

PUBLIC DISCLOSURE

June 7, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

UniBank for Savings
Certificate Number: 90290

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Division of Banks
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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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	
Satisfactory**	X		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.*

*** Note: FDIC rules and regulations stipulate use of a “high satisfactory” and “low satisfactory” rating for the three tests. For purposes of this jointly issued evaluation, the term “satisfactory” will be used in lieu of the “low satisfactory” rating for the Lending, Investment, and Service Test ratings, as the Division does not have a “low satisfactory” rating.*

The following points summarize the bank’s Lending, Investment, and Service Test performance.

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 good penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the bank, adequate penetration among retail customers of different income levels and business customers of different size.
- The bank has made a low level of community development loans.
- The bank uses innovative and/or flexible lending practices in order to serve assessment area credit needs.

The Investment Test is rated High Satisfactory.

- The bank has a significant level of qualified investments, 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 institution rarely uses innovative or complex investments to support community development initiatives.

The Service Test is rated Satisfactory.

- The bank's delivery systems are reasonably accessible to essentially all portions of the assessment area.
- To the extent changes have been made, the bank'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 and business hours do not vary in a way that inconveniences portions of its assessment area, particularly low- and moderate-income geographies and/or individuals.
- The bank provides an adequate level of community development services.

SCOPE OF EVALUATION

General Information

This evaluation assessed UniBank for Savings' (UniBank) CRA performance since the prior evaluation dated December 15, 2014 through the current evaluation dated June 7, 2017. Examiners used the Interagency Large Institution Examination Procedures, which include three performance tests: Lending Test, Investment Test, and Service Test. Demographic and economic information referenced in the evaluation was obtained from the 2010 United States (U.S.) Census, D&B, Moody's Analytics, and the U.S. Bureau of Labor Statistics. UniBank's financial data was obtained from its March 31, 2017 Report of Income and Condition (Call Report).

The Lending Test assessed bank performance according to the following criteria:

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Community development lending
- Product innovation

The Investment Test assessed bank performance according to the following criteria:

- The dollar amount of qualified investments
- The innovativeness or complexity of qualified investments
- The responsiveness of qualified investments to credit and community development needs
- The degree to which qualified investments are not routinely provided by private investors

The Service Test assessed bank performance according to the following criteria:

- the distribution of the bank's branches among geographies of different income levels
- the record of opening and closing branches, particularly branches in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals
- the availability and effectiveness of alternate systems for delivering retail banking services
- the extent and innovativeness of the bank's community development services

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

Loan Products Reviewed

Based on the number and dollar volume of loans originated during the evaluation period, examiners determined that the bank's major products lines are home mortgage loans and small business loans. The bank made significantly more home mortgage loans, by both number and dollar amount, than small business loans during the review period; therefore, the bank's

performance in home mortgage lending carried greater weight in assigning Lending Test ratings. Since the bank did not originate any small farm loans during the evaluation period, examiners did not evaluate this product line. Additionally, examiners did not review consumer loans because the bank did not collect or report this data, and the loans do not represent a substantial majority of the bank's loan portfolio.

Examiners reviewed all loans reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) for 2015 and 2016. The LARs contain data about home purchase and home improvement loans, including refinances, of one-to-four family and multi-family properties. The bank reported 455 loans totaling \$133.1 million in 2015 and 528 loans totaling \$142.7 million in 2016. Examiners compared the bank's 2015 home mortgage lending performance against 2015 aggregate lending data. Aggregate data includes all lending activity from HMDA-reporting institutions within the bank's assessment area.

Examiners also reviewed all small business loans reported on the bank's CRA Loan Registers for 2015 and 2016. The small business loan registers contain information on originated commercial real estate and commercial and industrial loans with original balances of \$1 million or less. The bank reported 194 small business loans totaling \$31.5 million in 2015 and 229 loans totaling \$33.2 million in 2016. Examiners compared the bank's performance to 2015 aggregate data, which includes all reported small business loans in the assessment area. The data excludes activity of many smaller institutions not required to report CRA data.

For the Lending Test, examiners reviewed both the number and dollar volume of home mortgage and small business loans for 2015 and 2016; however, examiners focused on the number of loans when assessing bank performance, as it is a better indicator of the number of individuals and businesses served.

The evaluation considered the bank's innovative or flexible lending programs and community development loans made between December 15, 2014, the date of the previous CRA evaluation, and June 6, 2017, the date of the current evaluation. The Investment Test and Service Test also considered applicable activities during the same timeframe.

UniBank operates 13 branches including its main office. Of these 13 branches, 12 are located in the Worcester, MA-CT Metropolitan Statistical Area (MSA) and one is located in the Cambridge-Newton-Framingham, MA MSA. The CRA generally requires separate performance analyses and conclusions in MSAs where the bank maintains branch offices. However, both MSAs are within the Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area (CSA). Since the overall assessment area is contiguous and within the Boston-Worcester-Providence, MA-RI-NH-CT CSA, the evaluation does not present separate data and conclusions for each MSA. Rather, the evaluation only presents data and conclusions for the full assessment area.

DESCRIPTION OF INSTITUTION

Background

UniBank was established on January 19, 1988, following the merger of Uxbridge Savings Bank and Whitinsville Savings Bank. UniBank is a stock savings bank, wholly-owned by UFS Bancorp, a mutual holding company. The bank operates four wholly-owned subsidiaries: UniBank Securities Corporation, a securities corporation; UniBank Fiscal Advisory Services, Inc. (UFASI), which provides debt management services to towns, school districts, non-profits, and other government units; UniPay Direct, which markets and licenses proprietary web-based electronic payment processing software to financial institutions outside of Massachusetts; and Tommark, Inc., d/b/a Sterling Associates, which originates boat, aircraft, recreational vehicle, and manufactured home loans via offices in Whitinsville, Massachusetts and Fort Lauderdale, Florida.

UniBank received an overall Satisfactory rating at its previous FDIC and Division CRA Performance Evaluation dated December 15, 2014, based on the Interagency Large Institution Examination Procedures.

Operations

The bank offers products and services through its 13 branches (12 full service and 1 limited service) in Massachusetts. UniBank has branches in Blackstone, Douglas, Hopkinton, Milford, North Grafton, Sutton (2), Upton, Uxbridge, Whitinsville (2), and Worcester (2). The Hopkinton branch and Sutton branch opened since the prior CRA evaluation. Both branches are located in upper-income census tracts. Automated teller machines (ATMs) are located in each banking office, and there are no remote ATMs. There were no branch closures, mergers, or acquisitions during the review period.

