



**PUBLIC DISCLOSURE**

June 10, 2019

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

Milford Federal Bank  
Charter Number: 704167

246 Main Street, Milford, MA 01757-2520

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.

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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 (LT) rating is based on the record of performance for Milford Federal Bank ("Milford", "MFB", or "the Bank") in meeting the credit needs of the assessment area (AA) during the evaluation period through its lending activities. The evaluation period for the LT covers MFB's performance from January 1, 2016 through December 31, 2018.
  - Considering the Bank's size, financial condition, and credit needs of the AA, MFB's loan-to-deposit ratio is considered more than reasonable.
  - A majority of the Bank's loans are inside its AA.
  - The Bank exhibits a satisfactory geographic distribution and excellent dispersion of loans within the State of Massachusetts (MA) and reasonable dispersion of loans within the State of Rhode Island (RI), given noted performance context.
  - The Bank exhibits a satisfactory borrower distribution of loans and excellent penetration of loans within MA and reasonable penetration of loans within RI, given noted 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, 2016 through December 31, 2018.
  
- The community development (CD) test rating is based on the Bank's responsiveness to CD needs in its AAs through community development lending, investments, and services. The evaluation for the CD test covers the Bank's performance from May 2, 2016 (the date of the last CRA performance evaluation) through December 31, 2018.
  - Based on a full-scope review, MFB exhibits adequate responsiveness to community development needs in MA and RI through CD loans, qualified investments, and CD services, as appropriate. This considers the Bank's capacity, as well as the needs and availability of such opportunities for CD within the AA.

## Loan-to-Deposit Ratio

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

Since the end of the previous evaluation, Milford's quarterly net loan-to-deposit ratio averaged approximately 104 percent over a period of 12 quarters. Specifically, this analysis considers loan-to-deposit data occurring from January 1, 2016 to December 31, 2018. During this time, Milford's quarterly loan-to-deposit ratio ranged from a quarterly low of 102 percent to a quarterly high of 110 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 reported an average quarterly net loan-to-deposit ratio of 96 percent over the same 12 quarters, ranging from a quarterly low of 69 percent to a quarterly high of 111 percent.

## Lending in Assessment Area

A majority of the Bank's loans are inside its delineated AA.

MFB originated and/or purchased 71.26 percent by number of its total loans inside the AA during the evaluation period of January 1, 2016 through December 31, 2018. Additionally, Milford originated and purchased 63.73 percent by dollar amount of its total loans inside the AA during the evaluation period. This lending activity meets the standard for satisfactory performance.

Please refer to the table below for more details regarding the Bank's level of lending within its AA by both number and dollar amount of loans:

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		
	#	%	#	%		\$	%	\$	%	
<b>Home Mortgage</b>										
<b>2016</b>	497	71.1	202	28.9	699	93,655	66.4	47,423	33.6	141,078
<b>2017</b>	378	71.1	154	28.9	532	69,999	63.8	39,663	36.2	109,662
<b>2018</b>	320	71.7	126	28.3	446	52,061	59.4	35,658	40.7	87,718
<b>Subtotal</b>	1,195	71.26	482	28.74	1,677	215,715	63.73	122,744	36.27	338,458
<b>Total</b>	1,195	71.26	482	28.74	1,677	215,715	63.73	122,744	36.27	338,458

Source: Evaluation Period: 1/1/2016 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.

## Description of Institution

Milford is an interstate mutual thrift institution headquartered in Milford, Massachusetts. As of December 31, 2018, the Bank reported total assets of \$390 million. First Milford Service Corporation is an operating subsidiary which was not included in the scope of this performance evaluation. Milford 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 moderate-income geography. The Milford Plaza and Whitinsville, MA branches are located in upper-income geographies, and the Woonsocket, RI branch is located in a middle-income geography. Branch hours are reasonable and are typically 9:00 am to 4:00 pm, Monday through Wednesday, with varying hours on Thursday and Friday. Weekend branch hours are typically from 9:00 am to noon, with extended drive-up hours. The Bank opened a branch in Milford High School as part of the school's "Life Learning Skills Program". The branch is opened a few days a week with limited hours. Branch access is not available to the general public; the branch is intended to be accessible only to the student body and school faculty.

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 EZ Banknet. The EZ BankNet program allows customers to transfer money to and from various accounts, view account statements, and pay bills. The Bank operates walk-up/drive-up automated teller machines (ATMs) at all four of its branches and is also a member of the SUM ATM network. Night deposit services are also available at three of the branches.

Residential real estate lending continues to be the Bank's primary lending focus since the previous CRA performance evaluation. MFS 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 programs. 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 maximum 97 percent loan-to-value. The Home One program targets first time homebuyers with no income restrictions.

As of December 31, 2018, Milford reported total assets, total deposits, and tier 1 capital of \$390 million, \$315 million, and \$48.3 million, respectively. The loan portfolio totaled approximately \$347 million or 89 percent of total assets.

The table below provides a summary of the loan mix:

<b>Loan Portfolio Summary by Loan Product December 31, 2018</b>	
<b>Loan Category</b>	<b>% of Gross Loans and Leases</b>
1-4 Family Residential Mortgages – Closed End	88
Home Equity	7
Other Real Estate (Commercial)	3
Multifamily	1
Construction & Development	<1
Consumer	<1
Commercial & Industrial	<1
<b>Total</b>	<b>100</b>

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

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 May 2, 2016.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

MFB was evaluated using ISB evaluation procedures, which assessed the Bank's performance according to CRA under components of both a LT and CD test. The LT evaluates the Bank's record of performance in meeting the credit needs of the AA during the evaluation period through its lending activities. The CD test evaluates the Bank's responsiveness to CD needs in its AA through CD lending, investments/donations, and services.

The evaluation period for the LT covers MFB'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 2017-2018 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 2017-2018, performance was compared to 2015 American Community Survey (ACS) data and 2018 D&B data. Peer Mortgage Market Share data for 2016 and 2017 was used as supporting performance context (as applicable) for the evaluation periods of 2016 and 2017-2018, respectively. 2018 Peer Mortgage Market Share data was not available for consideration as of this evaluation.

