



PUBLIC DISCLOSURE

October 22, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Family Federal Savings, F.A.
Charter Number: 704434

130 Whalon Street
Fitchburg, MA 01420

Office of the Comptroller of the Currency

99 Summer Street, Suite 1400
Boston, MA 02110

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

OVERALL CRA RATING	3
DEFINITIONS AND COMMON ABBREVIATIONS	4
DESCRIPTION OF INSTITUTION	8
SCOPE OF THE EVALUATION.....	9
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	11
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....	12
LENDING TEST	12
APPENDIX A: SCOPE OF EXAMINATION.....	1
APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS.....	1

Overall CRA Rating: This institution is rated Satisfactory.

The Lending Test is rated: "Satisfactory."

- The Bank's loan-to-deposit (LTD) ratio is reasonable given the size, financial condition, and Assessment Area (AA) credit needs.
- A majority of the Bank's primary lending products were originated and/or purchased within the delineated AA, meeting the standard for satisfactory performance.
- Family Federal Savings' distribution of lending among borrowers of different income levels reflects reasonable penetration, given competitive barriers within the AA and the Bank's volume of lending.
- Family Federal Savings' distribution of lending overall reflects reasonable dispersion in low- and moderate-income geographies, given performance context factors, including competitive and economic barriers within the AA limiting opportunity to lend.
- There were no CRA-related complaints received by the Bank or the OCC during the evaluation period.

Definitions and Common Abbreviations

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

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

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

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

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

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

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

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

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

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

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

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

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

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

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

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

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

Description of Institution

Family Federal Savings, F.A. (FFS or Family Federal) is a federally chartered mutual savings and loan association, established in 1877, and headquartered in Fitchburg, Massachusetts (MA). As of September 30, 2018, the Bank had total assets of \$99 million and tier 1 capital of \$12 million. Family Federal continues to operate as a traditional thrift lender by providing residential mortgage loan products and deposit services to its customers.

FFS' main office is located in Fitchburg, MA with two branches located in the towns of Stow and Needham, MA. Each location is open Monday through Wednesday from 8:00 am to 4:00 pm, with extended hours on Thursday to 6:00 pm, and Friday until 5:00 pm. All branches are open on Saturday from 9:00 am until 12:00 pm. Each branch location has a drive-up automated teller machine (ATM) for 24 hour banking. The Bank offers free telephone and online banking. No branches were opened or closed during the evaluation period.

The Bank offers a standard array of deposit and loan products. Family Federal is involved in the Basic Banking for Massachusetts Program, which expands access to bank products and services and encourages those with modest income to establish banking relationships. A certificate of deposit product is offered for potential first-time homebuyers. The account earns a higher interest rate and the early withdrawal penalty is waived if funds are used to purchase a home with a mortgage from the Bank. Loan products include home mortgage related loans as well as consumer loans. The bank also offers solar consumer loans through an approved program from the Massachusetts Clean Energy Center (MassCEC). A full listing and descriptions of all products and services is available at Family Federal's website, www.familyfederal.com. Deposit and loan product information can also be found in the Bank's public file.

As of September 30, 2018, total loans were \$68 million, or 69 percent of total assets. The distribution of the Bank's loan portfolio is provided in the table below:

Loan Portfolio Summary by Loan Product September 30, 2018	
Loan Category	% of Total Loans and Leases
Residential Mortgage	98.23%
Consumer	1.77%

Source: September 2018 Federal Deposit Insurance Corporation (FDIC) 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 (SB) procedures at the prior CRA examination dated August 5, 2013.

Scope of the Evaluation

Evaluation Period/Products Evaluated

FFS' CRA performance was evaluated using SB CRA evaluation procedures, which evaluates the Bank's performance solely according to components of a lending test. The lending test assesses the Bank's record of performance in meeting the credit needs of the AA during the evaluation period via its record of lending. The evaluation period for the lending test covers FFS' performance from January 1, 2015 through December 31, 2017. Due to updates made to the demographic information during the evaluation period, we evaluated the Bank's 2015 and 2016 performance independent of 2017 performance metrics. To account for this, we evaluated loans originated in 2015 and 2016 according to the 2010 US Census data, and evaluated loans originated in 2017 according to the 2015 American Community Survey (ACS) US Census data.