UniBank offers a variety of loan products including residential real estate, commercial real estate, commercial and industrial loans, Small Business Administration (SBA) loans, loans secured by investment properties, home equity lines of credit, construction loans, consumer loans (such as automobile, boat, airplane, recreational vehicle, and personal), and consumer and commercial credit cards. Additionally, the bank offers standard deposit products for consumers and commercial customers. Consumer loan and deposit products are offered at all bank branches, and most transactions can be made through online, telephone, and mobile banking.

Ability and Capacity

As of March 31, 2017, the bank had total assets of \$1.6 billion, total loans of \$1.1 billion, and total securities of \$357.2 million. The bank's Call Report shows that home mortgage loans, consisting of one-to-four family and multi-family residential loans, represented the largest portion of the loan portfolio at 34.6 percent. The following table illustrates the loan portfolio distribution.

Loan Portfolio Distribution as of 03/31/2017		
Loan Category	\$(000s)	%
Construction and Land Development	46,151	4.0
Secured by Farmland	-	-
1-4 Family Residential	382,301	33.5
Multi-family (5 or more) Residential	12,067	1.1
Commercial Real Estate	247,283	21.7
Total Real Estate Loans	790,490	60.3
Commercial and Industrial	114,755	10.0
Agricultural	-	-
Consumer	332,710	29.0
Other	6,855	0.6
Less: Unearned Income	890	0.1
Total Loans	1,142,122	100.0
<i>Source: 3/31/2017 Call Report</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. UniBank designated its assessment area as Massachusetts cities and towns in Worcester County, Norfolk County, and Middlesex County. The Worcester County portion of the assessment area consists of the following cities and towns: 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, and Worcester, and is within the Worcester, MA-CT MSA.

The Norfolk County portion of the assessment area consists of Bellingham, Franklin, and Medway, and is within the Boston, MA Metropolitan Division (MD). The Middlesex County portion consists of Ashland, Holliston, and Hopkinton, and is within the Cambridge-Newton-Framingham, MA MD.

The institution expanded its assessment area since the previous evaluation to include Southborough (Worcester County), Bellingham, Franklin, and Medway (Norfolk County), and Ashland, Holliston, and Hopkinton (Middlesex County). The following sections provide detailed information about the assessment area.

Economic and Demographic Data

The assessment area comprises 123 census tracts that reflect the following income designations:

- 12 low-income census tracts,
- 19 moderate-income census tracts,
- 42 middle-income census tracts,
- 48 upper-income census tracts, and
- 2 census tracts with no income designation.

All 12 low-income census tracts and 13 of the 19 moderate-income census tracts are located in the City of Worcester. The remaining 6 moderate-income census tracts are located in Auburn, Milford, Northbridge, and Webster (3), all of which are in the Worcester, MA-CT MSA. The two census tracts with no income designation are located in Worcester and contain the College of the Holy Cross and Clark University. These facilities comprise the entire tracts and, due to the large student population, there are very few households, resulting in limited home mortgage and small business loan demand.

Assessment area communities have diverse economic profiles, so demographic information for the whole assessment area does not reflect the significant economic disparities within the assessment area. For example, Worcester is urban and consists primarily of low- and moderate-income census tracts. The city has an average median family income of approximately \$58,000 and a median housing value of \$247,483. More affluent areas include Grafton, Northborough, and Southborough, which consist of only upper-income census tracts and have average median family incomes of approximately \$120,000 and median housing values of over \$422,000.

The following table illustrates demographic information for the entire assessment area.

Demographic Information for the Assessment Area						
Assessment Area: UniBank						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	123	9.8	15.4	34.1	39.0	1.6
Population by Geography	593,572	8.6	12.3	34.2	44.3	0.6
Housing Units by Geography	236,057	9.6	14.2	35.6	40.6	0.0
Owner-Occupied Units by Geography	151,483	2.4	8.2	37.9	51.5	0.0
Occupied Rental Units by Geography	68,607	22.0	25.0	32.2	20.8	0.0
Vacant Units by Geography	15,967	24.4	24.4	29.3	22.0	0.0
Businesses by Geography	38,156	9.7	10.7	32.3	47.3	0.1
Farms by Geography	927	2.4	5.3	31.2	61.2	0.0
Family Distribution by Income Level	149,322	18.8	15.2	20.9	45.2	0.0
Household Distribution by Income Level	220,090	23.2	14.1	17.1	45.6	0.0
Median Family Income MSA - 14454 Boston, MA MD	\$83,664	Median Housing Value		\$316,243		
		Median Gross Rent		\$894		
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD	\$90,625	Families Below Poverty Level		6.2%		
Median Family Income MSA - 49340 Worcester, MA-CT MSA	\$77,128					
<i>Source: 2010 U.S. Census and 2016 D&B Data</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The assessment area population is 593,572 and includes 149,322 families, of which 18.8 percent are low-income and 15.2 percent are moderate-income. This suggests there is opportunity for financial institutions to originate home mortgage loans to these segments of the population. However, 6.2 percent of total families live below the poverty level, which limits their ability to qualify for home mortgage loans.

The median housing value of \$316,243 is skewed by higher median housing values in upper- and middle-income census tracts located in Norfolk County and Middlesex County. The median housing value in the Worcester County portion of the assessment area is more affordable at \$240,700.

Demographic data for Worcester County shows 197,619 housing units, of which 119,672 (61 percent) are owner-occupied, 63,105 (32 percent) are occupied rental units, and 14,842 (8 percent) are vacant units. Within the City of Worcester, 42 percent of housing units are owner-occupied, 47 percent are occupied rental units, and 11 percent are vacant. The higher concentration of rental units in Worcester compared to the overall assessment area reflects less demand for owner-occupied home mortgage loans. Affordability and poverty levels in Worcester also limit home mortgage lending opportunities. Worcester includes census tracts with median family incomes as low as \$14,000, or 17.9 percent of the MSA median family income, median housing values that exceed \$240,000, and poverty levels that range from 22 to

58 percent. The city has an overall poverty level of 15 percent. Consequently, many families residing in Worcester would not qualify for a home mortgage loan under traditional underwriting standards. As noted previously, Worcester contains most of the assessment area’s low- and moderate-income geographies.