The Bank's primary lending product, based on originations during the evaluation period, is residential mortgage loans. Residential loans, including home purchase, improvement, and refinance loans, accounted for approximately 92 percent by both number and dollar amount of all loans originated and/or purchased during the period of January 1, 2016 through December 31, 2018.

When evaluating Milford's lending performance, more consideration was given to residential loans originated and/or purchased during the 2017-2018 evaluation period, as more residential lending occurred during this time. Specifically, residential loans originated and/or purchased during 2017-2018, accounted for approximately 61 percent of all residential lending during the full evaluation period.

The evaluation for the CD test covers the Bank's performance from May 2, 2016 (the date of the last CRA performance evaluation) through June 10, 2019. Community development loans, investments, and services submitted by management were reviewed to ensure they qualified per the regulatory definition of community development.

### **Selection of Areas for Full-Scope Review**

The CRA requires an institution to define its AA in which it will be evaluated. Milford has delineated a single AA that contains geographies within the two adjacent states of MA and RI in which the Bank maintains a branch presence. This delineated AA does not arbitrarily exclude any low- and/or moderate-income geographies. Consequently, we selected the entire AA, segmented by each state, for a full-scope (FS) review of the Bank's lending and CD performance according to elements of the CRA. This delineated AA consists of wholly-contiguous, political subdivisions and contains all of the Bank's branch locations and the entirety of the deposit base. All geographies therein are part of the greater Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area (CSA) (#148).

The MA AA is composed of adjacent portions of the following counties of Norfolk, Middlesex, and Worcester (which are included as part of the greater Boston-Worcester-Providence, MA-RI-NH-CT CSA) and were combined into a single MA State rating area for a full scope evaluation. Specifically as of calendar year 2018, the MA AA consists of 38 census tracts, including: one moderate-, 13 middle-, and 24 upper-income tracts. No low-income census tracts were identified within the MA AA during the entire evaluation period of January 1, 2016 through December 31, 2018.

The RI AA is composed of a portion of Providence County (#007), a subset of the Providence-Warwick, RI-MA MSA (#39300) (which are included as part of the greater Boston-Worcester-Providence, MA-RI-NH-CT CSA) and was assessed as a single RI State rating area for a full scope evaluation. Specifically as of calendar year 2018, the RI AA consists of 29 census tracts, including: seven low-, three moderate-, 12 middle-, and seven upper-income tracts.

### **Ratings**

The Bank's overall rating is based on a blend of the state ratings stemming from the reviews of the AAs located in both MA and RI. As previously discussed, the Bank's performance during the 2017-2018 evaluation period was more heavily weighted when arriving at overall conclusions as the majority of primary product lending occurred during this period.

Milford's performance within the state of MA was more heavily weighted in arriving at overall conclusions as the substantial majority of the Bank's branches, deposit base, and overall primary product lending occurred within MA. Specifically, the MA AA contains three of the Bank's four branches, 89 percent of the customer deposit base (as reported in the FDIC Deposit Market Share data as of June 30, 2018), and approximately 86 percent of primary product lending occurred during the evaluation period.

## **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.

# State Rating

## State of Massachusetts

### **CRA rating for the State of Massachusetts: Satisfactory**

**The Lending Test is rated: Outstanding**

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

The major factors that support this rating include:

- The Bank exhibits excellent geographic distribution of loans in the State of Massachusetts. The Bank has overall excellent geographic distribution among moderate-income geographies within the MA AA for both evaluation periods of 2017-2018 and 2016.
  - Overall, the geographic distribution of home mortgage loans reflects excellent dispersion amongst moderate-income geographies within the MA AA.
- The Bank exhibits an excellent distribution of loans to individuals of different income levels. The Bank has excellent borrower distribution within the MA AA among low- and moderate-income borrowers for the evaluation periods of 2017-2018 and 2016.
  - Overall, the borrower distribution of home mortgage loans reflects excellent penetration to both low- and moderate-income borrowers within the MA AA.
- 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, 2016 through December 31, 2018.
- Based on a full-scope review, Milford exhibits adequate responsiveness to community development needs in the state of MA through community development loans, qualified investments, and community development services, as appropriate. This considers the Bank's capacity, as well as the need and availability of such opportunities for community development in the MA AA.
  - Specifically, during the full evaluation period, Milford originated two CD-eligible loans totaling approximately \$875,000; approximately \$500,000 in CD qualified investments, approximately \$29,000 via 39 CD-eligible donations; and two Bank officers provided financial expertise/services to two qualified community development organizations serving in the MA AA.

## Description of Institution's Operations in Massachusetts

Milford Federal Bank has delineated a single AA that contains geographies and branch locations within the two adjacent states of MA and RI. The AA meets the requirements of the CRA and does not arbitrarily excluding any low- and/or moderate-income census tracts.

The MA AA is composed of adjacent portions of the following counties of Norfolk, Middlesex, and Worcester (which is part of the greater Boston-Worcester-Providence, MA-RI-NH-CT CSA (#148)). Specifically, the following cities/towns within Norfolk (#021), Middlesex (#017), and Worcester (#027) Counties comprise the MA portion of Milford's delineated AA: Bellingham, Franklin, Medway, Holliston, Hopkinton, Blackstone, Douglas, Grafton, Hopedale, Mendon, Milford, Millville, Northbridge, Sutton, Upton, and Uxbridge.

MFB faces significant competition for both deposits and loans within the MA AA. Primary competitors consist of local institutions, such as Rockland Trust Company, Middlesex Savings Bank, Unibank for Savings, Dean Co-operative Bank, and Cambridge Savings Bank. Larger regional competitors include Bank of America, Citizens Bank, TD Bank, and Santander Bank. The Federal Deposit Insurance Corporation's (FDIC) Deposit Market Share Report as of June 30, 2018, shows that within Middlesex, Norfolk, and Worcester Counties, MFB has less than one percent deposit market share and ranks 58<sup>th</sup> among 93 deposit taking institutions.

