



**PUBLIC DISCLOSURE**

June 06, 2022

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Milford Federal Bank  
Charter Number: 704167

246 Main St  
Milford, MA 01757-2520

Office of the Comptroller of the Currency

99 Summer St  
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.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**

**The lending test is rated: Satisfactory**

**The community development test is rated: Satisfactory**

The major factors that support this rating include:

- The Lending Test rating is based on the bank's record of performance in meeting the credit needs of its entire AA during the evaluation period through its lending activities. The evaluation period for the LT covers Milford Federal Bank's (MFB or the bank) performance from January 1, 2019, through December 31, 2021.
  - Considering the bank's size, financial condition, and credit needs of the assessment area (AA), MFB's loan-to-deposit ratio is considered more than reasonable.
  - A majority of the bank's loans are inside its delineated AA.
  - MFB demonstrates satisfactory geographic distribution of loans within its defined AA as the bank exhibits reasonable dispersion of loans given performance context.
  - Borrower distribution of loans within the AA is satisfactory given MFB's reasonable penetration of loans across MA and RI.
  - Our review of MFB complaints submitted to the OCC or other agencies did not identify any CRA or Fair Lending (FL) related complaints occurring during the evaluation period.
- The Community Development (CD) Test rating is based on the bank's responsiveness to CD needs in its AA through CD lending, investments, and services.
  - Based on a full-scope review, the bank exhibits adequate responsiveness to community development needs through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's loan-to-deposit ratio is more than reasonable.

Since the end of the previous CRA evaluation, MFB's quarterly net loan-to-deposit ratio averaged approximately 101 percent over a period of 12 quarters. Specifically, this analysis considers loan-to-deposit data occurring from January 1, 2019, to December 31, 2021. During this time, MFB's quarterly loan-to-deposit ratio ranged from a quarterly low of 95 percent to a quarterly high of 109 percent. The bank's loan-to-deposit ratio compares favorably to other peer institutions of similar size, business strategy, and geographic location. The peer group ranged in asset size from \$354 million to \$860 million and had an average loan-to-deposit of 87 percent over the same 12 quarters, ranging from a quarterly low of 66 percent to a quarterly high of 101 percent.

### Lending in Assessment Area

A majority of the bank's loans are inside its assessment area (AA).

The bank originated and purchased 71.9 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. This performance factored positively in the analysis of the geographic distribution of loans.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
<b>Home Mortgage</b>										
2019	447	74.0	157	26.0	604	82,353	68.8	37,293	31.2	119,646
2020	554	71.9	217	28.1	771	114,100	68.2	53,312	31.8	167,412
2021	542	70.2	230	29.8	772	121,672	68.1	56,894	31.9	178,565
<b>Total</b>	<b>1,543</b>	<b>71.9</b>	<b>604</b>	<b>28.1</b>	<b>2,147</b>	<b>318,125</b>	<b>68.3</b>	<b>147,499</b>	<b>31.7</b>	<b>465,623</b>
<i>Source: Bank Data – 01/01/2019 – 12/31/2021 Due to rounding, totals may not equal 100.0%</i>										

## Description of Institution

Milford Federal Bank is an interstate mutual thrift institution headquartered in Milford, Massachusetts. As of December 31, 2021, the bank reported total assets of \$451 million. First Milford Service Corporation is an operating subsidiary which was not included in the scope of this performance evaluation. MFB operates four full-service banking branch offices, with three branches located in MA and the remaining branch located in RI. The main office is located in a middle-income geography. The Milford Plaza and Whitinsville, MA branches are located in upper-income geographies, and the Woonsocket, RI is located in a middle-income geography. Branch hours are reasonable, and the bank has resumed normal operations, which were disrupted by the COVID-19 pandemic at varying times throughout 2020 and 2021. Full services are provided Monday to Friday during publicly posted times that ensure public access during traditional business hours. Limited weekend service is offered in the morning. The bank partners with a local high school as part of a Life Learning Skills program. The bank allows a limited-service branch to operate at the high school and its operations have not resumed due to the pandemic.