Assessment area towns located in Norfolk County (Bellingham, Franklin and Medway) have a combined owner-occupancy rate of 80 percent, while 16 percent of housing units are occupied rental units and 4 percent are vacant housing units. Of total housing units, 19,243 are one-to-four family units (87 percent), and the median housing value is \$372,050.

Assessment area towns located in Middlesex County (Ashland, Holliston, and Hopkinton) have 16,392 housing units, of which 86 percent are owner-occupied, 12 percent are occupied rental units, and 2 percent are vacant. Over 90 percent of housing units are one-to-four family, and the median housing value is \$441,000.

Under the Borrower Profile criterion, examiners used FFIEC-updated median family income (MFI) levels to analyze home mortgage lending performance. The following table reflects low-, moderate-, middle-, and upper-income categories for 2015 and 2016 based on FFIEC estimates.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Worcester, MA-CT MSA Median Family Income (49340)				
2015 (\$81,500)	<\$40,750	\$40,750 to <\$65,200	\$65,200 to <\$97,800	≥\$97,800
2016 (\$78,500)	<\$39,250	\$39,250 to <\$62,800	\$62,800 to <\$94,200	≥\$94,200
Boston, MA MD Median Family Income (14454)				
2015 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2015 (\$101,700)	<\$50,850	\$50,850 to <\$81,360	\$81,360 to <\$122,040	≥\$122,040
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
<i>Source: FFIEC</i>				

According to 2016 D&B data, 38,156 non-farm businesses are located in the assessment area. Of these, 82.9 percent reported annual revenues of \$1 million or less, 6.6 percent reported more than \$1 million, and 10.5 percent have unknown revenues. Service industries represent the largest portion of businesses at 48.3 percent, followed by retail trade at 12.8 percent and construction at 9.4 percent. Additionally, 71.8 percent of businesses employ four or fewer employees, and 87.2 percent operate from a single location.

According to U.S. Bureau of Labor and Statistics, the 2016 year-end unemployment rate was 2.9 percent in Worcester County, 2.5 percent in Norfolk County, and 2.2 percent in Middlesex County, compared to 3.7 percent statewide and 4.7 percent nationwide. Unemployment rates have decreased since the previous evaluation.

According to Moody's Analytics, the Worcester, MA-CT MSA unemployment rate is continuously declining despite an increase in the labor force. Employers are offering higher wages to fill openings, subsequently increasing incomes of local employees. Further, existing home sales have increased, driving inventories to record lows and encouraging more new construction.

The largest employers in Worcester include UMass Memorial Health Care, UMass Medical School, Fallon Clinic, and Resilient Medical Group. Economic strengths in the area include many colleges and universities, a strong concentration in healthcare, low employment volatility, and relatively low living costs for New England. Economic weaknesses include elevated foreclosure rates and high business costs.

Competition

UniBank operates in a competitive market area in terms of providing banking services. According to FDIC Deposit Market Share data as of June 30, 2016, 101 institutions operated 997 branches within Worcester, Norfolk, and Middlesex Counties. Of these institutions, UniBank ranked 13th with a 1.6 percent deposit market share. Institutions that ranked above UniBank include larger national or regional institutions, including Bank of America, N.A.; Citizens Bank, N.A.; TD Bank, N.A.; and Santander Bank, N.A. These institutions dominate the deposit market with a combined market share over 40 percent. The bank identified its biggest competitor as Commerce Bank and Trust, headquartered in Worcester.

The bank competes with many commercial banks, savings banks, credit unions, and other mortgage lenders for home mortgage loans and small business loans. In 2015, 418 HMDA-reporting lenders originated or purchased 20,179 residential mortgage loans in the assessment area. The five most prominent home mortgage lenders accounted for a combined 20.3 percent of total market share.

In addition, 144 lenders made 61,648 small business loans in the assessment area in 2015. The most prominent small business lenders were American Express, FSB; Bank of America, N.A.; and Capital One Bank (USA), N.A.; which accounted for a combined 49.1 percent of total market share.

Community Contact

As part of the evaluation process, examiners contact organizations active in the assessment area to assist in identifying the credit and community development needs of the community. This information helps examiners determine whether local financial institutions are responsive to those needs.

Examiners conducted an interview with a representative from an economic development organization in Worcester County. The organization offers programs to developers and business owners, such as providing a link between available local, state, and federal incentives and loan programs, business planning, and training. The contact stated that the community would grow and prosper with a thriving business industry. Community leaders in Worcester are hoping to

attract permanent residents who work and live within city limits. Further, the large immigrant population has resulted in many small businesses. The contact indicated that the community would benefit from more financial institution support for these small businesses in the form of loans with smaller dollar amounts.

The contact also stated that while Worcester is heavily banked, there is a need for more flexible, smaller dollar loans for start-up businesses and entrepreneurs with limited credit histories. The contact hopes that financial institutions in the area develop an innovative or flexible loan product to fill this need. The contact did not mention any specific city areas as more in need of help than others, but did reference that revitalization has occurred in Downtown Worcester.

Examiners also contacted an organization that focuses on affordable housing in Worcester. The organization promotes and develops permanent and sustainable housing in neighborhoods located in Central Worcester by rehabilitating abandoned housing and acquiring parcels of vacant land to develop affordable housing units. The contact stated the community's need for assistance to rehabilitate abandoned property and follow through with community projects is still strong, and there are plenty of opportunities for financial institutions to give back by providing funding and donations for property rehabilitation projects.

Credit and Community Development Needs and Opportunities

Considering information from community contacts, bank management, and demographic and economic data, examiners determined that credit and community development needs of the bank's assessment area are similar to those of many other metropolitan areas. Specifically, Worcester has affordable housing needs and a high population of low- and moderate-income families, which creates needs and opportunities for community services targeted to low- and moderate-income individuals. The city also needs projects to revitalize and stabilize low- and moderate-income geographies.

Further, individuals and businesses in the assessment area have several credit needs. In addition to traditional commercial financing, area businesses need smaller dollar loans. Relatively high home prices also indicate the need for home mortgage loans with lower costs or down payment assistance.

