

PUBLIC DISCLOSURE

August 10, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Milford Bank
Certificate Number: 16101

33 Broad Street
Milford, Connecticut 06460

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
New York Regional Office

350 Fifth Avenue, Suite 1200
New York, New York 10118

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.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage and small business loans in the assessment area.
- The geographic distribution of loans reflects poor dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

The Community Development Test is rated Satisfactory.

- The institution's community development performance demonstrates adequate responsiveness to the community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

DESCRIPTION OF INSTITUTION

Background

The Milford Bank (TMB) is a mutual savings bank headquartered in Milford, Connecticut (CT) that operates throughout New Haven and Fairfield Counties. TMB wholly-owns four subsidiaries. The bank does not have any subsidiaries that offer credit-related products or services. Additionally, the bank's affiliate, TMB Foundation, Inc., supports charitable, health, public safety, and education initiatives in the communities served by TMB. TMB received a "Satisfactory" rating from the FDIC during its previous CRA Performance Evaluation, dated June 10, 2019. Examiners evaluated the bank's performance based on Interagency Intermediate Small Institution Examination Procedures.

Operations

TMB operates six full-service branches in the assessment areas and seven automated teller machines (ATMs) throughout New Haven and Fairfield counties. In New Haven County, the bank operates five full-service branches, each of which has an ATM. In addition, there is a stand-alone deposit-taking ATM in Milford. The bank also operates a loan production office (LPO) in New Haven. In Fairfield County, the bank operates one branch, which has an ATM, located in Stratford. None of the bank's branches are located in low- or moderate-income census tracts. The bank did not open or close any branches and there have been no mergers or acquisitions since the prior evaluation.

TMB offers residential, commercial, and consumer lending products. Residential lending products include fixed- and adjustable-rate mortgage loans, home equity loans, home equity lines of credit, construction loans, and home improvement loans. Commercial lending products include commercial real estate loans, commercial and industrial loans, commercial lines of credit, short-term loans, term loans, letters of credit, and loans guaranteed by the Small Business Administration (SBA). Consumer lending products include personal installment loans, collateral loans, and overdraft lines of credit. Deposit products available to consumers include interest bearing and non-interest bearing checking accounts; rewards checking accounts; passbook, holiday club, and money market savings accounts; individual retirement accounts (IRAs); and certificates of deposit (CDs). Deposit products available to businesses include commercial checking, savings, CDs, and money market accounts. The bank also offers insurance and investment products. Alternative banking services include online, mobile, and telephone banking; person-to-person payments; mobile deposits; ATMs; and business payment processing for commercial accounts. Additionally, the bank's participation in the surcharge-free Allpoint ATM Network expands ATM availability for customers.

Ability and Capacity

As of June 30, 2022, assets totaled \$582.4 million and deposits totaled \$524.1 million. The bank has total loans of \$407.7 million, representing 70.0 percent of total assets. Total assets increased by approximately \$134.7 million, or 30.1 percent, since March 31, 2019. Residential mortgage loans, consisting of one-to-four family and multi-family loans, account for 55.7 percent, the

largest portion, of the bank's loan portfolio. Commercial loans, which include nonfarm nonresidential loans and commercial and industrial loans, represent approximately 36.5 percent of the portfolio. The following table illustrates the loan portfolio distribution as of June 30, 2022.

Loan Portfolio Distribution as of 06/30/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	20,205	5.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	208,236	51.1
Secured by Multifamily (5 or more) Residential Properties	18,900	4.6
Secured by Nonfarm Nonresidential Properties	96,864	23.8
Total Real Estate Loans	344,205	84.4
Commercial and Industrial Loans	51,774	12.7
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	10,965	2.7
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	740	0.2
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	407,684	100.0
<i>Source Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to designate an assessment area within which its CRA performance will be evaluated. TMB designated two assessment areas that include portions of the New Haven-Milford, CT Metropolitan Statistical Area (MSA) and the Bridgeport-Stamford-Norwalk, CT MSA. The New Haven-Milford, CT MSA assessment area consists of the City of Milford, the Town of Orange, and the City of West Haven in New Haven County. The Bridgeport-Stamford-Norwalk, CT MSA assessment area includes the Town of Stratford in Fairfield County. The two assessment areas are contiguous and located within the New York-Newark, NY-NJ-CT-PA Combined Statistical Area (CSA). Examiners evaluated the bank’s performance at the MSA level and determined it to be similar for each MSA. Therefore, examiners presented and discussed the bank’s activities at the combined CSA level. The bank’s assessment areas have not changed since the previous evaluation. For this evaluation, examiners will refer to the combined assessment areas in the CSA as the “assessment area.”

Economic and Demographic Data

The assessment area encompasses 38 census tracts with the following income designations, according to 2015 American Community Survey data:

- 1 low-income tract;
- 11 moderate-income tracts;
- 14 middle-income tracts; and
- 12 upper-income tracts.