MFB primarily provides traditional residential mortgage loan products and deposit services. The bank's website, [www.milfordfederal.com](http://www.milfordfederal.com), provides a listing and description of its deposit and loan services. The bank offers a variety of different account access alternatives including both mobile- and online-banking through EZBanknet. The EZBanknet program allows customers to transfer money to and from accounts, view account statements, and pay bills. The bank partnered with Zelle to transfer money to and from outside accounts. The bank operates walk-up/drive-up automated teller machines (ATMs) at all four branches and is also a member of the SUM ATM network. Night deposit services are also available at three of its branches.

Residential real estate lending continues to be the bank's primary lending focus since the previous CRA performance evaluation. MFB originates and purchases loans for its own portfolio and sells loans in the secondary market. Loan products include conventional mortgage loan products, loan products that promote lending to low- and/or moderate-income individuals, and first-time homebuyer products. The bank participates in the Federal Home Loan Mortgage Corporation's (Freddie Mac) Home Possible and Home One advantage loan programs. The Home Possible program is designed to help low- and/or moderate-income families purchase homes at a fixed rate with a maximum 97 percent loan-to-value. The

Home One program targets first time homebuyers with no income restrictions. In 2021, the bank was approved to start offering the Federal Home Loan Bank Equity Builder and Housing Our Workforce (HOW) programs. The Equity Builder program offers grant money to income-eligible homebuyers to be used towards down payments, closing costs, and rehabilitation assistance. The HOW program offers matched grants to income eligible homebuyers to be used toward down payments.

As of December 31, 2021, MFB reported total assets, total deposits, and tier 1 capital of \$451 million, \$395 million, and \$53 million, respectively. The loan portfolio totaled approximately \$377 million or 83.7 percent of total assets.

The table below provides a summary of the loan mix:

<b>Loan Portfolio Summary by Loan Product December 31, 2021</b>	
<b>Loan Category</b>	<b>% of Average Gross Loans and Leases</b>
<b>1-4 Family Residential Mortgages-Closed End</b>	86.1
<b>Home Equity</b>	4.9
<b>Other Real Estate (Commercial)</b>	3.3
<b>Multifamily</b>	2.4
<b>Construction &amp; Development</b>	1.4
<b>Consumer</b>	1.6
<b>Commercial &amp; Industrial</b>	0.3
<b>Total</b>	<b>100</b>

*Source: Federal Deposit Insurance Corporation (FDIC) Call Report, December 31, 2021.*

The bank has no financial or legal impediments in meeting the credit needs of the AA. The bank was rated `Satisfactory` using Intermediate Small Bank (ISB) procedures during the previous CRA performance evaluation dated June 10, 2019.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Milford Federal Bank was evaluated using Intermediate Small Bank (ISB) evaluation procedures, which includes a lending test (LT) and a community development (CD) test. The LT evaluates the bank's record of meeting the credit needs of its assessment areas (AA) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AAs through CD lending, qualified investments, and community development services.

The evaluation period for the LT covers the bank's performance from January 1, 2019, through December 31, 2021. The evaluation period for the CD test is from June 10, 2019, the date of the last CRA evaluation, through July 1, 2022. CD loans, investments, and services submitted by management were verified to ensure they meet the regulatory definition for community development. The bank's primary loan products, based on loan originations during the evaluation period, are residential mortgage loans including home purchase, home refinance, and home improvement loans. Residential lending encapsulated approximately 93.5 percent of all lending activity during the evaluation period.

### Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

### Ratings

The bank's overall rating is a multistate metropolitan statistical area rating stemming from the review of the AA, which is in both MA and RI, wholly located within the Boston-Worcester-Providence (#148) Combined Statistical Area (CSA).

The CSA rating and state ratings are based on performance in all bank AAs. Refer to the "Scope" section under each state and CSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 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 AA 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 Bureau of Consumer Financial Protection, 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.