Demographic disparities in the assessment area convey significant variation in lending and community development needs and opportunities. Needs and opportunities in Worcester include all community development categories, including economic development and revitalization. Other communities, however, provide significant home mortgage lending opportunities and have more pressing affordable housing needs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank's overall Lending Test performance is rated Satisfactory. The sections below discuss bank performance under each performance factor.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs.

Home Mortgage Loans

In 2015, UniBank originated 299 home mortgage loans in the assessment area totaling \$69.2 million. By number of loans, UniBank ranked 15th out of 418 total lenders, with a total market share of 1.5 percent. The three most prominent mortgage lenders were Wells Fargo Bank, N.A.; JP Morgan Chase Bank, N.A.; and Quicken Loans; which accounted for a combined 13.9 percent market share. UniBank's lending trailed three local competitors: Milford Savings and Loan Association, Digital Federal Credit Union, and Commerce Bank and Trust Company, which ranked 10th, 11th, and 12th with 1.9 percent market shares, respectively. Although 2016 aggregate HMDA data was not available, the bank's lending increased to 367 loans totaling \$86.8 million in 2016.

Small Business Loans

In 2015, the bank originated 172 small business loans in the assessment area totaling \$23.0 million. By number of loans, UniBank ranked 26th out of 144 reporting lenders, with a market share of 0.3 percent. The three most prominent small business lenders were American Express, FSB; Bank of America, N.A.; and Capital One Bank (USA), N.A.; which accounted for a combined 49.1 percent of total market share. Although 2016 aggregate CRA data was not available, the bank's 2016 small business lending increased to 199 loans totaling \$25.4 million.

Assessment Area Concentration

The bank made a high percentage of home mortgage and small business loans within its assessment area. For both loan types combined, the bank made 73.8 percent by number and 60.1 percent by dollar amount within the assessment area. The following table illustrates the bank's lending inside and outside of the assessment area by loan type and year.

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										
2015	299	65.7	156	34.3	455	69,271	52.1	63,789	47.9	133,060
2016	367	69.5	161	30.5	528	86,873	60.9	55,875	39.1	142,748
Subtotal	666	67.8	317	32.2	983	156,144	56.6	119,664	43.4	275,808
Small Business										
2015	172	88.7	22	11.3	194	23,016	73.0	8,525	27.0	31,541
2016	199	86.9	30	13.1	229	25,451	76.7	7,725	23.3	33,176
Subtotal	371	87.7	52	12.3	423	48,467	74.9	16,250	25.1	64,717
Total	1,037	73.8	369	26.2	1,406	204,611	60.1	135,914	39.9	340,525
<i>Source: 1/1/2015 - 12/31/2016 Bank Data</i>										

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the assessment area. The bank's home mortgage lending performance primarily supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts. The following sections discuss the bank's performance under this criterion by loan type.

Home Mortgage Loans

The bank demonstrated good loan penetration throughout the assessment area. The following table shows UniBank's home mortgage lending by census tract income level compared to aggregate and demographic data.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: UniBank						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	2.4	2.2	12	4.0	1,709	2.5
2016	2.4	--	9	2.5	1,486	1.7
Moderate						
2015	8.2	7.3	32	10.7	5,813	8.4
2016	8.2	--	31	8.4	5,506	6.3
Middle						
2015	37.9	34.9	95	31.8	18,882	27.3
2016	37.9	--	115	31.3	23,600	27.2
Upper						
2015	51.5	55.6	160	53.5	42,867	61.8
2016	51.5	--	212	57.8	56,281	64.8
Totals						
2015	100.0	100.0	299	100.0	69,271	100.0
2016	100.0	--	367	100.0	86,873	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

The bank's 2015 lending performance in low-income tracts exceeded both the aggregate lending percentage and the percentage of owner-occupied units in low-income tracts. Market share data for low-income tracts shows that UniBank ranked 7th with 12 loans, representing a 2.8 percent market share. The bank's rank and market share in low-income tracts exceeded its performance in the full assessment area. In comparison, Commerce Bank and Trust ranked 14th with a 1.6 percent market share. Out of 123 total lenders in the low-income tracts, the top three were Wells Fargo Bank, N.A. with 56 loans and a market share of 6.3 percent; Ditech Financial, LLC with 50 loans and a market share of 5.6 percent; and Quicken Loans with 33 loans and a market share of 3.7 percent.

In 2016, the bank decreased lending in low-income tracts both by number and percentage of loans compared to 2015. However, the percentage of bank loans was consistent with the percentage of owner-occupied housing units in low-income tracts.

UniBank's 2015 lending performance in moderate-income tracts also exceeded the aggregate market and the percentage of owner-occupied units in moderate-income tracts. UniBank ranked 9th out of 179 lenders with a 2.3 percent market share. Commerce Bank and Trust ranked 6th with a 2.6 percent market share. Nonetheless, the bank's 2015 lending in moderate-income tracts reflects good performance.

In 2016, the bank originated 31 loans, or 8.2 percent of total home mortgage loans, in the moderate-income tracts. While this represents a small decrease in percentage of loans, it still exceeds the percentage of owner-occupied housing units in moderate-income tracts.

Small Business Loans

The distribution of small business loans reflects adequate penetration throughout the assessment area. The bank performed better in moderate-income tracts than in low-income tracts. The following table illustrates the distribution of small business loans by census tract income level compared to aggregate lending performance and business demographics.

Geographic Distribution of Small Business Loans						
Assessment Area: UniBank						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	9.6	8.0	2	1.2	1,020	4.0
2016	9.7	--	5	2.5	359	1.0
Moderate						
2015	10.8	9.0	29	16.9	4,190	18.0
2016	10.7	--	25	12.6	2,839	11.0
Middle						
2015	32.1	32.2	50	29.1	9,579	42.0
2016	32.3	--	70	35.2	11,627	46.0
Upper						
2015	47.4	50.8	91	52.9	8,227	36.0
2016	47.3	--	99	49.7	10,626	42.0
Not Available						
2015	0.1	0.0	0	0.0	0	0.0
2016	0.1	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	172	100.0	23,016	100.0
2016	100.0	--	199	100.0	25,451	100.0

Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data, "--" data not available.

In 2015, the bank originated two loans in low-income census tracts, accounting for 1.2 percent of total small business loans. This was significantly below aggregate lending in those tracts at 8.0 percent and the percentage of businesses at 9.6 percent. One factor that limits the bank's ability to reach business customers in the low-income census tracts is that none of their branches are located in low-income census tracts. Branch locations affect the bank's commercial loan distribution more than home mortgage loan distribution because all commercial applications must be completed in person. The bank accepts home mortgage loan applications online.