As reported by Moody's Analytics Inc. in May 2019, economic indicators show Massachusetts is currently experiencing a late expansion period of the credit cycle. Job growth is slightly ahead of the nation and is largely attributed to the emerging technology industry. The unemployment rate fell to its lowest level since the height of the tech boom in the early 2000s. The current MA unemployment rate of 2.9 percent is below the national average of 3.6 percent as of May 2019. Despite these emerging job opportunities, overall growth within MA is expected to remain limited due to the state's tight housing market. Specifically, elevated housing prices and low rental affordability continue to be significant barriers limiting population growth. This is further exasperated when considering housing affordability regarding both low- and moderate-income geographies and populations.

When evaluating performance context, we reviewed the disparity between the median income of families within the MA AA against the median cost of housing and the impact this has on home ownership. For the more heavily weighted 2017-2018 evaluation period, the median housing value in the MA AA is \$342,000, compared to the median family incomes of \$91,000 in the Boston, MA MD (#14454), \$100,000 in the Cambridge-Newton-Framingham, MA MD (#15764), and \$81,000 in the Worcester, MA-CT MSA (#49340). In the MA AA, 3.4 percent of families are below the poverty line and 27.5 percent of households are low- or moderate-income. We note 56.7 percent of households are upper-income. Consequently, high home prices limit the availability of affordable housing for low- and moderate-income groups, emphasizing the area's need to support affordable housing.

We reached out to contacts at local community organizations to obtain a better understanding of the credit needs facing surrounding communities within the MA AA. We were unable to make contact with any recommended groups; however, we were able supplement our assessment of credit needs within surrounding communities using community contact information performed during other supervisory activities. The contract is from a local organization based in the area whose mission is to promote affordable housing awareness and provide related services in the areas of subsidized low- and moderate-

income housing and first-time homebuyer seminars for low- and moderate-income groups. Our contact prescribed affordable housing as a significant and increasing community credit need. Housing prices continue to appreciate from already elevated levels. Specifically, our contact noted that housing prices within Boston and the surrounding communities have experienced increasing values since the previous performance evaluation and have outpaced any increase in median family incomes. Our contact stated there are many community development and credit opportunities for banks, such as funding for low- and moderate-income housing projects and providing financial literacy and first time homebuyer training.

Please refer to Tables A1 and A2 for demographic information of the Bank's MA AA during the 2017-2018 and 2016 evaluation periods:

<b>Table A1 – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Milford Federal Bank_FS MA AA_2017-2018</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>
<b>Geographies (Census Tracts)</b>	38	0.0	2.6	34.2	63.2	0.0
<b>Population by Geography</b>	218,742	0.0	2.0	33.0	65.0	0.0
<b>Housing Units by Geography</b>	82,350	0.0	2.0	33.4	64.6	0.0
<b>Owner-Occupied Units by Geography</b>	60,799	0.0	0.8	31.7	67.6	0.0
<b>Occupied Rental Units by Geography</b>	17,493	0.0	6.2	39.0	54.8	0.0
<b>Vacant Units by Geography</b>	4,058	0.0	3.0	34.7	62.3	0.0
<b>Businesses by Geography</b>	14,458	0.0	3.4	28.4	68.2	0.0
<b>Farms by Geography</b>	493	0.0	0.6	25.4	74.0	0.0
<b>Family Distribution by Income Level</b>	57,593	12.9	12.3	19.4	55.3	0.0
<b>Household Distribution by Income Level</b>	78,292	16.3	11.2	15.8	56.7	0.0
<b>Median Family Income MSA - 14454 Boston, MA MD</b>		\$90,699	<b>Median Housing Value</b>			\$342,083
<b>Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD</b>		\$100,380	<b>Median Gross Rent</b>			\$1,075
<b>Median Family Income MSA - 49340 Worcester, MA-CT MSA</b>		\$81,137	<b>Families Below Poverty Level</b>			3.4%

*Source: 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 A2 – Demographic Information of the Assessment Area**

**Assessment Area: Milford Federal Bank\_FS MA AA\_2016**

<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>
<b>Geographies (Census Tracts)</b>	38	0.0	5.3	31.6	63.2	0.0
<b>Population by Geography</b>	213,061	0.0	4.6	32.8	62.5	0.0
<b>Housing Units by Geography</b>	78,419	0.0	5.2	34.4	60.4	0.0
<b>Owner-Occupied Units by Geography</b>	60,474	0.0	2.6	31.2	66.2	0.0
<b>Occupied Rental Units by Geography</b>	14,551	0.0	15.5	45.6	38.9	0.0
<b>Vacant Units by Geography</b>	3,394	0.0	7.8	44.4	47.8	0.0
<b>Businesses by Geography</b>	13,704	0.0	5.4	33.0	61.6	0.0
<b>Farms by Geography</b>	447	0.0	2.0	28.0	70.0	0.0
<b>Family Distribution by Income Level</b>	56,009	12.6	13.8	21.2	52.3	0.0
<b>Household Distribution by Income Level</b>	75,025	15.9	12.2	16.3	55.7	0.0
<b>Median Family Income MSA - 14454 Boston, MA MD</b>		\$83,664	<b>Median Housing Value</b>			\$364,393
<b>Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA MD</b>		\$90,625	<b>Median Gross Rent</b>			\$970
<b>Median Family Income MSA - 49340 Worcester, MA-CT MSA</b>		\$77,128	<b>Families Below Poverty Level</b>			2.9%

*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.*

## Scope of Evaluation in Massachusetts

As previously discussed, Milford has delineated a single AA that contains geographies within the adjacent states of MA and RI. The Bank's overall rating is a blend of the state ratings stemming from the evaluations of the segmented AAs located in each state. The MA AA meets the requirements of the regulation, consists of wholly-contiguous, political subdivisions, and does not arbitrarily exclude any low- and/or moderate-income geographies or populations. We note that Milford did not have any low-income census tracts within its MA AA during the evaluation period. Therefore, an assessment of the Bank's level of lending among low-income geography was not included in the scope of this performance evaluation.

Performance during the 2017-2018 evaluation period was more heavily weighted when arriving at overall conclusions as more home mortgage lending occurred during this period. Furthermore, Milford's performance in the MA AA was more heavily weighted when determining overall conclusions as the substantial majority of branches, deposit base, and primary product lending occur within this state rating area.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN Massachusetts**

### **LENDING TEST**

The Bank's performance under the Lending Test in Massachusetts is rated Outstanding.