## Multistate Metropolitan Statistical Area Rating

### Boston-Worcester-Providence, MA-RI-NH-CT CSA (Boston CSA AA)

**CRA rating for the Boston CSA AA:** Satisfactory

**The Lending Test is rated:** Satisfactory

**The Community Development Test is rated:** Satisfactory

The major factors that support this rating include:

- The bank exhibits reasonable geographic distribution of loans across the entire AA. The bank has an excellent borrower distribution among moderate-income borrowers for the evaluation period
- The bank exhibits a reasonable distribution of loans to individuals of different income levels. The bank has excellent borrower distribution within the AA among moderate-income borrowers for the evaluation period.
  - Overall, the borrower distribution of home mortgage loans reflects reasonable penetration to both low- and moderate-income borrowers within the Boston CSA AA, given performance context.
- There were no CRA or Fair Lending complaints submitted to the OCC or other agencies against the bank during the evaluation period of January 1, 2019 through December 31, 2021.
- The bank demonstrated adequate responsiveness to the CD lending, investment, and service needs in the AA.

### Description of Institution's Operations in Boston CSA AA

Milford Federal Bank has delineated a single AA that contains geographies and branch locations within the two adjacent states of MA and RI. These adjacent geographies were combined into a single, full-scope rating area for the bank's lending and CD tests. The AA meets the requirements of the CRA and does not arbitrarily exclude any low- and/or moderate-income census tracts.

The bank has four full-service branch locations within its delineated AA. The main office is located in a moderate-income census tract. Both the Milford Plaza and Whitinsville branches are located in upper-income geographies. The Woonsocket branch is located in a middle-income census tract. All branches are easily accessible to all residents from the surrounding communities. Due to the impacts of the COVID-19 pandemic, the bank closed its branches and operated on a modified schedule, but is currently fully open.

MFB faces significant competition for both deposits and loans within the Boston CSA AA. Primary competitors consist of local institutions, such as Rockland Trust Company, Middlesex Savings Bank, Cambridge Savings Bank, Berkshire Bank, Centerville Bank, Bank Rhode Island, and Banknewport. Larger regional competitors include Santander Bank, Citizens Bank, Bank of America, and TD Bank. The Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report as of June 30, 2021, shows that within Middlesex, Norfolk, and Worcester Counties, MFB has less than one percent deposit market share and ranks 57<sup>th</sup> among 84 deposit taking institutions.



As part of the performance context when evaluating lending performance, we considered the disparity between the median income of families within the AA compared to the median cost of housing and the overall impact to home ownership. The median housing value in the bank's AA is \$285,056 compared to the median family income in the Boston, Cambridge-Newton-Framingham, and Worcester MSAs of \$90,699, \$100,380, and \$81,137, respectively. Within MFB's AA, approximately 7.0 percent of families were noted as being below the poverty level and 34.6 percent of households are low- or moderate-income, while 49.8 percent of households are upper income. Consequently, high home prices limit the availability of affordable housing for low- and moderate-income, emphasizing the area's need to support affordable housing.

As reported by Moody's Analytics Inc. in January 2022, MA is experiencing a recovery period of the credit cycle. The tech industry, especially biotech, in the Boston and Cambridge-Newton-Framingham MSAs has rebounded above pre-pandemic levels and will continue to drive job growth. Factory jobs in the Worcester MSA have begun to rebound and are projected to continue to grow. Remote work had a negative impact to the Boston and Cambridge-Newton-Framingham MSAs as many workers with the ability to work remotely relocated to areas with less expensive costs of living. Worker relocations due to remote work positively impacted the Worcester MSA as the cost of living is less than the Boston and Cambridge-Newton-Framingham MSAs. The April 2022 MA unemployment rate of 4.1 percent is slightly elevated compared to the national average. The unemployment rates for Boston, Cambridge-Newton-Framingham, and Worcester MSAs in December 2021 were 4.7 percent, 4.3 percent, and 5.1 percent, respectively. All three were higher than the national unemployment rate of 3.9 percent at that time. Long-term projections for job and income growth indicate the Boston and Cambridge-Newton-Framingham MSAs will be in the first quintile of MSAs and the Worcester MSA will be in the second quintile.

