



PUBLIC DISCLOSURE

June 17, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Foxboro Federal Savings
Charter Number 700544

One Central Street
Foxboro, MA 02035

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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated Satisfactory

Summarize the major factors supporting the institution's rating.

- Foxboro Federal Savings' ("Foxboro", or the "Bank") level of lending, as reflected in its quarterly average net loan-to-deposit ratio, is reasonable given the size, assessment area (AA) credit needs, and relevant competitive factors.
- A majority of originated loans were made within the Bank's assessment area.
- The distribution of residential mortgages reflects reasonable distribution among individuals of different income levels.

SCOPE OF EXAMINATION

Foxboro was evaluated using Small Bank CRA examination procedures, which includes a lending test. The evaluation period for the lending test covers the Bank's performance from January 1, 2010 through December 31, 2012. For the period January 1, 2010 through December 31, 2011, the Bank's performance was compared to the 2000 U.S. Census Data. For the period from January 1, 2012 through December 31, 2012, performance was compared to the 2010 U.S. Census Data. The lending test evaluates the Bank's record of meeting the credit needs of its AA through its lending activities.

Foxboro'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. As indicated by the March 31, 2013 Uniform Bank Performance Report (UBPR), residential loans represent approximately 99% of the overall loan portfolio at the Bank.

The Bank reports data under the requirements of Home Mortgage Disclosure Act (HMDA). All residential real estate loans originated and purchased during the assessment period were included in our evaluation of the Bank's lending. We reviewed the testing results of the Bank's HMDA data and found the data was reliable.

A full scope review was performed on AA 1 – Norfolk County, while a limited scope review was performed on AA 2 – Bristol County. All three of the Bank's full service branches are located within AA 1, as is the majority of the Bank's deposits and over 70% of loans are attributable to AA 1.

DESCRIPTION OF INSTITUTION

Foxboro is a federally chartered mutual thrift institution headquartered in Foxboro, MA. The Bank has total assets of \$149.6 million at March 31, 2013 and continues to operate as a traditional thrift, primarily offering residential loan products.

The Bank has three branches, one each in Norfolk and Plainville, as well as the main office location in Foxboro. All locations are situated within Norfolk County, and there are no low- or moderate-income census tracts in AA1. Branch hours are reasonable, as each location is open from 8:30am to 4:00pm Monday through Friday. Extended hours are available until 7:00pm on Thursdays in Norfolk and Plainville, and on Fridays in Foxboro. Branches are open from 8:30am to 12:00pm on Saturdays. No branches were opened or closed during the evaluation period.

Foxboro operates as an intrastate community bank, promoting residential mortgage loan products and deposit services to its customers. The Bank offers a variety of different account access alternatives including online banking with bill pay options. The Bank operates automated teller machines (ATMs) at each of its branches and is a member of the SUM ATM network, which allows member customers to access their accounts from participating SUM network ATMs without any surcharge. The Bank also offers customers the ability to complete and submit loan applications online from the Bank's website, www.foxfed.com.

As of March 31, 2013, the Bank's loan portfolio totaled \$84.3 million, and represented 56.4% of total assets. The distribution of the Bank's loan portfolio as of March 31, 2013 is reflected in the table below.

Loan Portfolio Summary by Loan Product March 31, 2013	
Loan Category	% of Average Gross Loans and Leases
1-4 Family Residential Mortgage	99%
Other Real Estate	0%
Construction and Development	0%
Consumer	1%

*March 2013 Call Report

The Bank has no financial or legal impediments to meeting the credit needs of the community. The Bank was rated "Satisfactory," using small bank procedures, at the last CRA examination, dated July 7, 2008.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires a bank to define the AA in which it will be evaluated. Foxboro has two AAs that include all branches, as well as the contiguous towns/cities around these offices. The Bank's AAs meet the requirements of the regulation and do not arbitrarily exclude any low- or moderate-income tracts.

Full Scope AA 1 – Norfolk County

AA 1 is part of the Boston-Cambridge-Quincy MA-NH Metropolitan Statistical Area (MSA) within the Boston-Worcester-Manchester, MA-RI-NH Combined Statistical Area (CSA) and comprises part of Norfolk County. AA 1 includes the towns/cities of Bellingham, Medway, Millis, Medfield, Norwood, Westwood, Dover, Franklin, Norfolk,

Walpole, Wrentham, Plainville, Foxboro, and Sharon. In 2010 & 2011, AA 1 is comprised of 33 census tracts. There are no low- or moderate-income tracts, 10 middle-income tracts, and 23 upper-income tracts. In 2012, AA 1 is comprised of 38 census tracts. There are 13 middle-income tracts, and 25 upper-income tracts.