The Bank's primary lending product is residential mortgage loans, which includes home purchase, improvement, and refinance lending products. As of December 31, 2017, residential loan products accounted for 99 percent of the entire loan portfolio, according to the institution's FDIC Call Report. This metric has remained stable through September 30, 2018 where residential lending accounted for 98 percent of the entire portfolio.

Additionally, FFS submitted a listing of Community Development (CD) activities occurring during the lending test's evaluation period for supplementary consideration under SB CRA performance evaluation procedures.

Data Integrity

The Bank reports data under the requirements of the HMDA. Prior to the start of this evaluation, we reviewed the accuracy of HMDA data for residential real estate loans. We reviewed a sample of loans originated and/or purchased during the evaluation period, and found the data to be reliable. All residential real estate loans originated and/or purchased during the evaluation period were included in our evaluation of the Bank's lending performance.

Although not required as a part of a SB evaluation, FFS submitted CD materials for consideration in addition to their lending performance. The activities presented for CD consideration by the Bank were assessed to determine whether these activities met the regulatory definitions.

Selection of Areas for Full-Scope Review

The CRA requires a bank to define the AA in which it will be evaluated. FFS has delineated their AA to meet the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The Bank's AA is comprised of two separate AAs, AA1 and AA2, both of which comply with regulatory definitions and are

part of the greater Boston-Worcester-Providence, MA-RI-NH-CT (#148) Combined Statistical Area (CSA). As both AAs are considered full-scope and are part of a greater CSA, these areas were combined into a single AA from which to draw conclusions under the lending test, in accordance with current guidance. Specifically, AA1 is comprised of portions of the Boston-Cambridge-Newton, MA-NH (#14460) Metropolitan Statistical Area (MSA), including the counties of Middlesex, Norfolk, and Suffolk. FFS' AA2 is comprised of portions of the Worcester, MA-CT (#49340) MSA, and is limited to geographies located solely within Worcester County. This combined AA includes all of the institution's deposit base and branch locations.

Please refer to Appendix A and B of this performance evaluation for further discussion surrounding the Scope of the Examination and Community Profiles of the Bank's full-scope AAs.

Ratings

The Bank's overall rating is based primarily on those areas that received full-scope reviews. As we have identified a single, full-scope CSA as the AA, the Bank's overall rating will be based upon the performance results across the entire area.

Discriminatory or Other Illegal Credit Practices Review

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

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

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

Conclusions with Respect to Performance Tests

LENDING TEST

The Bank's performance under the Lending Test is Satisfactory. The Bank's loan-to-deposit ratio is reasonable, and a majority of the Bank's loans were made inside its AA. The distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. The distribution of home mortgage loans reflects reasonable dispersion among geographies of different income levels.

Loan-to-Deposit Ratio

The Bank's loan-to-deposit ratio is reasonable given the size, financial condition, and AA credit needs. The net LTD ratio averaged 76 percent over the past 12 quarters since the previous CRA evaluation, from the quarter ending March 31, 2015 through the quarter ending December 31, 2017. During this period, the Bank's LTD ratio ranged from a quarterly low of 71 percent to a quarterly high of 82 percent. The Bank's LTD ratio is lower than the local peer quarterly average of 86 percent, but slightly above the national peer bank quarterly average of 74 percent over the same period.

Lending in Assessment Area

A majority of the Bank's primary lending products were originated and/or purchased within the delineated AA, meeting the standard for satisfactory performance. FFS originated and/or purchased 66 percent by number, 65 percent by dollar amount, of loans inside the AA from 2015 to 2017.

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

Table 1 - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%	\$	%	\$	%		
Home Mortgage										
2015	46	64.8	25	35.2	71	9,941	62.3	6,024	37.7	15,965
2016	71	71.0	29	29.0	100	16,931	69.9	7,299	30.1	24,230
2017	29	55.8	23	44.2	52	7,361	60.6	4,782	39.4	12,143
Total	146	65.5	77	34.5	223	34,233	65.4	18,105	34.6	52,338

Source: Evaluation Period: 1/1/2015 - 12/31/2017 Bank Data
Due to rounding, totals may not equal 100.0

Lending to Borrowers of Different Incomes

Family Federal Savings' distribution of home mortgage lending reflects reasonable penetration among borrowers of different income levels, given competitive barriers within the AA and the Bank's volume of lending. The level of home mortgage lending was compared to the aggregate peer mortgage data, our primary comparator.