Stratford includes one low-income and four moderate-income census tracts. The remaining seven moderate-income tracts are located in West Haven. Examiners used the FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the income ranges for low-, moderate-, middle-, and upper-income categories in the Bridgeport-Stamford-Norwalk, CT MSA and New Haven-Milford, CT MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Bridgeport-Stamford-Norwalk, CT MSA Median Family Income (14860)				
2019 (\$119,000)	<\$59,500	\$59,500 to <\$95,200	\$95,200 to <\$142,800	≥\$142,800
2020 (\$119,500)	<\$59,750	\$59,750 to <\$95,600	\$95,600 to <\$143,400	≥\$143,400
2021 (\$121,100)	<\$60,550	\$60,550 to <\$96,880	\$96,880 to <\$145,320	≥\$145,320
New Haven-Milford, CT MSA Median Family Income (35300)				
2019 (\$90,700)	<\$45,350	\$45,350 to <\$72,560	\$72,560 to <\$108,840	≥\$108,840
2020 (\$91,800)	<\$45,900	\$45,900 to <\$73,440	\$73,440 to <\$110,160	≥\$110,160
2021 (\$91,600)	<\$45,800	\$45,800 to <\$73,280	\$73,280 to <\$109,920	≥\$109,920
<i>Source FFIEC</i>				

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	38	2.6	28.9	36.8	31.6	0.0
Population by Geography	174,657	3.3	31.6	33.7	31.4	0.0
Housing Units by Geography	72,677	3.4	31.4	34.5	30.8	0.0
Owner-Occupied Units by Geography	48,306	2.5	23.1	38.1	36.3	0.0
Occupied Rental Units by Geography	18,675	4.8	51.3	26.0	18.0	0.0
Vacant Units by Geography	5,696	6.6	36.5	31.4	25.4	0.0
Businesses by Geography	22,649	4.2	24.2	33.6	38.0	0.0
Farms by Geography	518	4.2	24.9	30.9	40.0	0.0
Family Distribution by Income Level	43,313	23.2	17.2	20.1	39.5	0.0
Household Distribution by Income Level	66,981	26.2	15.6	16.9	41.4	0.0
Median Family Income MSA - 14860 Bridgeport-Stamford-Norwalk, CT MSA	\$105,628	Median Housing Value				\$258,856
Median Family Income MSA - 35300 New Haven-Milford, CT MSA	\$80,739	Median Gross Rent				\$1,212
		Families Below Poverty Level				6.3%
<i>Source 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(* The NA category consists of geographies that have not been assigned an income classification.</i>						

Home mortgage and small business lending opportunities are relatively limited in the low-income census tract. As shown in the previous table, only 3.3 percent of the assessment areas' population resides in the low-income census tract, only 2.5 percent of owner-occupied housing units are located in the tract, and only 4.2 percent of businesses operate in the tract. The percentage of families below the poverty level in the assessment area is 6.3 percent, which is lower than the poverty level of 10.3 percent for the State of CT. Families with incomes below the poverty level are unlikely to qualify for home mortgages based on area home prices.

According to 2021 D&B data, 89.2 percent of businesses in the assessment area have gross annual revenues (GARs) of \$1.0 million or less. Service industries represent the largest portion of businesses at 36.6 percent, followed by non-classifiable establishments at 21.9 percent, and retail trade at 11.0 percent. Additionally, 64.5 percent of businesses operate with four employees or less.

According to the United States (U.S.) Bureau of Labor Statistics (BLS), unemployment rates at the county, state, and national levels all showed similar trends during the evaluation period. Unemployment rates increased in 2020 due to the COVID-19 pandemic. Connecticut, Fairfield County, and New Haven County unemployment rates all decreased in 2021, but remain higher than the national average. The following table provides details.

Unemployment Rates			
Area	2019	2020	2021
	%	%	%
Fairfield County	3.4	7.8	6.1
New Haven County	3.7	7.9	6.6
Connecticut	3.5	7.8	6.3
National Average	3.7	8.1	5.3
<i>Source Bureau of Labor Statistics</i>			

According to the Connecticut Department of Labor, the top employers in Fairfield and New Haven Counties include Sikorsky Aircraft Corp., Yale New Haven Health System, and Yale University.

Competition

TMB operates within a competitive market for financial services. Based on FDIC Deposit Market Share reports as of June 30, 2022, 10 financial institutions operated 43 branches in the assessment area's four communities. TMB ranked 4th with a 10.2 percent deposit market share and was the highest ranked community bank. Manufacturers and Traders Trust Company had the highest deposit market share in the area.

The market for home mortgage loans in the assessment area is also competitive. Based on 2020 Home Mortgage Disclosure Act (HMDA) aggregate lending data, 307 lenders originated over 7,586 loans in the assessment area. TMB ranked 13th with a 2.3 percent market share and was the highest ranked community bank. The top lenders include Quicken Loans, Wells Fargo, and Total Mortgage Services.