Based on a full-scope review, the Bank's lending performance in the State of Massachusetts is considered excellent.

Primary product determination identified residential home mortgages as the Bank's primary vehicle for lending during the evaluation period of January 1, 2016 through December 31, 2018. Residential home mortgages accounted for approximately 92 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. Additionally, due to the aforementioned census demographic changes, we assessed Milford's lending performance according to two evaluation periods: 2016 and 2017-2018.

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

The Bank exhibits excellent geographic distribution of loans in the State of Massachusetts, given their overall excellent geographic distribution among moderate-income geographies within the MA AA for both the evaluation periods of 2017-2018 and 2016.

#### *Home Mortgage Loans*

The Bank's geographic distribution of home mortgage loans amongst moderate-income geographies within the MA AA is considered excellent for both the evaluation periods of 2017-2018 and 2016. Overall, the geographic distribution of home mortgage loans reflects excellent dispersion amongst moderate-income geographies. Specifically, Milford's level of lending amongst moderate-income geographies exceeds the aggregate performance of all other HMDA reporting lenders located within the delineated MA AA for the 2017-2018 and 2016 evaluation periods.

Please refer to Tables O1 and O2 in the State of Massachusetts 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 following Tables 1 and 2 highlight Milford's geographic performance of home mortgage lending during both evaluation periods when compared to the aggregate lending data, our primary comparator:

Table 1 – Geographic Distribution of Home Mortgage Loans in the MFB FS MA AA – 2017-2018								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans						
Home Mortgages	0.0	0.0	1.1	2.5	32.0	40.9	67.0	56.6

Source: 2017 HMDA Aggregate Data; 01/1/2017 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.

Table 2 – Geographic Distribution of Home Mortgage Loans in the MFB FS MA AA – 2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans						
Home Mortgages	0.0	0.0	2.6	6.1	30.6	39.0	66.8	54.9

Source: 2016 HMDA Aggregate Data; 01/01/2016 - 12/31/2016 Bank Data. Due to rounding, totals may not equal 100.0.

## Distribution of Loans by Income Level of the Borrower

The Bank exhibits an excellent distribution of loans to individuals of different income levels in the State of Massachusetts, given their overall excellent borrower distribution among low- and moderate-income borrowers within the MA AA for both the evaluation periods of 2017-2018 and 2016.

### Home Mortgage Loans

The Bank's borrower distribution of home mortgage loans within the MA AA is considered excellent for both the evaluation periods of 2017-2018 and 2016. Overall, the borrower distribution of home mortgage loans reflects excellent penetration to both low- and moderate-income borrowers. Specifically, Milford's level of lending amongst low- and moderate-income borrowers exceeds the aggregate performance of all other HMDA reporting lenders located within the MA AA for both the 2017-2018 and 2016 evaluation periods.

Please refer to Tables P1 and P2 in the State of Massachusetts 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 following Tables 3 and 4 highlight the Bank's borrower performance of home mortgage lending during both evaluation periods when compared to the aggregate lending data, our primary comparator:

Table 3 – Borrower Distribution of Home Mortgage Loans in the MFB FS MA AA – 2017-2018								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans						
Home Mortgages	3.5	7.1	15.7	20.0	23.6	24.7	46.2	44.8

*Source: 2017 HMDA Aggregate Data; 01/1/2017 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0 and 3.4 percent of the Bank's lending and 11.0 percent of aggregate data occurred to borrowers without a reported income.*

**Table 4 – Borrower Distribution of Home Mortgage Loans  
in the MFB FS MA AA – 2016**

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Aggregate Lending Data	% of Bank Loans						
<b>Home Mortgages</b>	2.9	5.1	12.2	19.9	22.1	25.2	50.2	48.1

*Source: 2016 HMDA Aggregate Data; 01/01/2016 - 12/31/2016 Bank Data. Due to rounding, totals may not equal 100.0 and 1.6 percent of the Bank's lending and 12.7 percent of aggregate data occurred to borrowers without a reported income.*

## 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 within the state of MA or during the evaluation period of January 1, 2016 through December 31, 2018.

## **COMMUNITY DEVELOPMENT TEST**

The Bank's performance under the Community Development Test in the State of Massachusetts is rated Satisfactory.

Based on a full-scope review, the Bank exhibits adequate responsiveness to community development needs in the state of MA through community development loans, qualified investments, and community development services. This considers the Bank's capacity and the need and availability of such opportunities for community development in the Bank's MA AA.

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

Milford originated an adequate level of CD loans during the evaluation period, specifically two loans totaling approximately \$875,000. The loans were to a local business that provides transportation services for both the elderly and disabled, to medical appointments, hospital/respite care, and physical therapy. The loans included a \$500,000 commercial real estate loan to purchase property for the business and a \$375,000 loan to purchase vehicles.

### **Number and Amount of Qualified Investments**

The Bank's level of CD qualified investments and donations is adequate when considering the Bank's capacity, significant market competition, and the availability of CD-related opportunities for investment. Milford maintains three investments in the CRA Qualified Investment Fund, two of which are for benefit within the state of MA. The two investments total \$500,000 and benefit the Worcester and Suffolk counties. One investment is for the Massachusetts Housing Finance Agency Housing Bonds-2016 Series C, which helped secure financing to a 55 unit, low-income housing tax credit property located in Worcester County, MA. While the other investment benefits Suffolk County (which is not included in the MA AA) the investment serves a broader regional area beyond county limits and benefits portions of the MA AA.

Qualifying CD donations totaled approximately \$29,000 from 39 instances of giving, and benefitted sixteen different community development organizations. Donations were made to various non-profit organizations that serve community needs of low- and moderate-income geographies and populations. We note that while the total amount of donations made by MFB during the evaluation period was greater than the aforementioned amounts, some donations did not meet the definition of community development.

The highlights of the Bank's CD donations are as follows:

- A \$5,000 donation to a local community organization to fund programming and community services targeted to low- and moderate-income students.
- A \$2,000 donation to a non-profit organization that serves low- and moderate-income adults with developmental disabilities and/or mental health issues.
- Approximately \$1,625 donation from four instances of giving to a local community initiative that provides community services and hunger relief to low- and moderate-income families.