Residential Real Estate Loans 2015-2016:

The distribution of residential home mortgage loans to borrowers of different income levels originated during the 2015-2016 evaluation period reflects reasonable penetration, given competition and volume of lending. The percentage of lending to low-income borrowers falls within a reasonable range below the peer aggregate data. The percentage of lending to moderate-income borrowers exceeds the peer aggregate lending data.

According to 2016 Peer Mortgage data, competition for lending to low-income borrowers within the Bank's AA remains significant, as the top 20 lenders within this market account for nearly 47 percent of the entire market, limiting lending opportunities. FFS is ranked 173rd among 197 lenders, and accounts for less than 1 percent of the entire market. Furthermore, the disparity between housing prices and household incomes may also limit the opportunity for lending within the AA. Within the Boston-Cambridge-Newton, MA-NH AA1, the median housing value during 2016 was \$514,670 while the FFIEC adjusted median family income for 2016 totaled \$95,870. For the Worcester, MA-CT AA2, the median housing value during 2016 was \$276,653 while the FFIEC adjusted median family income for 2016 totaled \$78,500. This indicates that during 2016, low-income families in AA1 and AA2 made no more than \$47,935 and \$39,250, respectively. Low-income borrowers at these income levels may have difficulty qualifying for a mortgage given their respective AA's median home values.

The following table details the distribution of home loans to borrowers of different income levels during the 2015-2016 period:

Table 2a – Borrower Distribution of Residential Real Estate Loans in CSA AA - Boston-Worcester-Providence, MA-RI-NH-CT (#148) 2015-2016								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Lending Data	% of Bank Loans						
Home Loans	3.0	2.6	10.5	12.8	19.3	23.9	55.0	59.8

Source: HMDA-reportable loans originated and/or purchased during 2015 - 2016; 2016 Peer Mortgage Data. Due to rounding, totals may not equal 100.00. Approximately 12.2 percent of borrowers within this AA during 2015-2016 did not have a reportable income.

Residential Real Estate Loans 2017:

The Bank's distribution of residential real estate loans to borrowers of different income levels originated during the 2017 evaluation period reflects reasonable penetration, given the high level of market competition and volume of lending. The percentage of lending to low-income borrowers during 2017 falls within a reasonable range below the peer aggregate data. The percentage of lending to moderate-income borrowers during 2017 exceeds the peer aggregate lending data.

According to 2017 Peer Mortgage data, competition for lending to low-income borrowers within the Bank's AA remains significant, as the top 20 lenders within this market account for nearly 49 percent of the entire market, limiting lending opportunities. During 2017, FFS ranked 158th among 186 lenders, and accounts for less than 1 percent of the entire market. Furthermore, the disparity between housing prices and household incomes may also limit the opportunity for lending within the AA. Within the Boston-Cambridge-Newton, MA-NH AA1, the median housing value during 2017 was \$524,948 while the FFIEC adjusted median family income for 2017 totaled \$101,125. For the Worcester, MA-CT AA2, the median housing value during 2017 was \$233,985 while the FFIEC adjusted median family income for 2017 totaled \$84,000. This indicates that during 2017, low-income families in AA1 and AA2 made no more than \$50,563 and \$42,000, respectively. Low-income borrowers at these income levels may have difficulty qualifying for a mortgage given their respective AA's median home values.

The following table details the distribution of home loans to borrowers of different income levels during the 2017 period:

Table 2b – Borrower Distribution of Residential Real Estate Loans in CSA AA - Boston-Worcester-Providence, MA-RI-NH-CT (#148) 2017								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Lending Data	% of Bank Loans						
Home Loans	3.9	3.4	13.4	17.2	20.3	31.0	51.1	48.3

Source: HMDA-reportable loans originated and/or purchased during 2017; 2017 Peer Mortgage Data. Due to rounding, totals may not equal 100.00. Approximately 11.3 percent of borrowers within this AA during 2017 did not have a reportable income.