The bank is not required to collect or report small business loan data; therefore, analysis of small business loans under the Lending Test does not include comparisons against aggregate data. The aggregate data, however, reflects the level of demand for small business loans. In 2020, 252 lenders originated over 66,678 small business loans in the assessment area. The top two lenders were American Express and Bank of America, which captured 26.2 percent of the market. The highest ranked community bank was Ion Bank, which ranked 11th with a 2.1 percent market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

Examiners contacted a representative from a local economic development corporation. The contact noted that the greater Milford area has a variety of needs ranging from small business development to affordable housing. Affordable housing needs include both the development and maintenance of affordable units. The contact indicated a high cost of living as a barrier for both small businesses and low- and moderate-income residents. Last, the contact indicated that the area contains

immigrant populations that are underbanked. Financial literacy initiatives would benefit immigrant populations and increase trust for financial institutions.

Credit and Community Development Needs and Opportunities

Based on information from bank management, demographic data, the community contact, and economic data, examiners determined that primary community development needs in the assessment area are affordable housing and community services targeted to low-income individuals and families. High home prices and living costs, the high percentage of low- and moderate-income families (40.4 percent) in the assessment area, and feedback received from the community contact support this conclusion. Opportunities exist to fund affordable housing projects and to fund activities or organizations that serve low- and moderate-income families.

Credit needs of the assessment area include home mortgage loans. The assessment area also has a need for small business loans. During the evaluation period, SBA Paycheck Protection Program (PPP) loans supported small business credit needs due to shutdowns and business disruptions caused by the COVID-19 pandemic.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated June 10, 2019, to the current evaluation dated August 8, 2022. Examiners assessed TMB's CRA performance using the Interagency Intermediate Small Institution Examination Procedures established by the Federal Financial Institutions Examination Council (FFIEC). These procedures include two performance tests: the Lending Test and the Community Development Test. The Investment Test considered qualified grants and donations made by TMB Foundation, Inc.

Activities Reviewed

This evaluation focused on the bank's major product lines, which are home mortgage and small business loans. Examiners focused on these loan types based on the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The bank did not originate any small farm loans during the review period, and consumer loans represent a very small portion of the loan portfolio; therefore, examiners did not analyze these product types.

The bank's most recent Report of Condition and Income (Call Report), dated June 30, 2022, indicates that home mortgage lending represents a majority of the loan portfolio at 55.7 percent. Commercial lending, consisting of nonfarm nonresidential real estate and commercial and industrial loans, represents 36.5 percent of the loan portfolio. Home mortgage lending also represented a significant majority of loan volume in 2019, but small business loan originations exceeded home mortgage lending in 2020 and 2021 due to PPP loan origination activity.

Despite the higher volume of small business loan originations, examiners placed more weight on the bank's home mortgage lending performance, as this is the bank's primary lending focus. The bank offered PPP loans to meet credit needs in response to the COVID-19 pandemic, which caused a significant short-term increase in small business loan originations, but the program has since discontinued.

Examiners analyzed home mortgage loans reported on the bank's 2019, 2020, and 2021 HMDA Loan Application Registers (LARs). TMB originated 187 loans totaling \$40.1 million in 2019, 243 loans totaling \$56.0 million in 2020, and 168 loans totaling \$42.9 million in 2021. The Lending Test presents loan activity from all years under the Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance tables. The evaluation compared 2019 and 2020 home mortgage lending activity to aggregate lending data and demographic data from the 2015 American Community Survey (ACS). Examiners compared 2021 lending activity to demographic data because 2021 HMDA aggregate data was not yet available as of the evaluation date.

Due to its asset size, TMB is not required to collect or report its small business lending data. Because TMB voluntarily collects CRA data for small business loans, examiners considered all small business loans originated in 2019, 2020, and 2021. According to bank data, TMB originated 52 small business loans totaling \$12.9 million in 2019, 308 loans totaling \$32.9 million in 2020, and 255 loans totaling \$27.9 million in 2021. The Lending Test presents all three years of small business lending activity under each relevant Lending Test factor. Examiners compared the bank's small business lending performance to business demographic data for each applicable year. The evaluation did not compare the bank's small business lending to CRA aggregate data because the bank did not report its small business lending activity.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated June 10, 2019.

Examiners obtained demographic and economic information referenced in the evaluation from the 2015 ACS, D&B, Moody's Analytics, and U.S. BLS.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

TMB demonstrated Satisfactory performance under the Lending Test. Reasonable performance under the LTD ratio, Assessment Area Concentration, and Borrower Profile criteria primarily support this conclusion.