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

The Bank's level of community development services in the MA AA is adequate. Accessibility to the Bank's delivery systems is reasonable. Delivery systems are accessible to geographies and individuals of different income levels throughout the AA. The Bank has three full-service branch locations within the MA AA. The main office located in a moderate-income census tract. Both the Milford Plaza and Whitinsville branches are located in upper-income geographies, however all branches are easily accessible to all residents from the surrounding communities.

MFS opened a branch at the Milford High School in September of 2017, as 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 general public but open to students and faculty. Besides the Branch Manager, the branch is employed by high school students with hours available from 10:00 am to 2:00 pm on Monday and Wednesday.

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. Milford is approved to hold interest on lawyers 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.

During the evaluation period, two officers/employees provided financial expertise and/or services to two qualified community development organizations.

The highlights of the Bank's CD services are as follows:

- A senior member of management serves on the Board of Directors for a local workforce organization whose mission is to promote economic development by collaboratively developing and implementing strategies for job readiness and skills advancement and leveraging community resources that promote economic wellness within the region's 38 cities and towns.
- A senior member of management provides technical assistance on financial matters to a community development organization that has programs to assist low- and moderate-income individuals.

## State Rating

### State of Rhode Island

#### **CRA rating for the State of Rhode Island: Satisfactory**

**The Lending Test is rated: Satisfactory**

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

The major factors that support this rating include:

- Given performance context, the Bank exhibits a satisfactory geographic distribution of loans in the State of Rhode Island. The Bank has satisfactory geographic distribution within the RI AA for both the evaluation periods of 2017-2018 and 2016.
  - Overall, the geographic distribution of home mortgage loans reflects reasonable dispersion amongst both low- and moderate-income geographies when considering significant market competition within the RI AA.
- Given performance context, the Bank exhibits a satisfactory distribution of loans to individuals of different income levels in the State of Rhode Island. The Bank has satisfactory borrower distribution among low- and moderate-income borrowers within the RI AA for both the evaluation periods of 2017-2018 and 2016.
  - Overall, the borrower distribution of home mortgage loans reflects reasonable penetration to both low- and moderate-income borrowers when considering market competition and demographic barriers exhibited in RI AA.
- 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, 2016 through December 31, 2018.
- Based on a full-scope review, Milford exhibits adequate responsiveness to community development needs in the State of RI through community development loans, qualified investments, and community development services. This considers the Bank's capacity, as well as the need and availability of such opportunities for community development within the RI AA.
  - Specifically, during the full evaluation period, Milford originated one CD-eligible loan totaling approximately \$138,000; approximately \$250,000 in CD qualified investments, approximately \$2,000 from five CD-eligible donations; and offered multiple financial literacy programs to RI schools located in moderate-income geographies.

## Description of Institution's Operations in Rhode Island

Milford has delineated a single AA that contains geographies and branch locations within the two adjacent states of MA and RI. The AA meets the requirements of the CRA, consisting of wholly-contiguous, political subdivisions, and does not arbitrarily exclude any low- and/or moderate-income census tracts. A full-scope review was performed for each AA in both states. The RI AA was weighed less heavily when determining final rating conclusions due to the majority of Milford's operational and lending activity occurring within the state of MA.

The RI AA is comprised of a portion of Providence County, which is part of the greater Boston-Worcester-Providence, MA-RI-NH-CT CSA (#148). Specifically, the following cities/towns within Providence County (#007) (which is also a subset of the Providence-Warwick, RI-MA MSA (#39300)) comprise the RI AA: Burrillville, Cumberland, Lincoln, North Smithfield, and Woonsocket. As of calendar year 2018, the RI AA consists of 29 census tracts, including: seven low-, three moderate-, 12 middle-, and seven upper-income tracts.

The RI AA is considered a highly competitive market with competition from large regional commercial banks and local savings institutions. FDIC Deposit Market Share data as of June 30, 2018 shows that within Providence County, MFB ranks 15<sup>th</sup> among 18 financial institutions, with less than one percent deposit market share. The Bank's local competitors include, but are not limited to: Bank Rhode Island, Webster Bank, Coastway Community Bank, Freedom National Bank, and Centreville Bank. Larger regional Banks provide further competition and include: Bank of America, Citizens Bank, TD Bank, and Santander Bank.

As reported by Moody's Analytics Inc. in May 2019, RI is currently experiencing a late expansion period of the credit cycle. Financial service jobs within RI have rebounded from losses experienced during the past recession, but overall employment levels continue to experience tepid growth. The May 2019 RI unemployment rate of 3.6 percent is in line with the national average. However, long-term projections indicate RI will rank in the bottom quartile of states with regards to job and income growth due to the inflated costs of living and below-average population growth.

When evaluating lending performance, we reviewed the disparity between the median income of families within the RI AA against the median cost of housing and the impact this has on home ownership. For the more heavily weighted 2017-2018 evaluation period, the median housing value in the RI AA is \$217,000 compared to the median family income of \$74,000 in the Providence-Warwick, RI-MA MSA. In the RI AA, 10.2 percent of families are below the poverty line and 41.4 percent of households are low- or moderate-income. We note 43.1 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.

We reached out to contacts at local community organizations to obtain a better understanding of the credit needs facing surrounding communities within the RI AA. We were unable to make contact with any recommended groups; however, we were able supplement our assessment of credit needs within surrounding communities using community contact information performed during other supervisory activities. Specifically, our contact data noted affordable housing within RI remains one of the greatest needs. Rental housing costs continue to account for a significant percentage of RI household incomes which creates difficulties for low- and moderate-income families looking to qualify for a home

mortgage. Our contact data also detailed that small business lending is an emerging credit need within the state and that investment in small businesses by local banking institutions is critical in supporting the overall growth of the RI economy.

