



PUBLIC DISCLOSURE

April 1, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Millbury National Bank
Charter Number: 13835

18 Main Street
Millbury, MA 01527

Office of the Comptroller of the Currency

99 Summer Street, Suite 1400
Boston, MA 02110

NOTE: 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, and should not 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.

Table of Contents

OVERALL CRA RATING	3
DEFINITIONS AND COMMON ABBREVIATIONS	4
DESCRIPTION OF INSTITUTION	8
SCOPE OF THE EVALUATION.....	9
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	12
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....	13
LENDING TEST	13
APPENDIX A: SCOPE OF EXAMINATION.....	1
APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS	1

Overall CRA Rating: This Institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The major factors supporting the institution's CRA Rating are:

- Millbury National Bank's ("MNB" or "the Bank") level of lending, as reflected in its net loan-to-deposit (LTD) ratio, is reasonable.
- A majority of originated loans are within the Bank's assessment area (AA).
- The distribution of loans reflects excellent penetration among businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion in the moderate-income census tracts, given performance context.
- There were no CRA-related complaints received by either the bank or regulators during the evaluation period of January 1 2016 through December 31, 2018.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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 MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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.

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, which 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).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, 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.

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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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.

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 percent 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 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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 qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

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

Small Loan(s) to Farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Description of Institution

MNB is located in Worcester County, approximately 45 miles west of Boston. There has not been any merger or acquisition activity since the previous evaluation. MNB has a main office at 18 Main Street in Millbury, MA and an operations center located nearby at 80 Elm Street. The main office is located in a middle-income census tract (CT) and the operations center is located in a moderate-income CT. The South Grafton branch, which had been located in an upper-income tract, was closed on December 1, 2018. Management indicated that no deposits were lost as a result of the closing. As the branch closing occurred towards the end of the evaluation period, we included the branch in the scope of this evaluation. The Bank is focusing on originating loans primarily from the main office going forward.

MNB is a full-service bank that offers loan and deposit products for consumer and commercial customers. The main office offers lobby and drive up hours. Extended banking hours are available on Fridays until 6:00pm. Lobby and drive up hours are also available on Saturdays. Automated Teller Machines (ATMs) are also available twenty-four hours at the main office. The Bank's website, www.mnbonline.com, provides a listing and description of account services, mobile, and online banking tools.

As of December 31, 2018, total assets, total deposits, and Tier 1 Capital were \$88 million, \$77 million, and \$9.8 million, respectively. The loan portfolio totaled \$64 million, or 73 percent of total assets. The following table provides a summary of the loan mix:

Table 1 – Loan Portfolio Summary by Loan Product December 31, 2018	
Loan Category	% of Gross Loans and Leases
1-4 Family Residential Mortgage – Closed End	37
Other Real Estate (Commercial)	36
Home Equity	10
Commercial & Industrial	9
Construction & Development	6
Consumer	2
Total	100

Source: Federal Deposit Insurance Corporation Call Report, December 31, 2018

The Bank has no financial or legal impediments in meeting the credit needs of the assessment area (AA). The Bank was rated “Satisfactory” using small bank (SB) procedures at the last CRA evaluation dated October 20, 2014.

Scope of the Evaluation

MNB was evaluated using SB evaluation procedures, which dictates a lending test (LT) as the method for evaluating the Bank's performance according to CRA. The LT evaluates the Bank's record in meeting the credit needs of the AA during the evaluation period through its record of lending.

The evaluation period for the LT covers the Bank's performance from January 1, 2016, through December 31, 2018. Due to updates made to demographic information during the evaluation period, we evaluated the Bank's 2016 performance independent of 2017 and 2018 performance metrics. For year 2016, performance was compared to the 2010 U.S. Census data as well as 2016 Dun & Bradstreet (D&B) Data. For years 2017 and 2018, performance was compared to 2015 American Community Survey (ACS) Census data and 2018 D&B Data.