Demographic Information for Foxboro AA 1 2010-2011					
Borrower Income Level	Total #	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	33	0%	0%	30%	70%
Population by Geography	205,376	0%	0%	31%	69%
Owner-Occupied Housing by Geography	57,734	0%	0%	30%	70%
Family Distribution by Income Level	54,848	10%	13%	21%	56%
2000 Census Median Family Income (MFI)		\$62,948	2011 Median Housing Value*		\$334,927
HUD Updated MFI: 2011		\$87,600	Households Below Poverty Level		4%

Source: 2000 U.S. Census Data
 *Data from Zillow.com

Demographic Information for Foxboro AA 1 2012					
Borrower Income Level	Total #	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	38	0%	0%	34%	66%
Population by Geography	218,436	0%	0%	38%	62%
Owner-Occupied Housing by Geography	62,161	0%	0%	36%	64%
Family Distribution by Income Level	57,158	12%	13%	20%	55%
2010 Census Median Family Income (MFI)		\$83,664	2012 Median Housing Value*		\$352,509
HUD Updated MFI: 2012		\$88,800	Households Below Poverty Level		4%
			Unemployment Rate**		5.4%

Source: 2010 U.S. Census Data
 *Data from Zillow.com
 **Data from US Bureau of Labor Statistics as of 12/31/2012. Rate is for Norfolk County.

Limited Scope AA 2 – Bristol County

AA 2 is part of the Providence-New Bedford-Fall River, RI-MA MSA, which is also part of the Boston-Worcester-Manchester CSA and comprises part of Bristol County. AA 2 includes the towns/cities of Easton, Attleboro, Mansfield, Norton, and North Attleborough. In 2010 and 2011, AA 2 is comprised of 20 census tracts, with six

middle-income tracts and 14 upper-income tracts. In 2012, AA 2 is comprised of 25 census tracts, with two moderate-income tracts, nine middle-income tracts and 14 upper-income tracts.

Demographic Information for Foxboro AA 2 2010-2011					
Borrower Income Level	Total #	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	20	0%	0%	30%	70%
Population by Geography	131,960	0%	0%	22%	78%
Owner-Occupied Housing by Geography	33,980	0%	0%	19%	81%
Family Distribution by Income Level	34,316	11%	13%	20%	56%
2000 Census Median Family Income (MFI)	\$53,013	2011 Median Housing Value*		\$258,200	
HUD Updated MFI: 2011	\$74,500	Households Below Poverty Level		5%	

Source: 2000 U.S. Census Data
 *Data from Zillow.com

Demographic Information for Foxboro AA 2 2012					
Borrower Income Level	Total #	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	25	0%	8%	36%	56%
Population by Geography	132,427	0%	5%	32%	63%
Owner-Occupied Housing by Geography	36,403	0%	3%	32%	65%
Family Distribution by Income Level	34,521	12%	14%	19%	55%
2010 Census Median Family Income (MFI)	\$70,496	2012 Median Housing Value*		\$274,560	
HUD Updated MFI: 2012	\$75,600	Households Below Poverty Level		6%	
			Unemployment Rate**		8.9%

Source: 2010 U.S. Census Data
 *Data from Zillow.com
 **Data from US Bureau of Labor Statistics as of 12/31/2012. Rate is for Bristol County.

The Federal Deposit Institution Corporation's Deposit Share Report for June 30, 2012, indicates that 47 financial institutions operate within Norfolk County. At June 30, 2012, Foxboro ranks 29th with only 0.64% of market share of total deposits within Norfolk County. The Bank's local competitors include, but are not limited to: Wrentham Co-operative Bank, Dean Co-Operative Bank, Walpole Co-operative Bank, Norwood Co-Operative Bank, Charles River Bank, Bristol County Savings Bank, and Middlesex Savings Bank. Larger regional banks that provide further competition and dominate the deposit market share include: Bank of America, National Association (N.A.); RBS Citizens, N.A.; Sovereign Bank, N.A.; Rockland Trust Company; and TD Bank, N.A.