Please refer to Tables A3 and A4 for demographic information of the Bank's RI AA during the 2017-2018 and 2016 evaluation periods, respectively:

<b>Table A3 – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Milford Federal Bank_FS RI AA_2017-2018</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>
<b>Geographies (Census Tracts)</b>	29	24.1	10.3	41.4	24.1	0.0
<b>Population by Geography</b>	125,062	15.8	9.1	46.2	28.9	0.0
<b>Housing Units by Geography</b>	53,907	17.9	9.3	45.7	27.1	0.0
<b>Owner-Occupied Units by Geography</b>	29,991	5.8	7.7	50.0	36.4	0.0
<b>Occupied Rental Units by Geography</b>	19,646	33.8	11.8	41.0	13.4	0.0
<b>Vacant Units by Geography</b>	4,270	29.9	8.9	36.1	25.1	0.0
<b>Businesses by Geography</b>	6,467	12.1	8.7	39.7	39.5	0.0
<b>Farms by Geography</b>	190	4.2	5.3	44.7	45.8	0.0
<b>Family Distribution by Income Level</b>	32,231	24.0	16.0	18.4	41.5	0.0
<b>Household Distribution by Income Level</b>	49,637	26.8	14.6	15.6	43.1	0.0
<b>Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA</b>		\$73,950	<b>Median Housing Value</b>			\$217,013
			<b>Median Gross Rent</b>			\$828
			<b>Families Below Poverty Level</b>			10.2%

*Source: 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.*

<b>Table A4 – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Milford Federal Bank_FS RI AA_2016</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>
<b>Geographies (Census Tracts)</b>	29	13.8	27.6	27.6	31.0	0.0
<b>Population by Geography</b>	123,719	9.1	23.5	31.6	35.9	0.0
<b>Housing Units by Geography</b>	52,141	10.6	24.6	31.7	33.0	0.0
<b>Owner-Occupied Units by Geography</b>	30,771	3.5	16.6	35.3	44.6	0.0
<b>Occupied Rental Units by Geography</b>	17,217	20.7	35.9	27.9	15.5	0.0
<b>Vacant Units by Geography</b>	4,153	21.5	37.2	21.4	19.9	0.0
<b>Businesses by Geography</b>	6,098	8.6	18.0	28.1	45.3	0.0
<b>Farms by Geography</b>	172	1.7	9.9	32.0	56.4	0.0
<b>Family Distribution by Income Level</b>	31,609	20.3	16.2	20.6	42.8	0.0
<b>Household Distribution by Income Level</b>	47,988	25.1	14.3	16.0	44.7	0.0
<b>Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA</b>		\$70,496	<b>Median Housing Value</b>			\$272,417
			<b>Median Gross Rent</b>			\$778
			<b>Families Below Poverty Level</b>			8.6%

*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.*

## Scope of Evaluation in Rhode Island

As previously discussed, Milford has delineated a single AA that contains geographies within the adjacent states of MA and RI. The Bank's overall rating is a blend of the state ratings stemming from the evaluations of the segmented full-scope AAs located in each state. Our review of the RI AA determined that the delineated rating area meets the requirements of the regulation, consists of wholly-contiguous, political subdivisions, and does not arbitrarily exclude any low- and/or moderate-income geographies or populations.

Performance during the 2017-2018 evaluation period was more heavily weighted when arriving at overall conclusions as the majority of primary product lending occurred during this time.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN Rhode Island

### LENDING TEST

The Bank's performance under the Lending Test in Rhode Island is rated Satisfactory.

Based on a full-scope review, the Bank's lending performance in the State of Rhode Island is considered satisfactory, given performance context.

Primary product determination identified residential home mortgages as the Bank's primary vehicle for lending during the evaluation period of January 1, 2016 through December 31, 2018 where residential home mortgages accounted for approximately 92 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 when compared to residential home lending activity. Additionally, due to the aforementioned census demographic changes, we assessed Milford's lending performance according to two evaluation periods: 2016 and 2017-2018.

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

The Bank exhibits a satisfactory geographic distribution of loans in the State of Rhode Island, given their overall satisfactory geographic distribution within the RI AA for both the evaluation periods of 2017-2018 and 2016 and noted performance context.

### *Home Mortgage Loans*

The Bank's geographic distribution of home mortgage loans within the RI AA is considered satisfactory for both the evaluation periods of 2017-2018 and 2016, given performance context. Overall, the geographic distribution of home mortgage loans reflects reasonable dispersion amongst both low- and moderate-income geographies when considering significant market competition within the RI AA. Specifically, Milford's level of lending amongst low-income geographies during 2017-2018 and moderate-income geographies during 2016 exceeds the aggregate performance of all other HMDA reporting lenders located within the RI AA during the respective evaluation periods.

Milford's level of lending amongst moderate-income geographies during 2017-2018 and low-income geographies during 2016 falls within a reasonable range below the aggregate lending data, our primary comparator, during the respective evaluation periods. This performance is considered satisfactory for both evaluation periods when considering the Bank's position within the market for home mortgage lending and comparable performance to the percentage of owner-occupied housing units dispersed within the RI AA. When considering 2017 Peer Mortgage Data for home mortgage lending to moderate-income geographies within the RI AA, Milford ranks 22<sup>nd</sup> amongst 87 lenders with 1.43 percent market share, representing four instances of lending. Within the 2017 market, the top ten lenders account for nearly 44 percent of the market, with all lenders outside of the top ten individually accounting for less than three percent market share, indicative of the significant market competition. Similar competitive market conditions were in place during the 2016 evaluation period for low-income geographies, as 2016 Peer Mortgage Data indicates that within the RI AA, Milford ranks 26<sup>th</sup> amongst 52 lenders with 1.39 percent market share representing two instances of lending. Within the 2016 market, the top ten lenders account for nearly 50 percent of the market, with all lenders outside the top ten individually accounting for less than three percent of the market.

Please refer to Tables O1 and O2 in the State of Rhode Island 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 following Tables 5 and 6 highlight Milford's geographic performance of home mortgage lending during both evaluation periods when compared to the aggregate lending data, our primary comparator:

Table 5 – Geographic Distribution of Home Mortgage Loans in the MFB FS RI AA – 2017-2018								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans						
Home Mortgages	7.6	9.6	7.9	5.8	50.1	55.8	34.4	28.8

Source: 2017 HMDA Aggregate Data; 01/1/2017 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0.