Further, there is strong competition in the area overall, and several lending institutions have branch locations in the low-income census tracts.

In 2016, the bank increased low-income tract lending to 5 loans or 2.5 percent of total small business loans. However, this performance remained significantly below the percentage of total businesses in these tracts. In 2017, the bank added two new full-time positions, including a bilingual loan officer and a Small Business Banking Officer at the Worcester Branch. Management indicated these new hires reflect its efforts to increase small business lending in low- and moderate-income census tracts.

In 2015, bank lending in moderate-income census tracts was significantly above aggregate lending performance and the percentage of businesses in these tracts. While small business lending in moderate-income tracts decreased in 2016, UniBank's lending percentage still exceeded the percentage of businesses in these tracts.

Borrower Profile

Given the product lines offered by the institution, the distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different size. Adequate home mortgage and small business lending performance support this conclusion. The following sections discuss bank performance under this criterion by loan type.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income, is adequate. The following table shows the distribution of loans by borrower income level, as well as 2015 aggregate data and the distribution of families for comparative purposes.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: UniBank						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	18.8	4.4	13	4.3	1,306	1.9
2016	18.8	--	11	3.0	1,162	1.3
Moderate						
2015	15.2	15.9	43	14.4	7,499	10.8
2016	15.2	--	50	13.6	8,809	10.1
Middle						
2015	20.9	20.9	64	21.4	11,988	17.3
2016	20.9	--	81	22.1	16,912	19.5
Upper						
2015	45.2	40.9	179	59.9	48,478	70.0
2016	45.2	--	224	61.0	59,865	68.9
Not Available						
2015	0.0	17.9	0	0.0	0	0.0
2016	0.0	--	1	0.3	125	0.2
Totals						
2015	100.0	100.0	299	100.0	69,271	100.0
2016	100.0	--	367	100.0	86,873	100.0

Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.

In 2015, UniBank’s home mortgage lending performance to low-income borrowers was similar to the aggregate, but significantly below the percentage of low-income families. One factor that limited lenders’ ability to lend to low-income families is the poverty rate. As noted in the Description of Assessment Area section, 6.2 percent of all families have incomes below the poverty level, and the percentage is significantly higher in the City of Worcester at 15 percent. Families in this group would generally not qualify for home mortgage loans. In 2016, the bank’s number and percentage of loans to low-income borrowers decreased slightly.

The affordability of homeownership also affected opportunities to lend to low-income borrowers. Based on 2010 U.S. Census data, over 50 percent of all low-income families in the assessment area reside in Worcester. Considering the 2015 median family income figure for the Worcester, MA-CT MSA, a low-income family had an annual income of less than \$40,750 and would have difficulty purchasing a home where the median housing value was \$240,700.

Market share reports for 2015 show that UniBank ranked 16th out of 156 lenders with a market share of 1.5 percent in lending to low-income borrowers.

In 2015, the bank originated 14.4 percent of assessment area loans to moderate-income borrowers. This performance was slightly below aggregate lenders and the percentage of moderate-income families. Competition in the market affected the bank's performance in this area, as top national lenders such as Wells Fargo Bank, N.A., Ditech Financial, LLC, and Quicken Loans account for 14.0 percent of the market share to moderate-income borrowers. UniBank ranked 19th out of 222 lenders with a market share of 1.3 percent, which supports adequate performance.

Small Business loans

The distribution of small business loans reflects good penetration to businesses with GARs of \$1 million or less. The following table provides information on the distribution of loans by business revenue category, as well as aggregate lending data for 2015 and business demographic data for 2015 and 2016.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: UniBank						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2015	77.0	46.7	96	55.8	5,951	25.9
2016	82.9	--	109	54.8	9,333	36.7
>1,000,000						
2015	5.8	--	73	42.4	16,838	73.1
2016	6.7	--	86	43.2	14,670	57.6
Revenue Not Available						
2015	17.2	--	3	1.7	227	1.0
2016	10.4	--	4	2.0	1,448	5.7
Totals						
2015	100.0	100.0	172	100.0	23,016	100.0
2016	100.0	--	199	100.0	25,451	100.0

Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data; "--" data not available.

UniBank's lending to businesses with GARs of \$1 million or less in 2015 exceeded aggregate performance by 9.1 percent. However, the bank was below the percentage of businesses in that size category. In 2016, the bank's percentage remained similar despite an increase in the percentage of total businesses with GARs of \$1 million or less. However, the bank increased the number of loans in 2016 to businesses with GARs of \$1 million or less.

Community Development Lending

UniBank's community development lending activities were evaluated pursuant to the following criteria: (1) the extent to which community development lending opportunities have been made

available to the institution; (2) the responsiveness of the institution's community development lending; and (3) the extent of leadership the institution demonstrated in community development lending.

Based on the demographic composition of the assessment area, community development opportunities exist especially in the low- and moderate-income census tracts in Worcester. These areas have dense populations and the need for economic development and revitalization projects.

UniBank made a low level of community development loans during the evaluation period. The bank made three community development loans totaling \$2.6 million that promoted affordable housing or community services to low- and moderate-income individuals. UniBank introduced its Invest Worcester program in November 2016, which led to one community development loan for \$2 million in December 2016. Nonetheless, community development loan activity decreased since the prior evaluation, which reflected six loans totaling \$7 million.

The following table illustrates the bank's community development loan activity by year and purpose during the current evaluation period.

Community Development Lending						
Activity Year	Affordable Housing		Community Services		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
2015	0	0	0	0	0	0
2016	2	2,125	1	550	3	2,625
YTD 2017	0	0	0	0	0	0
Total	2	2,125	1	550	3	2,625
<i>Source: Bank Records</i>						

The three community development loans made or renewed during the evaluation period are detailed below.