Loan-to-Deposit Ratio

TMB's LTD ratio is reasonable given the institution's size and financial condition and the credit needs of the assessment area. The LTD ratio, calculated from Call Report data, averaged 94.3 percent over the past 13 calendar quarters from June 30, 2019, through June 30, 2022. The LTD ratio declined during the evaluation period due to an influx of deposits beginning during the COVID-19 pandemic. Total deposits increased 48.6 percent over the past 13 calendar quarters, while net loans increased 6.4 percent. The LTD ratio ranged from a high of 107.77 percent as of December 31, 2019 to a low of 77.0 percent as of June 30, 2022.

The following table presents the average net LTD ratio for TMB and for four similarly situated banks. Examiners identified similarly situated banks based on their asset size, primary lending focus, and geographic location. As shown in the following table, TMB maintained a LTD ratio that was comparable to the LTD ratio of most similarly situated institutions.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 06/30/2022 (\$000s)	Average Net LTD Ratio (%)
The Milford Bank	582,358	94.3
Jewett City Savings Bank	409,729	93.3
DR Bank	438,076	95.3
Essex Savings Bank	545,946	76.7
The First Bank of Greenwich	599,095	106.2

Source Reports of Condition and Income 06/30/2019 - 06/30/2022

Assessment Area Concentration

The bank originated a majority of home mortgage and small business loans, by number and dollar amount, within the assessment area. The significant increase in small business loans in 2020 and 2021 compared to 2019 reflects bank PPP lending. The bank originated a majority of small business loans, by number and dollar amount, outside the assessment area in 2019; however, performance improved in 2020 and 2020 when the bank originated a majority of small business loans by dollar amount inside the assessment area. The following table illustrates the bank's home mortgage and small business lending inside and outside of the assessment areas.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2019	132	70.6	55	29.4	187	25,539	63.7	14,574	36.3	40,113
2020	175	72.0	68	28.0	243	35,640	63.6	20,386	36.4	56,026
2021	120	71.4	48	28.6	168	26,736	62.4	16,135	37.6	42,871
Subtotal	427	71.4	171	28.6	598	87,914	63.2	51,095	36.8	139,009
Small Business										
2019	25	48.1	27	51.9	52	2,914	22.6	9,982	77.4	12,896
2020	247	80.2	61	19.8	308	19,028	57.8	13,880	42.2	32,908
2021	203	79.6	52	20.4	255	14,573	52.3	13,302	47.7	27,875
Subtotal	475	77.2	140	22.8	615	36,515	49.6	37,164	50.4	73,679
Total	902	74.4	311	25.6	1,213	124,429	58.5	88,259	41.5	212,688
<i>Source Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects poor distribution throughout the combined assessment area. The bank's poor home mortgage lending performance primarily supports this conclusion.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor distribution throughout the assessment area. As shown in the following table, the bank's activity in both low- and moderate-income census tracts was below aggregate and demographic data in 2019 and 2020, and remained below demographic data in 2021, showing a generally declining trend year over year.

A review of market share reports shows significant competition for home mortgage loans in low- and moderate-income census tracts in the assessment area. In 2020, 68 lenders originated or purchased 188 loans in the low-income census tract and 166 lenders originated or purchased 1,527 loans in the moderate-income census tracts. In the low-income census tract, TMB trailed one other community bank, which made two loans in the low-income census tract. In moderate-income census tracts, TMB was ranked 47th trailing one other community bank that was ranked 33rd.

Despite strong competition for home mortgage loans in the low- and moderate-income geographies, the bank's declining trend in performance, particularly in moderate-income geographies, supports the conclusion.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	2.5	2.9	2	1.5	238	0.9
2020	2.5	2.5	1	0.6	178	0.5
2021	2.5	--	1	0.8	229	0.9
Moderate						
2019	23.1	20.4	9	6.8	1,988	7.8
2020	23.1	20.1	8	4.6	2,608	7.3
2021	23.1	--	4	3.3	662	2.5
Middle						
2019	38.1	39.7	47	35.6	7,595	29.7
2020	38.1	38.2	74	42.3	14,285	40.1
2021	38.1	--	45	37.5	9,243	34.6
Upper						
2019	36.3	37.0	74	56.1	15,718	61.5
2020	36.3	39.2	92	52.6	18,568	52.1
2021	36.3	--	70	58.3	16,602	62.1
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	132	100.0	25,539	100.0
2020	100.0	100.0	175	100.0	35,640	100.0
2021	100.0	--	120	100.0	26,736	100.0

Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data. "--" data not available.
Due to rounding, totals may not equal 100.0%