The Bank reports data under the requirements of HMDA; however, based on an assessment of loan originations during the evaluation period, residential mortgages were determined to not be a primary product. MNB's primary loan product is commercial (including commercial real estate) loans, as this product type accounted for approximately 41 percent by number of all loans originated and/or purchased during the evaluation period. We used bank data to select an initial random sample of 20 commercial loans originated inside and outside of the assessment area, and performed additional sampling as needed to assess the extent of lending during the evaluation period.

When evaluating MNB's lending performance, a significant emphasis was placed on commercial loans originated during the 2017-2018 time period, as the majority of lending occurred during this timeframe. Specifically, MNB originated approximately 72 percent of all lending activity during the 2017-2018 time period. Furthermore, when considering just commercial loans originated/purchased during 2017-2018, this accounted for nearly 30 percent of all lending during the PE's evaluation period of January 1, 2016 – December 31, 2018. Lastly, among just commercial loans, approximately 71 percent by number of this product type was originated during the 2017-2018 evaluation timeframe.

Data Integrity

The Bank is subject to the reporting requirements of HMDA, however primary product determination identified commercial (including commercial real estate) loans as the primary MNB lending product during our evaluation period. Consequently, we performed random sampling procedures in accordance with internal guidance to select a sample listing of commercial loans to assess the Bank's performance under components of the LT. This resulted in an initial random selection of 20 commercial loans originated and/or purchased during January 1, 2016 through December 31, 2018, the results of which were used to determine MNB's level of lending inside/outside their AA. Additional sampling was performed, as needed, and resulted in a total of 47 commercial loans being sampled to draw conclusion's as to MNB's lending performance under the CRA. During sampling procedures, selected loans were vetted against internal Bank documentation to ensure both the accuracy of data and to validate the integrity of the Bank's reporting systems. No issues regarding data integrity were identified as part of random sampling procedures and we found the data to be reliable.

Selection of Areas for Full-Scope Review

The CRA requires an institution to define its AA in which it will be evaluated. MNB has delineated one AA that meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. MNB's AA is composed of a portion of Worcester County, part of the Worcester, MA-CT Metropolitan Statistical Area (MSA) (#49340), and consists of wholly-contiguous, political subdivisions, and does not arbitrarily exclude any geographies. Specifically, the Bank's AA includes the following cities/towns: Auburn, Blackstone, Douglas, Grafton, Hopedale, Mendon, Millbury, Millville, Northbridge, Oxford, Shrewsbury, Sutton, Upton, Uxbridge, and Westborough. This resulted in a single full-scope AA which we drew conclusions on for an assessment of the Bank's lending performance according to the CRA. As of this evaluation, MNB's AA does not contain any low-income CTs. As such, an assessment of the Bank's lending to low-income geographies was not included as part of the scope of this evaluation.

Please refer to Appendix B of this evaluation for further discussion surrounding the Community Profile of the Bank's single, full-scope AA.

Ratings

The Bank's overall rating is based primarily on MNB's delineated AA which received a full-scope review. As previously discussed, the Bank's performance during the 2017-2018 evaluation period was more heavily weighted when arriving at overall conclusions as a substantial majority of primary product originations and/or purchases occurred during this period. Specifically, commercial loans originated during 2017-2018 accounted for nearly 30 percent of all lending and 71 percent of all commercial lending occurring during the full evaluation period of January 1, 2016 – December 31, 2018.

Please refer to the "Selection of Areas for Full-Scope Review" and the "Scope of the Evaluation" sections above for further discussion regarding primary product determination and rate weighting.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

Millbury National Bank's performance under the LT is rated Satisfactory. MNB's net LTD ratio is considered reasonable given the institution's relatively small size, financial condition, community credit needs, and relevant competitive factors. A majority of the commercial loan originations sampled during the evaluation period were within the delineated AA. The distribution of loans reflects reasonable penetration amongst businesses of different sizes. The Bank's geographic distribution of loans within its assessment area reflects a reasonable dispersion throughout the CTs of different income levels. Lastly, there were no CRA-related complaints received by the Bank or the OCC during the evaluation period.

