of these applications, the bank received 37, or 6.1 percent, from racial minority applicants, of which 26, or 70.3 percent, resulted in originations. The aggregate received 14.9 percent of its applications from minority applicants, of which it originated 62.6 percent. For the same period, the bank also received 27 applications, or 4.5 percent, from ethnic groups of Hispanic origin within its assessment area. Of these applications, the bank originated 20 or 74.1 percent, compared with an aggregate application rate of 7.5 percent with a 61.0 percent origination rate.

In 2022, the bank received 710 home mortgage loan applications from within its assessment area. Of these applications, the bank received 48, or 6.8 percent, from racial minority applicants, of which 26, or 54.2 percent, resulted in originations. The aggregate received 16.2 percent of its applications from minority applicants, of which it originated 57.7 percent. For the same period, the bank also received 48 applications, or 6.8 percent, from ethnic groups of Hispanic origin within its assessment area. Of these applications, the bank originated 29 or 60.4 percent, compared with an aggregate application rate of 9.4 percent with a 56.5 percent origination rate.

Considering the demographics of the assessment area, market competition and conditions, and comparisons to aggregate data in 2021 and 2022, and the bank's origination rates to racial and ethnic minorities, the bank's minority application flow is adequate.

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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 or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

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.

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 Area (CBSA): 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).

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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., 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 Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

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 (e.g., 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 (also known as non-MSA): 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 120 percent or more of the area median income, or a median family income that is 120 percent or more 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.