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. As shown in the following table, the bank's performance in low-income tracts was below the percentage of businesses in all three years. For moderate-income census tracts, the bank's performance exceeded the percentage of businesses in 2019, but trailed this comparator in 2020 and 2021.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	3.9	0	0.0	0	0.0
2020	3.9	4	1.6	193	1.0
2021	4.2	3	1.5	187	1.3
Moderate					
2019	22.3	8	32.0	1,345	46.2
2020	23.2	5	2.0	596	3.1
2021	24.2	5	2.5	26	0.2
Middle					
2019	34.2	4	16.0	386	13.2
2020	33.9	95	38.5	5,441	28.6
2021	33.6	66	32.5	3,885	26.7
Upper					
2019	39.6	13	52.0	1,183	40.6
2020	39.0	143	57.9	12,798	67.3
2021	38.0	129	63.5	10,475	71.9
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
2021	0.0	0	0.0	0	0.0
Totals					
2019	100.0	25	100.0	2,914	100.0
2020	100.0	247	100.0	19,028	100.0
2021	100.0	203	100.0	14,573	100.0
<i>Source 2019, 2020, & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. As shown in the following table, the percentage of bank loans to low-income borrowers

trailed aggregate performance and demographics for 2019 and 2020. Bank performance remained below demographics in 2021, but shows an improving trend.

For lending to moderate-income borrowers, the bank's performance trailed aggregate performance but exceeded demographics in 2019. The bank's performance declined in 2020, trailing both the aggregate and demographics; however, performance improved again in 2021, slightly exceeding demographics.

A review of market share reports support the conclusion. In 2019, TMB ranked 25th among 94 lenders that made loans to low-income borrowers, and 18th among 149 lenders that made loans to moderate-income borrowers. TMB was the highest ranked community bank headquartered in Connecticut in both income categories. In 2020, the bank performed similarly, ranking 20th among 105 lenders that made loans to low-income borrowers and 25th among 149 lenders that made loans to moderate-income borrowers, significantly outperforming all other Connecticut-based community banks.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	23.2	9.9	7	5.3	517	2.0
2020	23.2	6.7	6	3.4	459	1.3
2021	23.2	--	8	6.7	581	2.2
Moderate						
2019	17.2	25.8	27	20.5	3,501	13.7
2020	17.2	21.8	21	12.0	2,535	7.1
2021	17.2	--	21	17.5	3,090	11.6
Middle						
2019	20.1	22.3	23	17.4	4,029	15.8
2020	20.1	23.2	35	20.0	6,563	18.4
2021	20.1	--	20	16.7	3,874	14.5
Upper						
2019	39.5	27.5	59	44.7	12,011	47.0
2020	39.5	31.0	106	60.6	22,437	63.0
2021	39.5	--	67	55.8	17,252	64.5
Not Available						
2019	0.0	14.4	16	12.1	5,483	21.5
2020	0.0	17.3	7	4.0	3,646	10.2
2021	0.0	--	4	3.3	1,940	7.3
Totals						
2019	100.0	100.0	132	100.0	25,539	100.0
2020	100.0	100.0	175	100.0	35,640	100.0
2021	100.0	--	120	100.0	26,736	100.0

*Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank's lending performance to businesses with GARs of \$1.0 million or less was consistent with the percentage of businesses in 2019. A substantial majority of the bank's 2020 and 2021 small business lending activity consisted of PPP loans. Banks were not required to collect revenue information for PPP loans, and as such, the bank did not collect borrower revenue on PPP loans in 2020 and 2021, skewing the percentage of loans to businesses with GARs of \$1.0 million or less in those years. Of the small business loans that had collected revenue data, the bank made 78.8 and 81.3 percent to businesses with GARs of \$1.0 million or less, which is reasonable compared to demographics.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	87.6	22	88.0	2,704	92.8
2020	89.3	26	10.5	3,489	18.3
2021	89.2	13	6.4	2,575	17.7
>\$1,000,000					
2019	4.9	3	12.0	210	7.2
2020	4.0	7	2.8	1,835	9.6
2021	3.4	3	1.5	657	4.5
Revenue Not Available					
2019	7.5	0	0.0	0	0.0
2020	6.6	214	86.6	13,704	72.0
2021	7.4	187	92.1	11,341	77.8
Totals					
2019	100.0	25	100.0	2,914	100.0
2020	100.0	247	100.0	19,028	100.0
2021	100.0	203	100.0	14,573	100.0
<i>Source 2019, 2020, & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

The bank did not receive any CRA-related complaints since its prior CRA evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

TMB's community development performance demonstrates satisfactory responsiveness to community development needs in the assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Community Development Loans

The bank originated 58 community development loans totaling \$7.9 million during the evaluation period, which represents 1.6 percent of average total assets and 2.0 percent of average total loans. The majority of the bank's community development loans were PPP loans that helped stabilize low- or moderate-income geographies. The bank's community development lending increased since the prior evaluation when the bank made five community development loans totaling \$2.7 million.

TMB’s community development loan totals and ratios are comparable to similarly situated institutions.

Of the 58 community development loans, 21 loans totaling \$1.8 million benefitted a broader statewide area that includes the assessment area. The following table illustrates community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (Partial)	1	400	1	75	0	0	0	0	2	475
2020	1	278	3	3,041	0	0	22	1,339	26	4,658
2021	1	625	3	847	0	0	26	1,299	30	2,771
YTD 2022	0	0	0	0	0	0	0	0	0	0
Total	3	1,303	7	3,963	0	0	48	2,638	58	7,904

Source Bank Data

Below are notable examples of community development loans.