- In July 2016, the bank originated a line of credit for \$125,000 under its Fast Track Small Business Loan Program to a community development corporation (CDC). The CDC provides affordable housing services in the most underserved areas of Central Worcester. In addition, the agency acts as a developer of last resort, rehabilitating abandoned housing and acquiring parcels of vacant land for new construction to provide area residents with affordable rental units or the opportunity to own their own homes.
- In November 2016, the bank originated a \$550,000 line of credit to a charter school located in Worcester. The school is located in a low-income census tract, and 57 percent of students receive either a free or reduced-price lunch based on financial need.
- In December 2016, the bank originated a \$2 million loan to a limited liability company to refinance existing debt on a multi-family property located in a moderate-income census tract. The property provides affordable housing to residents in Worcester. This loan was

made through the bank's Invest Worcester program, which uses deposits from the Invest Worcester Savings Account to fund community development projects in Worcester.

Innovative and Flexible Lending

Innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product, including number and dollar amount of loans originated during the review period.

The bank uses innovative and flexible lending practices in order to serve assessment area credit needs. The bank offers various special mortgage loan programs for individuals at all income levels, including low- and moderate-income, as well as for first-time homebuyers in pursuing or maintaining home ownership. Additionally, the bank offers SBA 7(A) and SBA Express loans.

Particularly noteworthy are the bank's new Invest Worcester home mortgage and small business loan programs. The bank introduced these in November 2016 to better meet credit needs in the City of Worcester. The programs were designed to directly support small businesses and homeowners in Worcester. Lending data for year-to-date (YTD) 2017 show an increase in residential mortgage, small business, and community development lending because of this program. The bank funds Invest Worcester loan programs through deposits from its Invest Worcester Savings Account. The program ensures bank deposits directly benefit Worcester.

The following descriptions summarize the bank's innovative or flexible lending programs:

Home Mortgage Loan Programs

Invest Worcester Mortgage Loan

The Invest Worcester Mortgage Loan was designed by the bank to help increase home ownership rates within the City of Worcester. The program is available to qualified borrowers who are purchasing one-to-four family residences in Worcester. Several mortgage products are available, including one for first-time homebuyers, which provides a \$750 credit towards closing costs. UniBank originated six loans totaling \$1.2 million through this program during the evaluation period. By providing reduced-cost home financing to residents in Worcester, this program responds to credit needs in the assessment area's low- and moderate-income geographies.

Freddie Mac Home Advantage

Freddie Mac's Home Advantage program allows qualified borrowers with limited down payment funds to purchase homes with as little as three percent down. The program is available to qualified low- and moderate-income borrowers, as well as first-time homebuyers, to purchase single unit properties or for "no-cash out" refinances of existing mortgages. UniBank originated one loan in 2015 for \$218,500 under this program.

Small Business Loan Programs

Invest Worcester Small Business Development

The Invest Worcester Small Business Development program was designed by the bank for small businesses in Worcester with GARs of \$1 million or less to obtain a “fast track” loan or line of credit. The program offers a streamlined application and approval process for loans under \$250,000 and a low introductory interest rate for the first 12 months. As of June 1, 2017, the bank has originated seven loans totaling \$1.5 million. This product responds to a specific credit need in Worcester identified by a community contact.

Fast Track Small Business Loan

The Fast Track Small Business Loan was designed by the bank for small businesses in Worcester with GARs of \$1 million or less to obtain a “fast track” loan or line of credit. The program offers a streamlined application and approval process for loans under \$250,000. The bank originated 25 loans totaling \$1.8 million through this program during the evaluation period.

Small Business Administration (SBA) Loans

UniBank is an SBA Preferred lender, which results in faster decisions on loan applications. The bank offers SBA 7(a) and SBA Express Loans. SBA programs are an important alternative for qualified businesses that may not otherwise be eligible for traditional bank financing. Through the bank’s participation with the SBA, small businesses obtain loans at below market rates or with little documentation and limited processing time. The 7(a) loan program provides guaranteed financing for a variety of general business purposes. It is designed for start-up and existing small businesses. The Express Loan program provides an accelerated turnaround time and generally follows SBA’s standards for the 7(a) loan program. UniBank originated 22 SBA loans totaling nearly \$2 million in 2015 and 46 loans totaling \$3.4 million in 2016.

The following table illustrates the bank’s originations of innovative and flexible loan products.

Innovative or Flexible Lending Programs								
Type of Program	2015		2016		YTD as of June 1, 2017		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Freddie Mac	1	218	0	0	0	0	1	218
Fast Track Business Loan	17	1,277	8	520	0	0	23	1,797
Invest Worcester Mortgage	NA	NA	NA	NA	6	3,526	6	3,526
Invest Worcester Small Business	NA	NA	NA	NA	7	1,470	7	1,470
SBA 7(A) and SBA Express	22	1,975	46	3,367	25*	1,796*	58	5,343
Totals	40	3,470	54	3,887	39	8,792	96	10,807
<i>Source: Bank Records</i>								
<i>*SBA loan data was only available through February 28, 2017</i>								

INVESTMENT TEST

The Investment Test evaluates an institution’s record of helping to meet credit needs through qualified investments that benefit the assessment area or a broader statewide or regional area that includes the bank’s assessment area. UniBank’s Investment Test performance is rated High Satisfactory. The following sections address the bank’s performance under the following factors:

- Level of qualified community development investments and grants
- Responsiveness to credit and community development needs
- Community development initiatives

Investment Activity

UniBank 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’s qualified investments total \$19.5 million, which includes \$19 million in 10 equity investments and approximately \$511,000 distributed through 145 grants and donations.

Equity Investments

Qualified equity investments total \$19.0 million, which includes \$9.9 million in new investments and current book value of \$9.1 million for prior period investments. This amount equals 1.2 percent of the bank’s total assets and 6.2 percent of total securities according to the most recent Call Report dated March 30, 2017. The bank’s qualified investments increased since the previous evaluation when the bank received credit for two qualified equity investments totaling \$10 million, representing 2.6 percent of total investments. Below are a table and a description of the bank’s current qualified equity investments by year and purpose.

Qualified Equity Investments												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	2	9,146	0	0	0	0	0	0	2	9,146
2015	2	2,958	0	0	0	0	0	0	0	0	2	2,958
2016	5	5,704	0	0	0	0	0	0	0	0	5	5,704
YTD 2017	1	1,250	0	0	0	0	0	0	0	0	1	1,250
Total	8	9,912	2	9,146	0	0	0	0	0	0	10	19,058

Source: Bank Records

Massachusetts Development Finance Agency Tax-Exempt Bond

In 2012, the bank purchased a \$7.5 million tax-exempt bond issued by the Massachusetts Development Finance Agency. Bond proceeds were used to refinance and restructure the borrower’s existing debt and fund improvements. The borrower is a nonprofit agency that owns a 123-bed skilled nursing facility in Whitinsville, MA. The health center provides rehabilitation, skilled nursing services, and short-term and long-term care. Sixty-three percent of patients are

on Medicaid or receive reimbursements from the state based on income parameters. The bond had a March 31, 2017 book value of approximately \$6.8 million.

