



PUBLIC DISCLOSURE

March 5, 2018

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 02100

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

The Lending Test is rated: Satisfactory

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

Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

Foxboro Federal Savings (“Foxboro” or “Bank”) is a federally chartered mutual thrift institution headquartered in Foxboro, MA. The Bank has total assets of \$161.5 million at December 31, 2017 and continues to operate as a traditional thrift, primarily offering residential loan products and a small volume of other consumer loans.

The Bank has three branches in Massachusetts, one in Norfolk and Plainville, as well as the main office in Foxboro. All locations are located within Norfolk County. There are no low- or moderate-income census tracts within the Bank’s assessment area. Branch hours are reasonable; every 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 at the Foxboro branch. No branches were open 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, allowing member customers to access their accounts from participating SUM network ATMs without surcharges. The Bank also offers customers the ability to complete and submit loan applications online from the Bank’s website, www.foxfed.com.

As of December 31, 2017, the Bank’s loan portfolio totaled \$97.5 million, representing 60.3 percent of total assets. The distribution of the Bank’s loan portfolio as of December 31, 2017 is reflected in the table below:

Loan Portfolio Summary by Loan Product December 31, 2017	
Loan Category	% of Average Gross Loans
1-4 Family Residential Mortgage	98
Consumer	1
Construction and Development	1
Other Real Estate	0
Total	100

**December 31, 2016 Call Report.*

Foxboro 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 June 17, 2013.

Scope of the Evaluation

Evaluation Period/Products Evaluated

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, 2014 through December 31, 2016. For this period, the Bank's performance was compared to the 2010 US Census Data. The lending test evaluates the Bank's record of meeting the credit needs of its AA through its lending activities.

The Bank's primary loan products, based on loan origination during the evaluation period, are residential mortgage loans, including home purchase, home refinance, and home improvement loans. As indicated by the December 31, 2017 Uniform Bank Performance Report (UBPR), residential loans represent approximately 98 percent of the overall loan portfolio at the Bank.

Data Integrity

Foxboro 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.

Selection of Areas for Full-Scope Review

A full scope review was performed on the Norfolk County assessment area. All three of the Bank's full service branches are located within this AA, as is the majority of the Bank's deposits and loans. The Bank's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income census tracts, as the AA is comprised of whole, political subdivisions, in this case the cities/towns of Bellingham, Dover, Foxboro, Franklin, Medfield, Medway, Millis, Norfolk, Norwood, Plainville, Sharon, Walpole, Westwood, and Wrentham.

Ratings

The Bank's overall rating is based on the lending test within the Bank's only assessment 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 [or any affiliate whose loans have been considered as part of the institution's lending performance] 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

Foxboro's performance under the lending test is satisfactory given the credit needs of the AA and competitive market factors. The Bank's loan-to-deposit ratio is reasonable and a majority of Foxboro's loans were originated inside the Bank's AA. Overall, the distribution of loans reflects a reasonable penetration among borrowers 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 68 percent during the evaluation period and ranged from a high of 75 percent at December 31, 2016 to a low of 63 percent at March 31, 2015. Foxboro's LTD ratio is lower than the quarterly average for peer institutions of 72 percent over the same period. We used a custom peer group of similarly situated institutions to evaluate the Bank's LTD performance.

Lending in Assessment Area

A majority of Foxboro's primary loan products were originated within its assessment area during our review period. As a result, the Bank meets the standard for satisfactory performance. During the review period, 53 percent of the Bank's primary loan product was originated within its AA, representing 47 percent of the total dollar amount.

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

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	29	42.03	40	57.97	69	7,541	44.40	9,442	55.60	16,983
Home Refinance	57	41.91	79	58.09	136	16,612	41.88	23,056	58.12	39,668
Home Improvement	90	69.77	39	30.23	129	7,577	67.26	3,688	32.74	11,265
Totals	176	52.69	158	47.31	334	31,730	46.72	36,186	53.28	67,916

Source: HMDA-reported data from 1/1/2014-12/31/2016.

Lending to Borrowers of Different Incomes

There is reasonable penetration of home loans originated among borrowers of different income levels within the Norfolk County AA, given demographic factors.

The percent of home purchases, home refinances, and home improvement loans made to low income borrowers exceeds the percent of aggregate lending data. The percent of home purchases and home refinance loans made to moderate income borrowers exceeds the percent of aggregate lending data.

The percent of home improvement loans made to moderate-income borrowers is below the percent of aggregate lending data. Peer Mortgage 2016 Market Share data for home improvement loans to moderate-income borrowers reflects a highly competitive market, with the top ten lenders controlling a 60 percent share, representing 58 loans.

Foxboro's performance is considered satisfactory given the high competition and lack of affordable housing within the AA. The median housing price of \$438,761 is high relative to the median income of \$90,800. The maximum income for low-income families is \$45,400 making it difficult to qualify for home loans in the area.

The following table shows the distribution of home loan products among borrowers of different income levels compared to the percent of aggregate lending data for HMDA reporters within the Bank's AA:

Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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	2.72	6.90	13.65	13.79	23.46	17.24	60.17	62.07
Home Refinance	2.58	3.51	10.14	10.53	21.66	26.32	65.62	59.65
Home Improvement	2.43	4.44	9.91	7.78	22.24	21.11	65.42	66.67

Source: HMDA-reported data from 1/1/2014-12/31/2016; 2010 U.S. Census data.