Table 6 – Geographic Distribution of Home Mortgage Loans in the MFB FS RI AA – 2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans						
Home Mortgages	3.5	2.9	14.1	14.5	35.3	43.5	47.1	39.1

Source: 2016 HMDA Aggregate Data; 01/01/2016 - 12/31/2016 Bank Data. Due to rounding, totals may not equal 100.0.

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

The Bank exhibits a satisfactory distribution of loans to individuals of different income levels in the State of Rhode Island, given their overall satisfactory borrower distribution among low- and moderate-income borrowers within the RI AA for both the evaluation periods of 2017-2018 and 2016 and noted performance context.

#### Home Mortgage Loans

The Bank's borrower distribution of home mortgage loans within the RI AA is considered satisfactory for both the evaluation periods of 2017-2018 and 2016, given performance context. Overall, the borrower distribution of home mortgage loans reflects reasonable penetration to both low- and moderate-income borrowers when considering market competition and demographic barriers within the RI AA. Specifically, Milford's level of lending amongst moderate-income borrowers during the 2017-2018 evaluation period exceeded the aggregate performance of all other HMDA reporting lenders located within the RI AA.

Milford's level of lending amongst low-income borrowers during 2017-2018 and amongst both low- and moderate-income borrowers during 2016 falls within a reasonable range below the aggregate lending data, our primary comparator, during the respective evaluation periods. This performance is determined to be satisfactory for both periods when considering the Bank's position within the market for home mortgage lending to either low- or moderate-income borrowers and inherent demographic barriers. When considering 2017 Peer Mortgage Data for home mortgage lending to low-income borrowers within the RI AA, Milford ranks 17<sup>th</sup> amongst 51 lenders with 1.88 percent market share from three instances of lending. Within this 2017 market, the top ten lenders account for approximately 56 percent of the market, with all lenders outside of the top ten individually accounting for less than three percent market share, indicative of the significant market competition. Similar market pressures were evident during the 2016 evaluation period for lending to both low- and moderate-income borrowers, as 2016 Peer Mortgage Data indicates Milford ranks 21<sup>st</sup> amongst 100 home mortgage lenders to low- and moderate-income borrowers with 1.48 percent market share from 12 instances of lending. Within this 2016 market, the top ten lenders account for approximately 54 percent of all lending to low- and moderate-income borrowers, with all lenders outside the top ten individually accounting for less than three percent of the market.

Please refer to Tables P1 and P2 in the State of Massachusetts 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 following Tables 7 and 8 highlight the Bank's borrower performance of home mortgage lending during both evaluation periods when compared to the aggregate lending data, our primary comparator:

<b>Table 7 – Borrower Distribution of Home Mortgage Loans in the MFB FS RI AA – 2017-2018</b>								
<b>Borrower Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
<b>Loan type</b>	<b>% of Aggregate Lending Data</b>	<b>% of Bank Loans</b>						
<b>Home Mortgages</b>	4.6	3.8	17.6	20.2	26.4	30.8	35.3	41.3

*Source: 2017 HMDA Aggregate Data; 01/1/2017 - 12/31/2018 Bank Data. Due to rounding, totals may not equal 100.0 and 3.8 percent of the Bank's lending and 16.2 percent of aggregate data occurred to borrowers without a reported income.*

**Table 8 – Borrower Distribution of Home Mortgage Loans  
in the MFB FS RI AA – 2016**

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of Aggregate Lending Data	% of Bank Loans						
<b>Home Mortgages</b>	3.7	1.4	16.2	15.9	23.4	26.1	38.6	55.1

*Source: 2016 HMDA Aggregate Data; 01/01/2016 - 12/31/2016 Bank Data. Due to rounding, totals may not equal 100.0 and 1.4 percent of the Bank's lending and 18.1 percent of aggregate data occurred to borrowers without a reported income.*

## 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 within the state of RI or during the evaluation period of January 1, 2016 through December 31, 2018.

## **COMMUNITY DEVELOPMENT TEST**

The Bank's performance under the Community Development test in the State of Rhode Island is rated Satisfactory.

Based on a full-scope review, the Bank exhibits adequate responsiveness to community development needs in the State of RI through community development loans, qualified investments, and community development services. This considers the Bank's capacity and the need and availability of such opportunities for community development in the RI AA.

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

Milford originated an adequate level of CD lending within the RI AA during the evaluation period. This includes one CD-eligible loan totaling approximately \$138,000 to a local small business for the purpose of economic development. Specifically, this qualified small business loan is located in a moderate-income geography within the RI AA and the extension of credit assisted in the creation of low- and moderate-income jobs for the local community.

### **Number and Amount of Qualified Investments**

The Bank's level of CD qualified investments and donations within the RI AA is adequate when considering the Bank's capacity, significant market competition, and the availability of CD-related opportunities for investment. The Bank maintains three investments in the CRA Qualified Investment Fund, one of which is earmarked at \$250,000 for benefit within the State of RI. This qualified investment was made as part of a Fannie Mae Pool that finances affordable rental properties for the elderly and disabled within Woonsocket, RI. This qualified investment assisted in both the funding and maintenance of 198 Section 8 Housing units within the RI AA.

Qualifying CD donations totaled approximately \$2,000 from five instances of giving to a single CD-eligible organization operating within the Providence-Warwick, RI-MA MSA. Donations made to this local community organization assisted in promoting economic development initiatives within Woonsocket, which is noted within the state as having the lowest median family income and 20 percent of families with children live below the poverty level. We note that while the total amount of donations made by MFB during the evaluation period was greater than the aforementioned amounts, some donations did not meet the definition of community development.

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

The Bank's level of community development services in the RI AA is considered adequate. Accessibility to the Bank's delivery systems in the AA is considered reasonable, as MFB's delivery systems are accessible to geographies and individuals of different income levels throughout the AA. The Bank maintains a single full-service branch within the RI AA, located in the Diamond Hill Plaza which is categorized as a middle-income geography. However, the branch is also easily accessible to all residents for the surrounding communities.

MFB also offers multiple financial literacy programs to RI schools based in moderate-income geographies. This financial education curriculum teaches consistent saving habits, budgeting, and general credit themes. MFB representatives have also provided First Time Home Buyer Seminars to low- and moderate-income individuals in the RI AA, promoting community development.