MassDevelopment Bond

In 2013, the bank purchased a \$2.5 million bond providing financing for a school that offers care for children and adults with behavioral or depression issues. The majority of clients served are low- or moderate-income. The bond had a March 31, 2017 book value of approximately \$2.4 million.

Mortgage Backed Securities

During the review period, the bank purchased eight mortgage-backed securities from three entities: 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 backed primarily by mortgages originated to low- and moderate-income borrowers in the assessment area.

Charitable Contributions

During the evaluation period, the bank made 145 qualified donations totaling \$510,640. The level of contributions represents a marginal decrease by dollar amount since the previous evaluation, which included 114 donations totaling \$519,900. However, the current evaluation covers a shorter timeframe. The following table shows UniBank’s qualified donations by year and purpose.

Qualified Donations												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
2015	6	11,750	47	180,930	3	9,100	0	0	0	0	56	201,780
2016	10	46,180	56	184,730	4	6,950	0	0	0	0	70	237,860
YTD 2017	2	3,500	17	67,500	0	0	0	0	0	0	19	71,000
Total	18	61,430	12	433,160	7	16,050	0	0	0	0	145	510,640
<i>Source: Bank Records</i>												

The following examples are notable community development donations and grants:

Community Harvest Project – The Community Harvest Project is a 75-acre nonprofit farm and orchard that offers volunteer farming programs and educational initiatives in order to distribute fresh fruit and vegetables to hunger-relief agencies and food banks in Worcester County. The organization estimates that 140,000 people are served annually, all of whom are low- or moderate-income.

Whitin Community Center – The Whitin Community Center is a nonprofit organization that services the Blackstone Valley and offers recreational and educational opportunities to area residents. The bank’s donation helped develop a new youth center predominantly serving children of low- and moderate-income families.

Worcester County Food Bank (WCFB) – WCFB distributes over six million pounds of donated food and grocery products to facilities serving low- and moderate-income households.

Main South Community Development Corporation – Based in Worcester, the Main South CDC creates and maintains affordable housing, promotes economic opportunities, and revitalizes its local community. The organization emphasizes creating homeownership opportunities for low- and moderate-income individuals and families. Other Main South CDC projects include a storm water management program, criminal justice initiatives, free tax services, and a youth corps for local teenagers.

Massachusetts Small Business Development Center Network – The development center, located at Clark University in Worcester, hosts business advisors that assist clients free of charge in developing business plans and working with local financial institutions to secure financing. Because of its location, the Development Center assists many small businesses located in low- and moderate-income areas.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community development needs. The bank’s qualified investments have community development purposes that benefit communities throughout the assessment area and address identified community development needs, most notably affordable housing and community services for low- and moderate-income individuals. Although qualified investments did not primarily support revitalization and stabilization projects in Worcester, affordable housing and community services also represent significant assessment area needs.

Community Development Initiatives

The institution rarely extends innovative or complex investments to support community development initiatives. The bank’s qualified equity investments consist solely of mortgage-backed securities for affordable housing and participations in tax-exempt bonds, both of which are common investments within the industry. The remaining qualified investments are donations, which other financial institutions also routinely provide.

SERVICE TEST

The Service Test evaluates an institution's record of helping to meet credit needs of residents within its assessment area. Under this test, examiners analyze both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's Service Test performance is rated Satisfactory. The following sections address the bank's performance under each Service Test performance factor.

Accessibility of Delivery Systems

The bank's retail bank branches are reasonably accessible to essentially all portions of the assessment area. The bank operates 12 full-service branches and one limited-service branch. The limited-service branch offers typical banking services; however, it is located within a senior living facility in Worcester. While the bank does not operate any branches in low-income census tracts, its full-service branch in Worcester is accessible to most low-income tracts within the assessment area. The following table illustrates the distribution of bank branches by census tract income level.

Branch Distribution by Geography Income Level						
Tract Income Level	Census Tracts		Population		Branches	
	#	%	#	%	#	%
Low	12	9.8	50,868	8.6	0	0.0
Moderate	19	15.5	72,725	12.3	2	16.7
Middle	42	34.1	203,297	34.2	3	25.0
Upper	48	39.0	263,112	44.3	7	58.3
NA	2	1.6	3,570	0.6	0	0.0
Total	123	100.0	593,572	100.0	12	100.0

Source: 2010 U.S. Census and Bank Records

Each full-service branch has a 24-hour ATM. The bank does not operate any remote ATMs; however, the bank is a member of the SUM network. This network is an alliance among financial institutions that allows customers to use network ATMs surcharge free. There are nearly 2,800 ATMs in this network throughout the United States.

The bank's alternate delivery systems include free electronic banking services such as online banking and bill pay services, mobile banking, and telephone banking. The bank employs a number of bilingual employees to help serve residents of the community who may not speak English. Other languages spoken include Arabic, Chinese, Creole, French, Hindi, Portuguese, Spanish, and Urdu.

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 two full-service branches since the prior CRA evaluation. In October 2015, the bank opened a branch located in an upper-income census tract in Hopkinton, MA, and in May 2016, the bank opened a branch located in an upper-income census tract in Sutton, MA.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly to low- and moderate-income geographies or individuals. All full-service branches offer the same products and services. Branch hours are convenient and comparable to other institutions.

Community Development Services

The bank provided an adequate level of CD services primarily through involvement on the boards of community development organizations. During the evaluation period, bank management provided 40 instances of financial expertise or technical assistance to community development organizations. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services						
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Neighborhood Stabilization	Totals
	#	#	#	#	#	#
2015	1	8	1	0	0	10
2016	2	12	1	0	0	15
YTD 2017	2	12	1	0	0	15
Total	5	32	3	0	0	40

Source: Bank Records

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

Auburn Youth and Family Services – This organization promotes healthy development of youth and families in Auburn, MA. Services include counseling, anger management, after-school and summer programs, a food pantry, and clothing assistance. An executive officer of the bank is a board member and serves as the treasurer of this organization.