Loan-to-Deposit Ratio

MNB's net LTD ratio is reasonable given the Bank's size, financial condition, and assessment area credit needs. The Bank's quarterly net loan-to-deposit ratio averaged 80.63 percent over the 18 quarters since the previous evaluation dated October 20, 2014. During the 18 preceding quarters, July 1, 2014 to December 31, 2018, the LTD ranged from a quarterly low of 77.48 percent to a quarterly high of 83.54 percent. The Bank's net loan-to-deposit ratio is consistent with other community banks of similar size, business strategy, and/or geographic location. The peer group had a quarterly average net loan-to-deposit of 81.29 percent over the same 18 quarters, ranging from a low of 75.02 percent and a high of 87.80 percent.

Lending in Assessment Area

A majority of the Bank's primary loan products were originated inside its AA. As previously discussed, a randomly selected sample of 20 commercial loans originated/purchased during the evaluation period were used to determine MNB's level of lending within the AA. MNB originated 70 percent by number and 69 percent by dollar amount of loans within the AA from January 1, 2016 to December 31, 2018.

The following table details the Bank's level of lending via random sampling within the AA by number and dollar volume of loans originated/purchased:

Table 2 – Distribution of Loans Inside and Outside the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Commercial Loans	14	70.00	6	30.00	20	1,364,603	69.16	608,584	30.84	1,973,187
Total	14	70.00	6	30.00	20	1,364,603	69.16	608,584	30.84	1,973,187

Source: Selected sample of 20 commercial loans originated and/or purchased during evaluation period of 1/1/2016 - 12/31/2018.

Lending to Businesses of Different Sizes

The Bank's distribution of loans amongst business of different sizes in the AA is considered excellent. The distribution of loans reflects excellent penetration among businesses of different sizes.

Business Loans

The distribution of loans to businesses reflects excellent penetration among businesses of different sizes. In 2016, the Bank originated 70 percent of loans to small businesses with gross annual revenues of \$1 million or less, significantly exceeding the aggregate comparator of 47 percent. In 2017-2018, the Bank originated 65 percent of loans to small businesses with gross annual revenues of \$1 million or less, significantly exceeding the aggregate comparator of 47.5 percent. Loans to small businesses were identified as a credit need in the assessment area.

The following tables shows the distribution of business loans among different sized businesses in the AA.

Table 3A - Borrower Distribution of Commercial Loans to Businesses in the MillburyNB Full-Scope AA – 2016				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% Peer Aggregate Lending to AA Businesses	47.00	--	--	100.00
% of Bank Loans in AA by #	70.00	30.00	0.00	100.00
% of Bank Loans in AA by \$	74.95	25.05	0.00	100.00

Source: Selected sample of 20 commercial SB loans originated and/or purchased during 2016; 2016 Peer Small Business Data.

Table 3B - Borrower Distribution of Commercial Loans to Businesses in the MillburyNB Full-Scope AA – 2017-2018				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% Peer Aggregate Lending to AA Businesses	47.50	--	--	100.00
% of Bank Loans in AA by #	65.00	35.00	0.00	100.00
% of Bank Loans in AA by \$	46.96	53.04	0.00	100.00

Source: Selected sample of 20 commercial SB loans originated and/or purchased during 2017 – 2018; 2017 Peer Small Business Data.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion in the moderate-income tracts located in MNB's AA. The lending test did not identify any conspicuous gaps or areas of low penetration in the lending patterns. The Bank does not have any low-income CTs within the AA, so an assessment of the Bank's lending amongst low-income geographies was not included as part of the scope of this evaluation.

Business Loans

The geographic distribution of business loans reflects satisfactory dispersion in the moderate-income tracts. MNB's lending to smaller businesses in the moderate-income geographies exceeds the level of businesses with revenues less than \$1 million in 2016 and 2017-2018 and is considered reasonable. The AA does not have any low-income census tracts.