- In response to the COVID-19 pandemic, the bank originated PPP loans in the assessment area and the broader statewide area in 2020 and 2021. PPP loans helped businesses retain staff and continue operations during the economic crisis caused by the pandemic. The bank originated 48 community development loans under the PPP that helped stabilize low- and moderate-income geographies through business retention. Of this total, 30 PPP loans totaling approximately \$2.1 million directly benefitted the assessment area and 18 PPP loans totaling approximately \$493,000 benefitted businesses in the broader statewide area that includes the assessment area.
- The bank originated three loans totaling \$3.7 million to a non-profit organization during the evaluation period. The non-profit provides mental health and addiction recovery programs throughout the assessment area and primarily receives funding through state and federal grants. The majority of its clients are from low- or moderate-income families. These loans have a primary purpose of supporting community services targeted to low- and moderate-income individuals.

As noted in the *Credit and Community Development Needs and Opportunities* section, community services and affordable housing represent the area’s greatest community development needs and opportunities. Furthermore, PPP loans were responsive to the significant needs of small businesses during the COVID-19 pandemic. The bank’s community development lending reflects good responsiveness to the assessment area needs and opportunities.

Qualified Investments

TMB made qualified investments totaling approximately \$347,000, which was higher than the dollar amount of qualified investment activity from the prior evaluation period. The bank’s investment activity includes one prior period investment with a book value of \$112,000 and 102

grants and donations totaling \$235,000. Total qualified investment activity represents 0.1 percent of average total assets and 0.8 percent of average total securities. The bank's qualified investments and donations primarily benefitted community services and affordable housing initiatives, which was responsive to assessment area needs and opportunities. The bank's qualified investment totals and ratios were similar to similarly situated institutions, although in some cases the bank's performance was below that of comparable institutions.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Prior Period	1	112	0	0	0	0	0	0	1	112
2019 (Partial)	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
YTD 2022	0	0	0	0	0	0	0	0	0	0
Subtotal	1	112	0	0	0	0	0	0	1	112
Grants & Donations	4	6	93	198	2	25	3	6	102	235
Total	5	118	93	198	2	25	3	6	103	347

Source Bank Data

Below are notable examples of the bank's qualified investments and donations.

- The bank maintains a prior period investment in the Housing Development Fund (HDF) with a book value of \$112,000. HDF is a Community Development Financial Institution dedicated to the development of affordable rental and homeownership opportunities for low- and moderate-income individuals in Connecticut. The investment has a primary purpose of affordable housing targeted to low- and moderate-income individuals.
- The bank donated \$9,100 during the evaluation period to a nonprofit organization that provides food and shelter to the homeless. The donations have a primary purpose of supporting community services targeted to low-income individuals.

The bank's investments were responsive to the assessment area's needs for community services for low- and moderate-income individuals and affordable housing.

Community Development Services

During the evaluation period, bank employees and trustees provided 94 instances of financial or technical assistance. Most of the community development services benefitted organizations that provide community services to low- and moderate-income individuals, which reflects good responsiveness to area needs and opportunities. The bank's community development services almost doubled since the prior evaluation period, when the bank provided 48 community development services. TMB provided a comparable level of community development services as similarly situated institutions. The following table illustrates the bank's community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (Partial)	4	23	5	1	33
2020	2	17	5	1	25
2021	6	27	3	0	36
YTD 2022	0	0	0	0	0
Total	12	67	13	2	94
<i>Source Bank Data</i>					

The following are notable examples of the bank's community development services.

- *Beth-El Center* – A trustee, vice president, and employee served in leadership roles consistent with their financial expertise for this nonprofit organization during the evaluation period. Bank representatives served on the Board, Investment Committee, and Board Advisory Committee. This organization provides community services including shelter and food for low-income individuals in need in the greater Milford area.
- *Keeping Milford Warm* – A trustee serves as president and on the Board of this nonprofit community service program that raises money to purchase heat for families and individuals in need. This donation supported community services for low- and moderate-income families and individuals in the assessment area.
- *Sterling House Community Center* – An executive vice president and vice president served in leadership roles consistent with their financial expertise for this community center. Bank representatives served on the Board and on leadership committees. The center provides community services to primarily low- and moderate-income individuals through its food pantry, preschool, and other youth activities.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

GLOSSARY

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 metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, 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 do 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; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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 metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.



**STATE OF CONNECTICUT
DEPARTMENT OF BANKING**

**COMMUNITY REINVESTMENT
PERFORMANCE EVALUATION**

The Milford Bank
Certificate Number: 16101

33 Broad Street
Milford, Connecticut

Date of Examination: February 7, 2022

Examiner-in-Charge: Laura DiMeola

THIS CRA EVALUATION IS AVAILABLE FOR PUBLIC REVIEW AND COMMENT

This evaluation reflects the Banking Commissioner's assessment pursuant to Connecticut General Statutes §36a-30 of the performance of this bank in helping to meet the credit needs of its local communities, 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 herein does not represent an analysis, conclusion, or opinion of the State of Connecticut Department of Banking concerning the safety and soundness of this financial institution.