As reported by Moody's Analytics Inc. in January 2022, RI is experiencing a recovery period of the business cycle. Financial service jobs have rebounded from pandemic-related losses, but employment has begun to slow in this area. Healthcare jobs have also rebounded from pandemic losses, but there is a large share of older workers in this sector making it vulnerable to early retirements. The April 2022 RI unemployment rate of 3.2 percent is slightly lower than the national average. Long-term projections indicate RI will rank in the third quintile of states with regards to job growth and below average for income growth due to costs of living and stalling population growth.

Top employers within the bank's AA in MA include UMass Memorial Health Care, Mass General Brigham, Beth Israel Lahey Health, and Harvard University, which all have 14,000 or greater employees. Other top employers include Massachusetts Institute of Technology, Dell Technologies, State Street Corp, and Boston Medical Center Health System, which have greater than 7,000 employees. There are several other large employers in the AA with at least 2,000 employees.

Top employers within the bank's AA in RI include Lifespan, Care New England, CVS Health Corp., and Citizens Financial Group Inc., which all have 5,000 or more employees. Other top employers include Brown University and Fidelity Investments, which both have more than 4,000 employees. There are several other large employers within the area with between 2,000 and 4,000 employees.

As part of this evaluation, to assess the bank's lending performance, we contacted a local organization based within the bank's AA to assist in identifying community credit needs. This community organization's mission is to create and collect, analyze, and report about affordable housing and community services predominantly within Rhode Island, including Central Falls. The contact discussed the extent of limited housing availability for low- and moderate- households. The already expensive housing market experienced further price appreciation during the pandemic. Rhode Island's housing

stock is older and development for LMI housing is slow. The contact discussed several opportunities and programs that banks within the community can participate in relating to affordable housing and community service, specifically by partnering with locally based organizations that work to connect financial institutions with low- and moderate-income borrowers as well as real estate developers. The contact noted that local financial institutions are supportive in meeting the community development needs of the surrounding market area; however, continued support is needed to curtail rising credit needs.

Please refer to Table A below for the bank’s 2021 AA demographic information:

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Boston CSA AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	71	15.5	5.6	35.2	43.7	0.0
Population by Geography	363,182	10.8	4.4	35.8	49.1	0.0
Housing Units by Geography	143,871	12.0	4.7	36.2	47.1	0.0
Owner-Occupied Units by Geography	92,373	3.6	3.0	37.1	56.3	0.0
Occupied Rental Units by Geography	41,969	27.3	8.1	35.5	29.1	0.0
Vacant Units by Geography	9,529	26.0	5.3	30.9	37.8	0.0
Businesses by Geography	29,696	6.8	5.8	30.0	57.5	0.0
Farms by Geography	907	3.6	2.0	31.2	63.2	0.0
Family Distribution by Income Level	94,221	18.9	13.9	18.7	48.5	0.0
Household Distribution by Income Level	134,342	21.7	12.9	15.6	49.8	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$285,056
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Gross Rent			\$927
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$73,950	Families Below Poverty Level			7.0%
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137				

*Source: 2015 ACS and 2021 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.*

### Scope of Evaluation in Boston CSA AA

The CRA requires an institution to define the AA in which it will be evaluated. Milford Federal Bank has delineated a single, interstate AA that meets the requirements of the regulation by consisting of wholly contiguous political subdivisions (cities/towns), containing the entirety of the customer deposit base, and by not arbitrarily excluding any low- or moderate-income census tracts (CTs). Milford Federal Bank’s AA consists of a single full-scope rating area for the bank’s lending and CD tests, the Boston CSA AA, which is comprised of portions of the adjacent counties of Norfolk (#021), Middlesex (#017), and Worcester (#027) in MA and Providence (#007) County in RI. Both Norfolk and Middlesex Counties are subsets of the larger Boston-Cambridge-Newton, MA-NH MSA (#14460), Worcester County is a subset of the larger Worcester, MA-CT MSA (#49340), and Providence County is a subset

of the larger Providence-Warwick, RI-MA MSA (#39300). The aforementioned MSAs are also subsets of the greater Boston CSA (#148), and specifically includes the cities/towns of Bellingham, Blackstone, Douglas, Franklin, Grafton, Holliston, Hopedale, Hopkinton, Medway, Mendon, Milford, Millville, Northbridge, Sutton, Upton, and Uxbridge, in MA and Burrillville, Central Falls, Cumberland, Lincoln, North Smithfield, and Woonsocket, in RI.