The following tables detail the Bank's performance as compared to the percentage of businesses in each income category:

Table 4A – Geographic Distribution of Commercial Loans to Businesses in the MillburyNB Full-Scope AA – 2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Commercial Loans	0.00	0.00	4.20	5.00	37.80	30.00	58.00	65.00

Source: Selected sample of 20 commercial loans originated and/or purchased during 2016; 2016 Peer Small Business Data.

Table 4B – Geographic Distribution of Commercial Loans to Businesses in the MillburyNB Full-Scope AA – 2017-2018								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Commercial Loans	0.00	0.00	1.00	5.00	31.40	40.00	67.70	55.00

Source: Selected sample of 20 commercial loans originated and/or purchased during 2017-2018; 2017 Peer Small Business Data.

Responses to Complaints

There were no CRA complaints received by the Bank or the agency during the evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: (1/1/16 to 12/31/18)	
Financial Institution	Products Reviewed	
Millbury National Bank ("MNB" or "the Bank") Millbury, Massachusetts	Commercial (including commercial real estate) loans via sampling procedures	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None reviewed.		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Massachusetts MillburyNB FS AA – portion of Worcester County, MA -part of the Worcester, MA-CT MSA (#49340)	Full-Scope	<ul style="list-style-type: none"> • Worcester, MA-CT MSA (#49340) <ul style="list-style-type: none"> ○ Worcester County (#027) <ul style="list-style-type: none"> ▪ Auburn, Blackstone, Douglas, Grafton, Hopedale, Mendon, Millbury, Millville, Northbridge, Oxford, Shrewsbury, Sutton, Upton, Uxbridge, Westborough.

Appendix B: Community Profiles for Full-Scope Areas

DESCRIPTION OF ASSESSMENT AREA

The CRA requires a bank to define the AA in which it will be evaluated. MNB has one AA that includes its main office and operation center, as well as, the contiguous towns/cities. The Bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income census tracts.

The AA is comprised of 15 towns in a portion of Worcester County and falls within the Worcester, MA Metropolitan Statistical Area (MSA). The towns include: Auburn, Blackstone, Douglas, Grafton, Hopedale, Mendon, Millbury, Millville, Northbridge, Oxford, Shrewsbury, Sutton, Upton, Uxbridge, and Westborough. During 2018, the AA was comprised of 37 census tracts; one moderate-, 15 middle-, and 21 upper-income tracts.

MNB remains in a highly competitive market with competition from regional commercial banks, local savings banks, and large national commercial banks. The Federal Deposit Insurance Corporation's Deposit Market Share Report for June 30, 2018 indicates 31 financial institutions operate within the Worcester MSA. MNB ranks 27th with a deposit market share of less than 1 percent. The Bank's primary local competitors include UniBank for Savings, Webster Five Cents Savings Bank, and Savers Co-operative Bank and have an overall deposit market share of 16 percent. All three local institutions are considerably larger than MNB, with wider market areas and several branches. Large national banks, including Bank of America, TD Bank, Santander Bank, and People's United Bank, further increase competition.

Small business lending has remained a strategic focus for MNB since its inception in 1825. However, small business lending within the bank's AA is highly competitive. When considering small business lending in the Worcester County, the top lenders, American Express, Federal Savings Bank, CitiBank, and Bank of America, control 56 percent of the market share according to the 2017 Peer Small Business Data Market Share report. Additionally, the report indicates the top 20 institutions aggregate 97 percent of the small business lending market share in the AA.