**JORGE L. PEREZ
BANKING COMMISSIONER**

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GENERAL INFORMATION

Connecticut General Statutes (C.G.S.) §36a-30(3)(b) Connecticut Community Reinvestment (CRA) requires the Banking Commissioner to assess the record of each bank in satisfying its continuing and affirmative obligations to help meet the credit needs of its local communities, including low- and moderate-income neighborhoods, consistent with safe and sound operations of such banks. Upon conclusion of such assessment, the Commissioner shall prepare a written evaluation of the bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods.

This document reflects an evaluation of the CRA performance of The Milford Bank prepared by the Connecticut Department of Banking as of February 7, 2022. This agency rates CRA performance of state-chartered banks, under its supervision, consistent with the provisions set forth in C.G.S. §36a-32(a).

This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Connecticut Department of Banking concerning the safety and soundness of this financial institution.

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Lending Test

The Lending Test is rated Satisfactory.

- The loan deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending activities are in the institution's assessment areas.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels and businesses of different sizes.
- The Milford Bank did not receive any written complaints regarding the bank's CRA performance during the review period; therefore, this criterion did not affect the Lending Test rating.

Community Development Test

The Community Development Test is rated Satisfactory.

The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment area(s) through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Connecticut Statutory Provisions

- The bank provides programs to assist unemployed and underemployed delinquent residential mortgage borrowers to help prevent foreclosure.
- The bank regularly offers escrow accounts pursuant to Connecticut General Statutes §47a-21(h) to facilitate landlord/tenant security deposit transactions.
- Neither the bank nor the Commissioner received any CRA-related complaints during the evaluation period.

Discriminatory or Other Illegal Credit Practices

- Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

DESCRIPTION OF THE INSTITUTION

Background

The Milford Bank (TMB) is a state-chartered mutual savings bank headquartered in Milford, Connecticut. The bank operates in portions of New Haven and Fairfield Counties. The bank wholly owns four subsidiaries:

- Depot Street Realty Holding Company, Inc., a real estate holding company
- Milford Investment Services, Inc., provider of non-deposit investment products and services through Infinex Financial Group.
- TMB Mortgage Company, a passive investment company
- TMB Insurance Solutions, an insurance subsidiary

The bank's insurance subsidiary was established in 2020. The insurance subsidiary was established to offer property, casualty, and liability insurance products to the bank's consumer and business customers. None of the bank's subsidiaries offer retail lending products. TMB also operates TMB Foundation, Inc., a charitable foundation formed to provide financial support to not-for-profit organizations helping individuals and community organizations in Milford and Stratford.

The institution received a "Satisfactory" rating at its prior FDIC Performance Evaluation dated June 10, 2019, based on Interagency Intermediate Small Institution Examination Procedures.

Operations

Including its main office located at 33 Broad Street, TMB operates six full-service branches, five in Milford and one in Stratford. All branches have 24-hour deposit taking automated teller machines (ATMs), and drive-up teller services. Customers using the main office have access to drive-up teller services and a drive-up ATM at a remote facility located directly across the street at 119 High Street. On November 22, 2019, the bank ceased operating the ATM located in Milford Hospital. This ATM did not accept deposits. TMB continues to participate in the Allpoint ATM Network, which provides customers surcharge-free access to thousands of ATMs globally. Additionally, the bank participates in various other ATM networks, including NYCE, Cirrus, and Visa, which also increase customers access to bank services.

The bank's main office and two of its four Milford branches are located in upper-income census tracts. The remote facility located at 119 High Street Milford is also located in an upper-income census tract. The remaining two Milford branches and the Stratford branch are in middle-income census tracts. TMB also operates a commercial loan production office (LPO) at 142 Temple Street, New Haven. This LPO is located in a middle-income census tract. No offices have been opened, closed, or relocated since the previous evaluation.

TMB emphasizes residential mortgage lending but offers loan and deposit products and services for both consumers and businesses. Consumer loan products include residential mortgages, residential construction loans, home improvement loans, home equity loans and lines of credit, secured and unsecured personal loans, and overdraft protection. The bank also offers a variety of loan products for businesses including commercial real estate loans, commercial construction loans, condominium association loans, commercial term loans, commercial lines of credit, demand loans, and letters of credit.

The bank offers a limited number of flexible lending programs to increase access to credit within its assessment area. TMB offers a proprietary first-time homebuyer program which includes lower down payment requirements, reduced interest rates, and closing cost credits. The bank is also a

United States Small Business Administration (SBA) lender, increasing access to credit for the area's small businesses. During 2020, TMB participated in the SBA's Paycheck Protection Loan Program, which increased access to credit for the area's small businesses to help meet payroll and other operating expenses during the COVID-19 pandemic.