Matthew 25, Inc. – This organization’s mission is to provide food and housing relief to the low-income population of Worcester, MA. Matthew 25 purchases and refurbishes properties rented to low-income individuals and families. The bank’s CRA officer serves on the board of directors of this organization.

Tri-Valley Elder Services, Money Management Program – This organization’s services include meal assistance, financial management, and in-home nursing services to the low-income elderly and disabled population in central Massachusetts. The money management program is a free service that assists low-income elders at risk of losing their independence due to an inability to manage their own finances. A bank relationship manager serves on the advisory board of this organization.

Worcester Business Development Corporation (WBDC) – The WBDC promotes economic development in the greater Worcester area, focusing on job creation and tax base expansion. A commercial banking officer serves as a director and a member of the finance and audit committees of this organization.

Worcester Common Ground Community Development Corporation – The mission of the Worcester Common Ground CDC is to promote and develop permanent and sustainable improvement in Central Worcester neighborhoods through affordable housing, community activism, and economic development. A loan review officer at the bank serves on the board of directors and is the treasurer of this organization.

Worcester Educational Collaborative – This non-profit organization works to ensure that students in Worcester Public Schools have opportunities to succeed at the highest possible level. The collaborative supports the school system through education improvement, community education and capacity building, and educational achievement and attainment. Most census tracts in Worcester are low- or moderate-income, and the majority of students in Worcester Public Schools are in low- or moderate-income families. A bank executive serves on the board of directors of this organization.

Educational Services and Seminars

Below are examples of the bank’s educational services and seminars.

First-Time Homebuyers (FTHB) Seminars – The bank hosts first-time homebuyer seminars at its branches. These seminars provide potential homebuyers an overview of the mortgage process including down payment options, closing procedures, and the importance of home inspections. During the evaluation period, UniBank hosted 12 FTHB seminars at its branches.

Small Business Seminar – In October of 2016, a small business banking manager participated as a speaker at a local small business development seminar on the topic of small business banking.

Other Services

- UniBank offers an Invest Worcester Savings Account from which all deposits are used to fund home mortgage, small business, and community development loans within the City of Worcester. The bank has used Invest Worcester Savings Account deposits for affordable housing, urban development in distressed neighborhoods, and small business development within the City of Worcester.

- The bank's deposit products meet the Basic Banking for Massachusetts guidelines set forth by the Massachusetts Community and Banking Council's (MCBC). This statewide program is designed to offer low-cost checking and savings accounts to low- and moderate-income individuals.
- The bank participates in the Interest on Lawyer's Trust Accounts (IOLTA) program. Interest earned is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A

Scope of Examination

UniBank for Savings	
Scope of Examination: Examiners used Large Bank CRA Procedures	
Time Period Reviewed:	12/15/14 to 06/07/17
Products Reviewed: Home purchase, refinances, and home improvement loans reported on the bank's HMDA LAR, and small business loans reported on the bank's CRA small business loan register.	

List of Affiliates and Products Reviewed		
Affiliate(s)	Affiliate Relationship	Products Reviewed
UniBank Securities Corporation	Subsidiary	None
UFASI	Subsidiary	None
Unipay Direct	Subsidiary	None
Tommark, Inc. d/b/a Sterling Associates	Subsidiary	None

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	Type of Evaluation	Branches Visited	Other Information
Boston-Worcester- Providence, MA-RI-NH- CT CSA (148)	Full-scope	One	None

APPENDIX B

Massachusetts Division of Banks Fair Lending Policies and Procedures Review

The bank's fair lending performance was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. Based upon the review of the bank's public comment file and its performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified.

Massachusetts Division of Banks – Minority Application Flow

The bank's HMDA LARs for 2015 and 2016 were reviewed to determine if the application flow from different minority groups was reflective of the assessment area demographics. The bank's residential lending in 2015 was compared to the 2015 aggregate lending performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the institution received from minority residential loan applicants. Refer to the table below for information on the bank's minority application flow as well as a comparison to aggregate lending data within the assessment area.

Minority Application Flow					
RACE	Bank 2015		2015 Aggregate Data	Bank 2016	
	#	%	%	#	%
American Indian/ Alaska Native	1	0.3	0.2	0	0.0
Asian	20	5.5	6.8	15	3.3
Black/ African American	5	1.4	2.4	4	0.9
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0
2 or more Minority Races	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	1	0.3	1.2	4	0.9
Total Minority	27	7.5	10.7	23	5.1
White	322	87.6	68.4	416	91.8
Race Not Available	18	4.9	20.9	14	3.1
Total	367	100.0	100.0	453	100.0
ETHNICITY					
Hispanic or Latino	5	1.4	3.5	1	0.2
Not Hispanic or Latino	343	93.4	74.9	431	95.1
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.3	0.9	5	1.1
Ethnicity Not Available	18	4.9	20.7	16	3.5
Total	367	100.0	100.0	453	100.0

Source: Bank HMDA LAR Data 2015-2016, HMDA Aggregate Data 2015

According to the 2010 U.S. Census data, the bank's assessment area had a population of 593,572 individuals, of which 20.1 percent are minorities. The assessment area's minority and ethnic population consists of 0.2 percent American Indian, 5.2 percent Asian/Pacific Islander, 4.0 percent Black, 8.5 percent Hispanic, and 2.2 percent other.

In 2015, the bank received 367 HMDA reportable loan applications within its assessment area. Of these applications, 27 or 7.5 percent were received from racial minority applicants. This is slightly below the aggregate's performance of 10.7 percent of applications received from minorities. In 2015, the bank received five applications representing 1.4 percent of applications from the Hispanic or Latino ethnic group. This performance was also slightly below the aggregate's performance of 3.5 percent of applications received from the Hispanic or Latino ethnic group.

In 2016, the bank received 5.1 percent of applications from racial minorities and 0.2 percent of applications from Hispanic or Latino applicants.

Examiners reviewed housing and demographic data in the bank's assessment area. Considering the low owner-occupancy rate and the level of competition in high minority tracts, opportunities to make home mortgage loans in these areas may be limited. Further, demographic data shows that the high minority tracts are also low- and moderate-income tracts. This could make homeownership difficult in these areas.

APPENDIX C

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 (1000 Washington St. Floor 10, Boston, MA 02118)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (49 Church Street, Whitinsville, MA 01588)."

[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.