As reported by Moody's Analytics Inc. dated January 2019, Worcester MSA's economic drivers are medical centers, manufacturing, and higher education. The Moody's report considers the Worcester's economy as being recovered from the recession, although employment growth in early 2018 was weaker than expected. The number of jobs from Quarterly Census of Employment and Wages shows that job growth fell in the second quarter of 2018 in contrast to faster gains suggested by initial monthly estimates. Recent hiring has enabled the unemployment rate to trend below 2.6 percent, however, supply constraints are impeding the housing market. The top employers in the area are University of Massachusetts Memorial Health Care, University of Massachusetts Medical School, and Reliant Medical Group. The Moody's report noted that

manufacturing and healthcare will drive net hiring, but the large healthcare and university presences will offer stability.

Bank management noted improvements in the local economy over the last 18 months, with an increase in construction projects and local businesses reporting better cash flows. An increasing number of small business owners are making capital investments in their companies, as concerns over the stagnant economy begin to fade. Although housing and commercial real estate vacancy trends are improving, real estate values are still lagging behind.

Bank management identified small business lending as the primary credit need in the AA. It is critical for the area to support small business growth to strengthen the local economy. The majority of the region's commerce is comprised of small businesses that are service-oriented, as well as midsize manufacturing and trucking/shipping firms.

We held conversations with a representative from the Blackstone Valley Chamber of Commerce to discuss the economic conditions of the assessment area. The community contact confirmed that lending opportunities within the AA include traditional commercial and micro-lending initiatives focused within the manufacturing industry. Furthermore, the community contact also indicated that community development needs of the surrounding area include financial literacy and counseling.

Specific demographic information based on 2010 and 2015 U.S. Census data is highlighted within the tables below for both the 2016 and 2017-2018 evaluation periods:

Table 1A – 2018 Demographic Information of the Assessment Area

Assessment Area: MillburyNB AA

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	37	0.0	2.7	40.5	56.8	0.0
Population by Geography	196,336	0.0	0.9	38.9	60.2	0.0
Housing Units by Geography	76,232	0.0	1.1	39.9	59.0	0.0
Owner-Occupied Units by Geography	53,646	0.0	0.7	38.1	61.2	0.0
Occupied Rental Units by Geography	17,961	0.0	2.3	43.6	54.1	0.0
Vacant Units by Geography	4,625	0.0	1.9	45.3	52.8	0.0
Businesses by Geography	13,102	0.0	1.5	34.0	64.5	0.0
Farms by Geography	376	0.0	0.8	33.8	65.4	0.0
Family Distribution by Income Level	51,640	13.7	13.1	19.5	53.7	0.0
Household Distribution by Income Level	71,607	17.3	11.4	16.0	55.2	0.0
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Median Housing Value			\$316,517
			Median Gross Rent			\$1,083
			Families Below Poverty Level			3.8%

Source: 2010 U.S. Census & 2015 ACS Census and 2018 D&B Data

Due to rounding, totals may not equal 100.0

(*) The NA category consists of geographies that have not been assigned an income classification.

Table 1B – 2016 Demographic Information of the Assessment Area

Assessment Area: MillburyNB AA

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	37	0.0	5.4	45.9	48.6	0.0
Population by Geography	192,909	0.0	4.4	41.0	54.6	0.0
Housing Units by Geography	73,915	0.0	4.6	43.7	51.8	0.0
Owner-Occupied Units by Geography	54,931	0.0	3.6	43.3	53.2	0.0
Occupied Rental Units by Geography	15,550	0.0	8.2	44.7	47.1	0.0
Vacant Units by Geography	3,434	0.0	4.0	45.4	50.6	0.0
Businesses by Geography	12,555	0.0	4.7	38.7	56.6	0.0
Farms by Geography	344	0.0	3.5	39.0	57.6	0.0
Family Distribution by Income Level	51,085	11.8	14.3	22.0	52.0	0.0
Household Distribution by Income Level	70,481	16.5	12.9	16.6	54.0	0.0
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$77,128	Median Housing Value			\$339,478
			Median Gross Rent			\$970
			Families Below Poverty Level			2.4%

Source: 2010 U.S. Census and 2016 D&B Data

Due to rounding, totals may not equal 100.0

(*) The NA category consists of geographies that have not been assigned an income classification.