Competition for the Bank's primary loan product is high as many nationwide lenders without offices inside the AA are present in the area's lending market. These lenders include: Wells Fargo Bank, N.A.; JPMorgan Chase Bank, N.A.; Ally Bank; and US Bank, N.A. Also competing heavily are the previously mentioned nationwide, regional, and local institutions, as well as large mortgage companies such as GMAC Mortgage LLC, CitiMortgage, Inc., and Mortgage Master, Inc. Peer Mortgage 2011 Market Share data indicates that Foxboro competes with 30 lenders within the Norfolk County AA, and the top six lenders control the market with an overall market share of approximately 35%. Foxboro ranks 27th with a market share of less than 1%.

As part of the greater Boston-Quincy MA Metropolitan Division, the economy of Norfolk County moves closely with the Boston economy, which is recovering at a rapid pace according to the January 2013 Moody's Analytics report. While just a small portion of the overall Boston economy, large job growth occurred in the technology sector during 2012 as nearly \$797 million was invested in 121 software firms statewide. Job growth also continues in the important education and healthcare sectors that comprise 22.5% of total Boston area employment. Overall, Boston witnessed total employment growth of 1.2% during 2012, helping to bolster the real estate recovery in both multi-family rental and single-family residential markets. Home prices, as modeled through Standard and Poor's Case-Shiller index rose for Boston, Massachusetts and the entire U.S. during 2012. The index value for Boston is now 153.81, where 100 is the value of housing at January 2000, and represents an increase from the index calculated at year-end during the three years prior. The result is continued high median housing prices in the Bank's AA of \$352,509 at December 31, 2012 according to Zillow, compared to 2012 HUD Adjusted Median Family Income of \$88,800.

During our evaluation, we held a discussion with a local community organization to identify the area's primary credit needs and the opportunities for financial institutions to assist in the community. Our contact is the Chairman of a local affordable housing organization that acquires or develops affordable housing in the Bank's AA to ensure housing is available for low- and moderate-income families within the local community. The contact identified the area's primary credit need to be continued access to affordable single-family housing, as well as the financing for maintenance of these properties. The contact noted that the lack of municipal sewage access in the area limits the development of multi-family or rental units, and as a result, the local community tends to consist of single-family dwellings. The prices of single-family houses make affordability difficult for low- to moderate-income families, while continued maintenance on single-family properties adds to the difficulty, according to our contact. The contact discussed several opportunities for participation by local financial institutions as there is a continued need to provide flexible financing opportunities for single-family housing among low- and moderate-income borrowers. The community contact concluded that local financial institutions adequately meet the credit needs of the community overall.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Foxboro's performance under the lending test is satisfactory. Foxboro's loan-to-deposit ratio is reasonable and a majority of the Bank's loans were originated inside the Bank's AA. Overall, the distribution of loans reflects a reasonable distribution among individuals of different income levels.

Loan-to-Deposit Ratio

The Bank's net loan-to-deposit (LTD) ratio is reasonable given the Bank's size, AA credit needs, significant market competition, and current economic factors. The ratio averaged 73% over the last 19 quarters and ranged from a high of 85% at September 30, 2008 to a low of 62% at June 30, 2012. The ratio stands at 67% at March 31, 2013. Foxboro's loan-to-deposit ratio is lower than the quarterly average for peer institutions of 79% over the same period. We used a custom peer group of similarly situated local institutions to evaluate the Bank's LTD performance.

Lending in Assessment Area

A majority of the Bank's primary loan products were originated within its assessment areas during our review period and as a result, the Bank meets the standard for satisfactory performance. During the review period, 68% of the Bank's primary loan product was originated within its AAs, representing 63% of the total dollar amount.

The following table details the Bank's lending within its AAs by number and dollar amount of loans:

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	28	64%	16	36%	44	6,817	63%	4,076	37%	\$10,893
Home Refinance	386	65%	212	35%	598	82,074	62%	50,498	38%	\$132,572
Home Improvement	177	77%	54	23%	231	15,324	69%	6,875	31%	\$22,199
Totals	591	68%	282	32%	873	104,215	63%	61,449	37%	\$165,664

Source: HMDA-reported data

Lending to Borrowers of Different Incomes

The distribution of home loans to borrowers originated in 2010 and 2011 reflects reasonable distribution among borrowers of different income levels.

Conclusions for Full-Scope AA 1 – Norfolk County

There is a reasonable distribution of home loans to borrowers of different income levels for loans originated in 2010 and 2011. The percent of home purchase loans made to moderate-income borrowers significantly exceeds the percent of aggregate lending data, which is our primary comparator, as well as the percent of moderate-income families in the AA. The Bank did not make any home purchase loans to low-income borrowers during the evaluation period. The percent of home improvement and home refinance loans to moderate-income borrowers is near to the percent of aggregate lending data for moderate-income borrowers. The percent of home improvement and home refinance loans to low-income borrowers equals the percent of aggregate lending data for low-income borrowers.