MFB's AA consists of 71 CTs, including 11 low-, 4 moderate-, 25 middle-, and 31 upper-income CTs.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BOSTON CSA AA**

### **LENDING TEST**

The bank's performance under the Lending Test in the Boston CSA AA is rated Satisfactory.

Based on a full-scope review, the bank's performance in the Boston CSA AA is reasonable.

Primary product determination identified residential home mortgages as the bank's primary vehicle for lending during the evaluation period of January 1, 2019, through December 31, 2021. Residential home mortgages accounted for approximately 93.5 percent of all loans originated and/or purchased. Other loan types were not identified for evaluation as the level of lending among those channels was not considered significant.

### **Distribution of Loans by Income Level of the Geography**

The bank exhibits reasonable geographic distribution of loans in the CSA.

#### ***Home Mortgage Loans***

Refer to Table O in the "CSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The percentage of home mortgage loans in low-income CTs underperformed both the percentage of owner-occupied units and aggregate lending in the AA. The percentage of home mortgage loans in moderate-income CTs reasonably exceeded the aggregate lending in the AA. The percentage of home mortgage loans in moderate-income CTs was below the percentage of owner-occupied units.

The geographic distribution of home mortgage loans is considered reasonable given performance context. While low-income lending activity was below AA median, market competition is high in low-income tracts within the AA. The bank ranked in the 36.9 percentile (41st out of 111 lenders) in market share of loans to low-income CTs. The top five lenders by origination volume encapsulate only 25.37 percent of lending activity. Additionally, the top five lenders originated 19.91 percent of loans based on aggregate dollar amounts.

### **Distribution of Loans by Income Level of the Borrower**

The bank exhibits a reasonable distribution of loans to individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the bank.

#### ***Home Mortgage Loans***

Refer to Table P in the "CSA" section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The borrower distribution of home mortgage loans is considered reasonable given performance context.

The percentage of home mortgage loans to low-income borrowers was well below the percentage of low-income families in the AA and significantly exceeded the percentage of loans by all lenders to low-income families. The percentage of home mortgage loans to moderate-income borrowers was below both the percentage of moderate-income families and the percentage of loans by all lenders to moderate-income families.

The assessment of performance considered the affordability for low- and moderate-income borrowers and competition amongst lenders in the AA. Based on 2021 MFI of \$81,857 and \$73,950 in Worcester, MA and Providence, RI, respectively, low-income families and moderate-income families would find it challenging to qualify for a mortgage loan given the \$285,046 median housing value. This conclusion is supported by the fact that low- and moderate- income families predominately occupy rental units.

Milford Federal Bank faces significant competition from other large community banks and national mortgage lenders operating within the AA. In 2020, MFB ranked 41<sup>st</sup> among 111 other competing lenders for home mortgage loans made to low-income borrowers in the AA with less than one percent market share at 0.7 percent via five instances of lending. Milford Federal Bank was the third highest lender to moderate-income households and possessed 5.6 percent of market share via 51 instances of lending.

Overall, MFB was reasonable in lending to LMI borrowers, given performance context. In 2020, Milford Federal ranked 6<sup>th</sup> overall across all LMI lenders in the bank's AA and possessed 3.2 percent of market share by origination amount and 2.1 percent of market share based on total loan amounts originated. The top five home mortgage lenders to LMI borrowers, Quicken Loans, LLC (7.1 percent), Navigant Credit Union (4.9 percent), Citizens Bank, National Association (4.4), United Wholesale Mortgage, LLC (3.5), and Residential Mortgage Services (3.4 percent), had a combined market share of 23.3 percent, with all lenders outside the top six individually maintaining less than three percent market share.