Geographic Distribution of Loans

Family Federal Savings' geographic distribution of home mortgage lending reflects reasonable dispersion overall, given performance context factors, including competitive and economic barriers within the AA limiting opportunity to lend. The level of home

mortgage lending was compared to the aggregate peer mortgage data, our primary comparator. We found no conspicuous gaps in the Bank’s lending patterns.

Residential Real Estate Loans 2015-2016:

The distribution of home mortgage loans during 2015-2016 overall reflects reasonable dispersion among geographies of different income levels given performance context. The Bank's percentage of loans made in moderate-income geographies during 2015-2016 exceeds the peer aggregate lending data, our primary comparator. The Bank did not make any home mortgage loans to low-income geographies during the 2015-2016 evaluation period.

According to 2016 Peer Mortgage data, competition among low-income geographies for home mortgage loans is significant, as the top 20 lenders among the 87 within this space account for 52 percent of the market. Specifically, outside of the top 10 lenders in this space, no home mortgage lender accounts for more than 2 percent market share according to number of loan originations.

The following table details the Bank's distribution of home lending among geographies of different income levels during the 2015-2016 period:

Table 3a – Geographic Distribution of Residential Real Estate Loans in CSA AA - Boston-Worcester-Providence, MA-RI-NH-CT (#148) 2015-2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Home Loans	0.4	0.0	6.2	12.8	37.7	41.9	55.6	45.3

Source: HMDA-reportable loans originated and/or purchased during 2015 - 2016; 2016 Peer Mortgage Data. Due to rounding, totals may not equal 100.00.

Residential Real Estate Loans 2017:

The distribution of home mortgage loans during 2017 overall reflects reasonable dispersion among geographies of different income levels given performance context. The percentage of loans made in moderate-income geographies during 2017 exceeds the peer aggregate lending data, our primary comparator. The Bank did not make any home mortgage loans in low-income geographies during the 2017 evaluation period.

According to 2017 Peer Mortgage data, competition among low-income geographies for home mortgage lending remains significant, as the top 20 lenders among the 100 within this space account for 53 percent of the market. Specifically, outside of the top seven lenders in this space, no home mortgage lender accounts for more than 3 percent market share according to number of loan originations.

The following table details the Bank's distribution of home lending among geographies of different income levels during the 2017 period:

Table 3b – Geographic Distribution of Residential Real Estate Loans in CSA AA - Boston-Worcester-Providence, MA-RI-NH-CT (#148) 2017								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans	% of Aggregate Lending Data	% of Bank Loans
Home Loans	1.0	0.0	9.3	10.3	36.3	31.0	53.3	58.6

Source: HMDA-reportable loans originated and/or purchased during 2017; 2017 Peer Mortgage Data. Due to rounding, totals may not equal 100.00.

Responses to Complaints

There were no CRA-related complaints received by the Bank or the OCC during the evaluation period.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test: (01/01/15 to 12/31/17)	
Financial Institution	Products Reviewed	
Family Federal Savings, FA ("FFS" or "Family Federal") Fitchburg, MA	HMDA-reportable, residential home mortgage loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None reviewed.		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
FFS_AA1 Bos-Cam-New, MA-NH (#14460)	Full-scope	<ul style="list-style-type: none"> • Bos-Cam-New, MA-NH MSA (#14460) • Boston, MA MD (#14454): <ul style="list-style-type: none"> ○ Norfolk County <ul style="list-style-type: none"> ▪ Brookline, Canton, Dedham, Dover, Medfield, Needham, Norwood, Walpole, Wellesley, Westwood ○ Suffolk County <ul style="list-style-type: none"> ▪ West Roxbury • Cam-New-Fram, MA MD (#15764): <ul style="list-style-type: none"> ○ Middlesex County <ul style="list-style-type: none"> ▪ Acton, Ayer, Ashby, Boxborough, Carlisle, Concord, Framingham, Hudson, Lincoln, Littleton, Marlborough, Maynard, Natick, Newton, Sherborn, Shirley, Stow, Sudbury, Townsend, Waltham, Watertown, Wayland, Weston, Westford
FFS_AA2 Worcester, MA-CT (#49340)	Full-scope	<ul style="list-style-type: none"> • Worcester, MA-CT MSA (#49340): <ul style="list-style-type: none"> ○ Worcester County <ul style="list-style-type: none"> ▪ Ashburnham, Berlin, Bolton, Clinton, Fitchburg, Gardner, Harvard, Hubbardston, Lancaster, Leominster, Lunenburg, Princeton, Sterling, Westminster, Winchendon