Foxboro's performance is considered satisfactory given the high competition and lack of affordable housing within the AA. The median housing price as of December 2011 is high relative to median income at \$334,927 according to Zillow. Meanwhile, HUD adjusted median family income for 2011 was \$87,600, which means the maximum income for low-income families is \$43,800 making it difficult to qualify for home loans. In addition to affordability issues, economic conditions significantly reduced the demand for home purchase loans, and as a result, the Bank faced high levels of competition and was limited to making only 16 home purchase loans over the two-year period.

The following tables show the distribution of home loan products among borrowers of different income levels compared to the percent of families in each income category, as well as the aggregate lending data for HMDA reporters within the Bank's AA.

*Table 2 - Borrower Distribution of Residential Real Estate Loans in AA 1 (2010 & 2011)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Families	% of Number of Loans	% of Families	% of Number of Loans	% of Families	% of Number of Loans	% of Families	% of Number of Loans
Home Purchase	10%	0%	13%	25%	21%	38%	56%	38%
Home Improvement	10%	4%	13%	15%	21%	29%	56%	52%
Home Refinance	10%	2%	13%	10%	21%	21%	56%	67%

Source: HMDA-reported data from 1/1/2010-12/31/2011; 2000 U.S. Census Data

*Table 2A – Aggregate Lending Data for Borrower Distribution in AA 1 (2010 & 2011)								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% Aggregate Data	% of Number of Loans	% Aggregate Data	% of Number of Loans	% Aggregate Data	% of Number of Loans	% Aggregate Data	% of Number of Loans
Home Purchase	4%	0%	17%	25%	28%	38%	51%	38%
Home Improvement	4%	4%	16%	15%	26%	29%	54%	52%
Home Refinance	2%	2%	11%	10%	24%	21%	63%	67%

Source: HMDA-reported data from 1/1/2010-12/31/2011; 2000 U.S. Census Data

There is a reasonable distribution of home loans to borrowers of different income levels originated during 2012. The data used for the Bank's primary comparator, aggregate HMDA data, was unavailable at the time of our analysis. Therefore, we used the percentage of families by income level as the comparator for this analysis. The Bank's percentage of home purchase loans made to moderate-income borrowers exceeds the percentage of moderate-income families within the AA. The percent of home improvement and home refinance loans to moderate-income borrowers is lower than the percent of moderate-income families in the AA. The Bank did not make any loans for home purchase or home improvement loans to low-income borrowers. The percent of home refinance loans made to low-income borrowers is also significantly lower when compared to the percent of low-income families in the AA.

Foxboro's performance in 2012 is considered satisfactory given the continued level of competition and lack of affordable housing within AA 1. Low-income borrowers continued to have difficulties affording home loans during this period given 2012 HUD Adjusted Median Income of \$88,800. This income level indicates that low-income families earn a maximum income of \$44,400, while housing prices increased to \$352,509 median price according to Zillow at December 2012.

The following table shows the distribution of home loan products among borrowers of different income levels compared to the percent of families in each income category.

*Table 3 - Borrower Distribution of Residential Real Estate Loans in AA 1 (2012)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Families	% of Number of Loans	% of Families	% of Number of Loans	% of Families	% of Number of Loans	% of Families	% of Number of Loans
Home Purchase	12%	0%	13%	17%	20%	17%	55%	66%
Home Improvement	12%	0%	13%	10%	20%	34%	55%	56%
Home Refinance	12%	1%	13%	7%	20%	35%	55%	57%

Source: HMDA-reported data from 1/1/2012-12/31/2012; 2010 U.S. Census Data

Conclusion for limited-scope AA 2 – Bristol County

Based on a limited-scope review, Foxboro's borrower distribution of home loans in AA 2 is not inconsistent with the Bank's overall performance in the full scope area.

Geographic Distribution of Loans

An analysis on the geographic distribution of loans is not applicable for Foxboro as there are no low- or moderate-income census tracts in AA 1. In addition, we determined that an analysis of the distribution of loans by income level of geography is not meaningful for AA 2 as there are few demographically distinct geographies in AA 2.

Responses to Complaints

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

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 195.28(c), in determining a Federal savings association's (FSA) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the FSA, or in any assessment area by an affiliate whose loans have been considered as part of the FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.