### **Responses to Complaints**

Our review of MFB complaints submitted to the OCC or other agencies did not identify any CRA or Fair Lending related complaints occurring with the AA during the evaluation period of January 1, 2019, through December 31, 2021.

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the Community Development Test in the Boston CSA AA is rated Satisfactory.

Based on a full-scope review, the bank exhibits adequate responsiveness to community development needs in the CSA through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

### **Number and Amount of Community Development Loans**

MFB originated an adequate level of CD lending within the AA during the evaluation period. In 2020 and 2021, the bank participated in the Small Business Administration's Payment Protection Program. The bank originated 69 loans within the AA between April 2020 and May 2021. Aggregate PPP loans

originated within the AA totaled \$3,004,193. Additionally, the bank originated 12 PPP loans outside the AA and aggregate loan balances totaled \$336,172. The bank’s participation in the program facilitated economic resiliency during challenging economic times. Workers and families, including LMI demographics, within the AA and the bank’s overall community directly benefited from the program. The AA and members of the community, which includes LMI individuals, indirectly benefit from this lending activity.

**Number and Amount of Qualified Investments**

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000’s)	#	\$(000’s)	#	% of Total #	\$(000’s)	% of Total \$	#	\$(000’s)
Boston CSA AA	1	500	0	\$0	1	100	500	100	0	\$0

\* Prior Period Investments’ means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* Unfunded Commitments’ means legally binding investment commitments that are tracked and recorded by the institution’s financial reporting system.

The Qualified Investment Table, shown above, set forth the information and data used to evaluate the bank’s level of qualified CD investments. These tables include all CD investments, including prior period investments that remain outstanding as of the examination date.

In addition to the investment made in the Boston CSA AA, the bank made two investments totaling \$1.3 million in the broader regional area that serve the CSA. During the review period, the bank contributed \$1 million to the Massachusetts Housing Equity Fund (MHEF XXVII), which provided capital for new construction and rehabilitation of affordable housing. Specific to the bank's contribution, the investment assisted in the development of properties located in Plymouth, Hampden, Berkshire, and Suffolk counties, outside of the bank's AA. The developments provided families and senior citizens with affordable housing in communities experiencing severe shortages. Previously qualified investments of \$750,000 were reinvested in programs supporting LMI individuals residing in senior housing facilities. Approximately \$500,000 of the previously qualified investments benefited LMI individuals residing in senior facilities within bank's AA. The remainder of the funds benefited Senior LMI individuals outside of the bank's AA but within Massachusetts.

**Extent to Which the Bank Provides Community Development Services**

Milford Federal Bank’s level of community development in the AA is satisfactory. During the evaluation period, the bank had two community development services, for a total of 315 hours, in their delineated AA that met the standard for satisfactory performance.

The highlights of the community development services are as follows:

- A senior member of management serves on the board of directors for a state and federally funded workforce organization whose mission is to promote economic development by implementing strategies for job readiness to assist individuals in low- to moderate-income geographies with job placements in the greater, statewide region that also supports the bank’s AA.
- A senior member of management served on the board of directors to an organization located in a moderate-income geography that provides for the needs of individuals in the area.

A senior member of management also provided technical assistance to an organization, located in a low-income geography outside the bank's AA, that provides community services to individuals of that geography.

MFB maintains a branch at the Milford High School, which is a part of the Life Learning Skills Program. According to the school administration, a majority of enrolled students qualify for free or reduced-price meals. The branch is closed to the public, but open to students and faculty. Besides the Branch Manager, the branch is staffed by high school students with hours available from 10:00 am to 2:00 pm on Monday and Wednesday. MFB also offered the Leo Savoie Elementary School Banking program to moderate-income geographies in Rhode Island in 2019. The program is currently halted due to the pandemic. This financial education curriculum teaches consistent saving habits, budgeting, and general credit themes.