Appendix B: Community Profiles for Full-Scope Areas

The Bank's AA is comprised of two separate AAs, the Boston-Cambridge-Newton, MA-NH MSA and the Worcester, MA-CT MSA. Both MSAs are part of the greater Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area (CSA). To complete our evaluation, we assessed the Bank's performance in the area as a whole, combining the two AAs, in accordance with the latest guidance. The following are demographic descriptions of the two separate AAs.

Due to changes to demographic characteristics of census tract data as a result of the update provided by the 2015 American Community Survey (ACS) when compared to the data collected during the 2010 US Census, our analysis of the bank's lending performance was divided into two evaluation periods: 2015-2016 and 2017. Our review of the bank's 2015-2016 Home Mortgage Disclosure Act (HMDA) data was compared to the demographic data collected during the 2010 US Census. Our review of 2017 HMDA data was compared to the demographic data collected during the 2015 ACS.

To better understand the credit needs of the community, we contacted a local community organization within the Bank's market area. The contact is a local branch of a national organization whose sole mission is to assist/provide for the needs of children on a national scale. At the local community level, the organization focuses on identifying the unmet needs in the communities they serve, largely through youth-focused services and programming. The contact mentioned that they are currently in the process of working with FFS and other local financial institutions to determine the greatest credit needs of low- and moderate-income families within the AA and how best to meet such needs. The contact indicated that local financial institutions have been active in helping meet the credit needs in the Fitchburg/Leominster areas. Opportunities for involvement include support of local drug addiction and prevention programs, finding ways to assist the growing population of families who were displaced from Hurricane Maria, as well as general banking and credit needs. There are opportunities for financial institutions to participate with the organization in meeting the needs of the community through a variety of community initiatives, including first time home buyer classes, financial literacy, and school youth programs. Specifically, the contact indicated that FFS is effective in meeting the credit needs of the community and that the Bank has already partnered with their organization for several initiatives.

Boston-Cambridge-Newton, MA-NH (#14460) MSA Assessment Area

Family Federal operates in the Boston MSA, as the assessment area includes Norfolk county and parts of Suffolk County. As of May 2018, Moody's Analytics report that economic indicators for Boston are in a late expansion business cycle. Economic drivers for Boston, MA include the medical, technology, and financial sectors. The medical industry continues to be the top employer in the area, as Partners Healthcare, Steward Health Care System, Beth Israel Deaconess Medical Center, Children's Hospital Boston, and Massachusetts General Hospital, and Brigham & Women's

Hospital rank in the top 10 employers, employing over 120,000 people. The technology industry continues to grow in the area. Moody’s Analytics state that since 2010 tech firms in Boston have added workers three times faster than companies in other industries, which is primarily due to skilled workforce produced from top universities in the Boston Area. The financial sector continues to be an economic driver, as financial activities accounts for 10.4 percent of total employment. Other top employers in the Boston area include University of Massachusetts, Stop & Shop Supermarket Co., State Street Corporation, Boston University, and Liberty Mutual Insurance Co. The Massachusetts unemployment rate of 3.3 percent has remained steady since November 2017, and below the national unemployment rate of 3.8 percent as of May 2018. The housing market within Boston remains strong. Vacancy rates for the housing market are around 1.3 percent, and 3.2 percent for the rental market compared to U.S. vacancy rates of 1.7 percent and 5.9 percent, respectively. However, high business costs, real estate prices, and cost of living continue to be weaknesses in the Boston Area.

Competition remains strong in the market area, as there is a high number of financial institutions within the Boston MD. The Federal Deposit Insurance Company’s (FDIC) Deposit Market Share reports that there are 48 financial institutions serving Norfolk County. The Bank’s deposit market share was 0.16 percent as of June 30, 2017. The top 5 banks within Norfolk County account for 54.1 percent of deposit market share. Top local competitors include Needham Bank, Rockland Trust Company, Brookline Bank, and Dedham Institution for Savings. Top national competitors include Bank of America, National Association, Citizens Bank, National Association, Santander, N.A., and TD Bank, National Association.