Geographic Distribution of Loans

An analysis of the geographic distribution of loans is not applicable for Foxboro as there are no low- or moderate-income census tracts in the assessment area.

Responses to Complaints

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

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): 01/01/2014 – 12/31/2016 Investment and Service Tests and CD Loans: 01/01/2014 – 12/31/2016	
Financial Institution	Products Reviewed	
Foxboro Federal Savings (“Foxboro” or “Bank”) Foxboro, MA	Residential Mortgages	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Norfolk County	Full-Scope	Please see Community Profiles within Appendix B for further discussion regarding the Bank's AA.

Appendix B: Community Profiles for Full-Scope Areas

Norfolk County

Demographic Information for Full-Scope Area: Foxboro_NorfolkAA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	38	0.00	0.00	34.21	65.79	0.00
Population by Geography	218,436	0.00	0.00	37.77	62.23	0.00
Owner-Occupied Housing by Geography	62,161	0.00	0.00	35.63	64.37	0.00
Businesses by Geography	16,796	0.00	0.00	38.69	61.31	0.00
Farms by Geography	467	0.00	0.00	31.48	68.52	0.00
Family Distribution by Income Level	57,158	11.50	12.88	20.15	55.47	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	13,939	0.00	0.00	50.12	49.88	0.00
Median Family Income		\$83,664	Median Housing Value (\$)		438,761	
FFIEC Adjusted Median Family Income for 2016		\$90,800	State Unemployment Rate (Bureau of Labor Statistics-Dec. 2016)		3.8%	
Households Below the Poverty Level		4%				

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

Foxboro's AA consists of a portion of Norfolk County. Norfolk County is part of the Boston, MA Metropolitan Division (MD), which is a subset of the Boston-Cambridge-Newton, MA-NH multistate Metropolitan Statistical Area (MSA). As previously discussed, the AA consists of whole, political subdivisions within Norfolk County. This includes the entire cities/towns of Bellingham, Franklin, Wrentham, Plainville, Sharon, Norwood, Walpole, Norfolk, Foxboro, Medway, Millis, Medfield, and Dover. In 2016, the AA was comprised of 38 census tracts. There are no low- or moderate-income tracts, 13 middle-income tracts, and 25 upper-income tracts.

The Federal Deposit Institution Corporation's Deposit Share Report as of June 30, 2017 shows that 19 financial institutions operate within the portion of Norfolk County comprising the Bank's AA. Foxboro ranks 14th with only 2.14 percent of market share of total deposits. The market is highly competitive with the top 10 financial institutions capturing approximately 84 percent of total deposits. The Bank's local competitors include, but are not limited to: Dedham Institute for Savings, Middlesex Savings Bank, Norwood Co-operative Bank, and Walpole Co-operative Bank. Larger regional banks provide further competition and dominate the deposit market share include: Bank of

America, National Association (N.A); Citizens Bank, N.A; Santander 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 continue to be present in the area's lending market. These lenders include: JPMorgan Chase Bank, N.A; Wells Fargo Bank, N.A; and US Bank, N.A. In addition to local and regional institutions, competition from primarily online mortgage lenders such as LoanDepot.Com, LLC; Quicken Loans, and Guaranteed Rate, Inc., contribute to the oversaturated market. Peer Mortgage 2016 Market Share data shows the top 20 lenders in the AA account for 48 percent of the market, with 371 total lenders in the AA. Foxboro's market share is less than one percent.

As part of the Boston, MA MD, the economy of Norfolk County is closely tied with the Boston economy. According to the September 2017 Moody's Analytics report, Boston is expanding from three main sectors: technology, healthcare, and finance, with healthcare and finance sectors accounting for more than half of net hiring in 2017. Education and healthcare services continue to comprise the largest percent of Boston area employment, accounting for nearly 23 percent of total employment. Overall, Boston experienced total employment growth of 2.5 percent and 2.1 percent in 2015 and 2016 respectively, contributing to rising housing prices and cost of living. Home prices, as modeled through Standard and Poor's Case-Shiller index rose for Boston during the evaluation period. The index for Boston increased from 170.09 at January 2014 to 195.51 at December 2016, where 100 is the value of housing at January 2000. The increasing cost of living and housing prices in Boston contributes to high median housing prices in the Bank's assessment area of \$438,761, compared to the 2016 FFIEC adjusted median family income of \$90,800.

During our evaluation, we reviewed a discussion held with a local community organizations to assess the area's primary credit needs and the opportunities for financial institutions to assist in the community. The contact is the President of a local affordable housing organization within the Bank's AA. The organization develops and manages affordable housing, educates homebuyers through first time homebuyer's workshops and assists homeowners with repairs to maintain homes. They stated the communities would benefit from transportation and infrastructure improvements and an increase in the availability of livable wage jobs in the area. LMI individuals are being priced out of the area as a result of higher housing costs. Housing costs are rising as more people choose to live outside of Boston and commute into the area. The contact noted local community banks are responsive to community needs, citing institutions have provided office space for their organization, while others have run programs such as first time homebuyer workshops.