## Appendix A: Scope of Evaluation

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>	LT – (1/1/2016 to 12/31/2018); CD test – (5/2/2016 to 6/10/2019)	
<b>Bank Products Reviewed:</b>	HMDA-reportable, residential mortgage loans Community Development-eligible loans, investments, and services	
<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>State of Massachusetts</b>		
<ul style="list-style-type: none"> <li><b>Milford Federal Bank_FS MA AA – MA portion of Boston-Worcester-Providence, MA-RI-NH-CT CSA (#148)</b></li> </ul>	Full-scope	<ul style="list-style-type: none"> <li>• 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)                       <ul style="list-style-type: none"> <li>• Norfolk County (#021) – Bellingham, Franklin, Medway</li> </ul> </li> <li>▪ Cambridge-Newton-Framingham, MA MD (#15764)                       <ul style="list-style-type: none"> <li>• Middlesex County (#017) – Holliston, Hopkinton</li> </ul> </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> </ul> </li> </ul>
<b>State of Rhode Island</b>		
<ul style="list-style-type: none"> <li><b>Milford Federal Bank_FS RI AA – RI portion of Boston-Worcester-Providence, MA-RI-NH-CT CSA (#148)</b></li> </ul>	Full-scope	<ul style="list-style-type: none"> <li>• Boston-Worcester-Providence, MA-RI-NH-CT CSA (#148)               <ul style="list-style-type: none"> <li>○ Providence-Warwick, RI-MA MSA (#39300)                   <ul style="list-style-type: none"> <li>▪ Providence County (#007) – Burrillville, Cumberland, Lincoln, North Smithfield, Woonsocket</li> </ul> </li> </ul> </li> </ul>

## Appendix B: Summary of State Ratings

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<b>RATINGS – Milford Federal Bank</b>			
<b>Overall Bank:</b>	<b>Lending Test Rating*</b>	<b>CD Test Rating</b>	<b>Overall Bank/State Rating</b>
<b>Milford Federal Bank</b>	Satisfactory	Satisfactory	Satisfactory
<b>State:</b>			
<b>Massachusetts</b>	Outstanding	Satisfactory	Satisfactory
<b>Rhode Island</b>	Satisfactory	Satisfactory	Satisfactory

(\*) 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 MMSA/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 MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

**Table O1 : Assessment Area Distribution of Home Mortgage Loans by Income Category of the** **2017-2018**  
**Geography**

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
Milford Federal Bank_MA AA	594	105,213	85.1	8,469	0.0	0.0	0.0	0.8	2.5	1.1	31.7	40.9	32.0	67.6	56.6	67.0	0.0	0.0	0.0
Milford Federal Bank_RI AA	104	16,847	14.9	3,515	5.8	9.6	7.6	7.7	5.8	7.9	50.0	55.8	50.1	36.4	28.8	34.4	0.0	0.0	0.0
<b>Total</b>	<b>698</b>	<b>122,060</b>	<b>100.0</b>	<b>11,984</b>	<b>1.9</b>	<b>1.4</b>	<b>2.2</b>	<b>3.1</b>	<b>3.0</b>	<b>3.1</b>	<b>37.7</b>	<b>43.1</b>	<b>37.3</b>	<b>57.3</b>	<b>52.4</b>	<b>57.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0

**Table O2 : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** 2016

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
Milford Federal Bank_MA AA	428	82,241	86.1	10,446	0.0	0.0	0.0	2.6	6.1	2.6	31.2	39.0	30.6	66.2	54.9	66.8	0.0	0.0	0.0
Milford Federal Bank_RI AA	69	11,414	13.9	4,092	3.5	2.9	3.5	16.6	14.5	14.1	35.3	43.5	35.3	44.6	39.1	47.1	0.0	0.0	0.0
<b>Total</b>	<b>497</b>	<b>93,655</b>	<b>100.0</b>	<b>14,538</b>	<b>1.2</b>	<b>0.4</b>	<b>1.0</b>	<b>7.3</b>	<b>7.2</b>	<b>5.9</b>	<b>32.6</b>	<b>39.6</b>	<b>31.9</b>	<b>58.9</b>	<b>52.7</b>	<b>61.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0

**Table P1: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** 2017-2018

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
Milford Federal Bank_MA AA	594	105,213	85.1	8,469	12.9	7.1	3.5	12.3	20.0	15.7	19.4	24.7	23.6	55.3	44.8	46.2	0.0	3.4	11.0
Milford Federal Bank_RI AA	104	16,847	14.9	3,515	24.0	3.8	4.6	16.0	20.2	17.6	18.4	30.8	26.4	41.5	41.3	35.3	0.0	3.8	16.2
<b>Total</b>	<b>698</b>	<b>122,060</b>	<b>100.0</b>	<b>11,984</b>	<b>16.9</b>	<b>6.6</b>	<b>3.8</b>	<b>13.7</b>	<b>20.1</b>	<b>16.3</b>	<b>19.1</b>	<b>25.6</b>	<b>24.4</b>	<b>50.4</b>	<b>44.3</b>	<b>43.0</b>	<b>0.0</b>	<b>3.4</b>	<b>12.5</b>

Source: 2015 ACS Census ; 01/01/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0

**Table P2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** 2016

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
Milford Federal Bank_MA AA	428	82,241	86.1	10,446	12.6	5.1	2.9	13.8	19.9	12.2	21.2	25.2	22.1	52.3	48.1	50.2	0.0	1.6	12.7
Milford Federal Bank_RI AA	69	11,414	13.9	4,092	20.3	1.4	3.7	16.2	15.9	16.2	20.6	26.1	23.4	42.8	55.1	38.6	0.0	1.4	18.1
<b>Total</b>	<b>497</b>	<b>93,655</b>	<b>100.0</b>	<b>14,538</b>	<b>15.4</b>	<b>4.6</b>	<b>3.1</b>	<b>14.7</b>	<b>19.3</b>	<b>13.3</b>	<b>21.0</b>	<b>25.4</b>	<b>22.5</b>	<b>48.9</b>	<b>49.1</b>	<b>46.9</b>	<b>0.0</b>	<b>1.6</b>	<b>14.2</b>

Source: 2010 U.S. Census ; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0