2015-2016 Evaluation Period

During the 2015-2016 evaluation period, the Bank’s Boston, MA AA included portions of Suffolk County and Norfolk County, which is a part of the larger Boston – Cambridge – Newton MA – NH (MSA). The AA includes 160 census tracts, which are comprised of 91 upper-income CTs, 55 middle-income CTs, 11 moderate-income CTs, and 2 low-income CTs. The 2010 U.S. Census Data indicates that the Middlesex-Norfolk County AA has a population of 789,861. 6.9percent of households are below poverty level. The median home value is \$514,670 and the adjusted median family income is \$95,870.

Demographic information for the Middlesex-Norfolk County AA for the 2015-2016 evaluation period is detailed below:

Demographic Information for Full-Scope Area: Middlesex – Norfolk AA (2015-2016)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	160	1.25	6.88	34.38	56.88	0.63
Population by Geography	789,861	1.27	6.69	35.66	56.38	0.00
Owner-Occupied Housing by Geography	202,507	0.37	3.76	35.35	60.52	0.00

Businesses by Geography	69,879	0.43	6.41	30.85	62.31	0.00
Farms by Geography	1,361	0.37	6.10	34.31	59.22	0.00
Family Distribution by Income Level	194,528	14.99	13.14	18.06	53.81	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	54,717	3.84	11.35	44.25	40.56	0.00
Median Family Income (MFI) HUD Adjusted MFI for 2016 Households Below the Poverty Level	= 120,282 = 95,870 = 7%	Median Housing Value = 514,670 Unemployment Rate = 3.36%				

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

2017 Evaluation Period

During the 2017 evaluation period, the Bank's Boston, MA AA included portions of Suffolk County and Norfolk County, which is a part of the larger Boston – Cambridge – Newton MA – NH MSA. The AA includes 160 census tracts, which are comprised of 91 upper-income CTs, 54 middle-income CTs, 12 moderate-income CTs, and 2 low-income CTs. The 2015 American Community Survey (ACS) indicates Middlesex-Norfolk County AA has a population of 818,284. 7.6 percent of households are below poverty level. The median home value is \$524,948 and the adjusted median family income is \$132,553.

Demographic information for the Middlesex – Norfolk County AA for the 2017 evaluation period is detailed in the following table:

Demographic Information for Full-Scope Area: Middlesex – Norfolk AA (2017)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	160	1.25	7.50	33.75	56.88	0.63
Population by Geography	818,284	1.08	7.66	34.12	57.13	0.00
Owner-Occupied Housing by Geography	324,727	0.23	4.76	33.33	61.69	0.00
Businesses by Geography	71,808	0.68	7.38	31.14	60.81	0.00
Farms by Geography	1,419	0.92	7.75	30.58	60.75	0.00
Family Distribution by Income Level	204,197	15.44	12.88	17.85	53.83	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	57,826	2.91	13.82	42.62	39.65	0.00

Median Family Income (MFI)	= 132,553	Median Housing Value	= 524,948
HUD Adjusted MFI for 2017	= 101,125	Unemployment Rate	= 3.69%
Households Below the Poverty Level	= 8%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 ACS U.S. Census, and 2017 HUD updated MFI.

Worcester, MA-CT (#49340) MSA Assessment Area

According to Moody's Analytics economic indicators as of May 2018, the Worcester area is in a late expansion cycle. The area relies heavily on manufacturing employment, due to the presence of semiconductor, paper, and plastics producers. Manufacturing workers earn two thirds more than workers in other nonfarm industries. Population growth in Worcester reached 0.6 percent in 2017, which is the fastest pace in about 15 years. Worcester has attracted residents through its proximity to larger nearby cities Cambridge and Boston, and its reasonable cost of living. Healthcare and university presence are major economic drivers for Worcester, and will continue to provide stability in the long run. The presence of universities supplies a highly educated workforce, which will continue to benefit local firms. Top employers include UMass Memorial Health Care, University of Massachusetts Medical School, Reliant Medical Group, Saint Vincent Hospital, and MAPFRE U.S.A Corp.