MFB continues to offer the Basic Banking for Massachusetts Program, which was first launched in 1994. The bank's checking and savings accounts meet the Massachusetts Community and Banking Council Guidelines to encourage those with modest incomes to establish banking relationships. The bank continues to seek approval to hold interest on lawyer's trust account funds (IOLTA) in Massachusetts. Interest earned on these accounts, combined with state and federal appropriations as well as private grants and donations, enable nonprofit legal aid providers to help low-income people with civil legal matters.

## 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 MSA(s) and non-MSA(s) 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”.

<b>Time Period Reviewed:</b>	<b>1/1/2019 to 12/31/2021</b>	
<b>Bank Products Reviewed:</b>	<b>HMDA-reportable, residential mortgage loans Community Development-eligible loans, investments, and services</b>	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None Reviewed.		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>CSA(s)</b>		
Boston-Worcester-Providence, MA-RI-NH-CT CSA AA (Boston CSA AA)	<b>Full scope</b>	Boston-Worcester-Providence, MA-RI-NH-CT CSA (#148) <ul style="list-style-type: none"> <li>• Boston-Cambridge-Newton, MA-NH MSA (#14460)                             <ul style="list-style-type: none"> <li>• Boston, MA MD (#14454) Norfolk County (#021) – Bellingham, Franklin, Medway</li> <li>• Cambridge-Newton-Framingham, MA MD (#15764) Middlesex County (#017) – Holliston, Hopkinton</li> </ul> </li> <li>• Worcester, MA-CT MSA (#49340)                             <ul style="list-style-type: none"> <li>• Worcester County (#027) – Blackstone, Douglas, Grafton, Hopedale, Mendon, Milford, Millville, Northbridge, Sutton, Upton, Uxbridge</li> </ul> </li> <li>• Providence-Warwick, RI-MA MSA (#39300)                             <ul style="list-style-type: none"> <li>• Providence County (#007) – Burrillville, Central Falls, Cumberland, Lincoln, North Smithfield, Woonsocket</li> </ul> </li> </ul>



## Appendix B: Summary of CSA Ratings

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<b>RATINGS Milford Federal Bank</b>			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
<b>Milford Federal Bank</b>	<b>Satisfactory</b>	<b>Satisfactory</b>	<b>Satisfactory</b>
CSA or State:			
<b>Boston CSA AA</b>	<b>Satisfactory</b>	<b>Satisfactory</b>	<b>Satisfactory</b>

(\*) The Lending Test and Community Development Test carry equal weight in the overall rating.

## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** 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; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**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-Scope 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:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/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. The median is the point at which half of the families have income above, and half below, a range of incomes. 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, and half below, a range of incomes.

**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.

**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.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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 1 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.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the CSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

**Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

**Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each CSA/assessment area. The table also presents aggregate peer data for the years the data is available.

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																			<b>2019-21</b>		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate		
Boston CSA AA	1,543	318,125	100.0	25,074	3.6	1.2	2.7	3.0	2.7	2.4	37.1	43.4	33.0	56.3	52.6	62.0	0.0	0.0	0.0		
<b>Total</b>	<b>1,543</b>	<b>318,125</b>	<b>100.0</b>	<b>25,074</b>	<b>3.6</b>	<b>1.2</b>	<b>2.7</b>	<b>3.0</b>	<b>2.7</b>	<b>2.4</b>	<b>37.1</b>	<b>43.4</b>	<b>33.0</b>	<b>56.3</b>	<b>52.6</b>	<b>62.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2019-21</b>		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Boston CSA AA	1,543	318,125	100.0	25,074	18.9	8.2	3.6	13.9	20.8	15.8	18.7	28.8	24.3	48.5	39.0	43.8	0.0	3.1	12.4		
<b>Total</b>	<b>1,543</b>	<b>318,125</b>	<b>100.0</b>	<b>25,074</b>	<b>18.9</b>	<b>8.2</b>	<b>3.6</b>	<b>13.9</b>	<b>20.8</b>	<b>15.8</b>	<b>18.7</b>	<b>28.8</b>	<b>24.3</b>	<b>48.5</b>	<b>39.0</b>	<b>43.8</b>	<b>0.0</b>	<b>3.1</b>	<b>12.4</b>		

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%*