Competition in the market area is strong, with significant presence from other local institutions as well as larger nationwide institutions. The Bank's market share performance is relatively consistent over both evaluation periods. The Federal Deposit Insurance Corporation's Deposit Market Share reports for June 30, 2016 and June 30, 2017 indicate that there are 33 and 36 banks, respectively, in the Worcester County market area. In both years, the Bank holds the smallest market share, at less than 1 percent. Local competitors for deposit market share include, but are not limited to, UniBank for Savings, Webster Five Cents Savings Bank, Spencer Savings Bank, Rollstone Bank & Trust, and Athol Savings Bank. Top national competitors include Bank of America, National Association, Citizens Bank, National Association, Santander, N.A., and TD Bank, National Association. The top five institutions make up 51.8 percent of the total deposit market share.

2015-2016 Evaluation Period

During the 2015-2016 evaluation period, the Bank's Worcester County AA included a portion of the Worcester, MA-CT MSA, which is part of the Boston-Worcester-Providence, MA-RI-NH-CT CSA. The AA includes 15 cities/towns consisting of 39 census tracts. There are four low-income census tracts and 11 moderate-income census tracts, accounting for 10.3 percent and 28.2 percent of all census tracts in the AA, respectively. According to 2010 U.S. Census Data, the population of the Worcester

County AA is 184,636, which includes 47,182 families and 47,039 households. The median home value is \$276,653 and the FFIEC Adjusted MFI for 2016 is \$78,500. In the Worcester County AA, 21.9 percent of families are low-income and 16.6 percent are moderate-income. 11 percent of households are below the poverty level.

Demographic information for the Worcester County AA for the 2015-2016 evaluation period is detailed in the following table:

Demographic Information for Full-Scope Area: Worcester County AA (2015-2016)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	39	5.13	30.77	38.46	25.64	0.00
Population by Geography	184,636	2.61	24.37	43.01	30.00	0.00
Owner-Occupied Housing by Geography	47,039	1.14	17.41	46.69	34.75	0.00
Businesses by Geography	10,846	3.06	28.56	37.81	30.56	0.00
Farms by Geography	369	0.81	10.57	33.88	54.74	0.00
Family Distribution by Income Level	47,182	21.85	16.60	21.82	39.74	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	18,138	4.30	36.18	41.27	18.25	0.00
Median Family Income (MFI) HUD Adjusted MFI for 2016 Households Below the Poverty Level	= 80,714 = 78,500 = 11%	Median Housing Value = 276,653 Unemployment Rate = 4.18%				

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

2017 Evaluation Period

During the 2017 evaluation period, the Bank's Worcester County AA included a portion of the Worcester, MA-CT MSA, which is part of the Boston-Worcester-Providence, MA-RI-NH-CT CSA. The AA includes 15 cities/towns consisting of 39 census tracts. There are four low-income census tracts and 11 moderate-income census tracts, accounting for 10.3 percent and 28.2 percent of all census tracts in the AA, respectively. According to 2015 ACS U.S. Census Data, the population of the Worcester County AA is 187,218, which includes 46,866 families and 45,451 households. The median home value is \$233,985 and the FFIEC Adjusted MFI for 2017 is \$84,000. In the Worcester County AA, 23.7 percent of families are low-income and 16.6 percent are moderate-income. 12 percent of households are below the poverty level.

Demographic information for the Worcester County AA for the 2017 evaluation period is detailed in the following table:

Demographic Information for Full-Scope Area: Worcester County AA (2017)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	39	10.26	28.21	35.90	25.64	0.00
Population by Geography	187,218	6.65	25.19	39.36	28.81	0.00
Owner-Occupied Housing by Geography	45,451	2.73	21.28	40.72	35.27	0.00
Businesses by Geography	11,213	6.69	25.50	34.51	33.30	0.00
Farms by Geography	380	1.84	12.37	26.58	59.21	0.00
Family Distribution by Income Level	46,866	23.73	16.60	21.19	38.49	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	18,898	9.69	36.17	37.32	16.82	0.00
Median Family Income (MFI) HUD Adjusted MFI for 2017 Households Below the Poverty Level	= 81,137 = 84,000 = 12%	Median Housing Value = 233,985 Unemployment Rate = 4.47%				

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 ACS U.S. Census, and 2017 HUD updated MFI.