The bank provides a variety of deposit services for consumers and businesses, including checking, savings, money market, certificates of deposit, and individual retirement accounts.

Ability and Capacity

According to the December 31, 2021 Report of Condition and Income (Call Report), TMB had total assets of \$542.7 million including total loans of \$397.1 million and total securities of \$99.6 million. The bank reported total deposits of \$478.3 million. Since the previous evaluation, total assets increased 21.2%, while total loans grew 2.8%, and total securities more than quadrupled. Total deposits grew 40.4% over the same period.

According to the bank's Call Report, home mortgage loans make up the largest portion of the loan portfolio at 55.4%, which is consistent with the previous evaluation. Commercial real estate and commercial and industrial loans also represent significant products for the bank representing 36.6% of total loans. The following table details the composition of the loan portfolio.

Composition of the Loan Portfolio 12/31/2021		
Loan Category		
Construction and Land Development	19,735	5.0
Secured by 1-4 Family Residential Properties	202,559	51.0
Secured by Multifamily (5 or more units) Residential Properties	17,273	4.4
Secured by Commercial Real Estate	99,367	25.0
Total Real Estate Loans	338,934	85.4
Commercial and Industrial Loans	46,113	11.6
Consumer Loans	11,275	2.8
Other Loans	793	0.2
Total Loans.	397,115	100.0
<i>Source: Bank's September 30, 2021 CALL Report</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the bank's ability to help meet assessment area credit needs.

DESCRIPTION OF THE ASSESSMENT AREA

Section 36a-30(3)(c) of the Connecticut General Statutes requires each Connecticut bank to, in accordance with the provisions of the Federal CRA and without excluding low- and moderate-income neighborhoods, delineate one or more assessment areas in which it intends to focus its lending efforts. The Banking Commissioner uses these areas when evaluating the bank's CRA performance.

TMB designated a single contiguous assessment area in Connecticut that includes portions of the New Haven-Milford, CT MSA (New Haven MSA) and the Bridgeport-Stamford-Norwalk, CT MSA (Bridgeport MSA). The designated assessment area has not changed since the previous evaluation. The bank defined its assessment area in accordance with the technical requirements of the CRA regulation.

The CRA regulations require regulators to separately evaluate the bank's performance for each metropolitan area in which the institution maintains one or more domestic branches. Therefore, examiners evaluated the bank's performance in the New Haven MSA and Bridgeport MSA separately. The following sections discuss demographic and economic information of the combined assessment area.

Economic and Demographic Data

The bank's combined assessment area includes 38 census tracts encompassing the towns of Milford, Orange, and West Haven in New Haven County and Stratford in Fairfield County. New Haven County is in the New Haven-Milford, CT MSA while Fairfield County is in the Bridgeport-Stamford-Norwalk, MSA. The census tracts reflect the following income designations according to 2015 American Community Survey (ACS) data:

- 1 low-income
- 11 moderate-income
- 14 middle-income
- 12 upper-income

The area's low- and moderate-income census tracts are located in West Haven and Stratford. The area's moderate-income tracts are primarily centered in West Haven, which contains 7 or 63.6%. Stratford contains the area's one low-income tract and four of the area's moderate-income tracts. The assessment area contains three designated opportunity zones, two in West Haven and one in Stratford. These areas are identified with high economic needs and low median family incomes. Opportunity zones were created under the Tax Cuts and Jobs Acts of 2017 to encourage investments in distressed areas while providing tax benefits to investors. States nominate communities for the designation, and the U.S. Treasury Department certifies these nominations. Refer to the individual assessment area sections of this evaluation for additional detail.

The table on the following page includes key demographic characteristics of the combined assessment area.

Demographic Information of the Combined Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	38	2.6	28.9	36.8	31.6	0.0
Population by Geography	174,657	3.3	31.6	33.7	31.4	0.0
Housing Units by Geography	72,677	3.4	31.4	34.5	30.8	0.0
Owner-Occupied Units by Geography	48,306	2.5	23.1	38.1	36.3	0.0
Occupied Rental Units by Geography	18,675	4.8	51.3	26.0	18.0	0.0
Vacant Units by Geography	5,696	6.6	36.5	31.4	25.4	0.0
Businesses by Geography	18,940	3.9	23.2	33.9	39.0	0.0
Farms by Geography	444	3.4	25.7	30.0	41.0	0.0
Family Distribution by Income Level	43,313	23.2	17.2	20.1	39.5	0.0
Household Distribution by Income Level	66,981	26.2	15.6	16.9	41.4	0.0
Median Family Income MSA - 14860 Bridgeport-Stamford-Norwalk, CT MSA		\$105,628	Median Housing Value			\$258,856
Median Family Income MSA - 35300 New Haven-Milford, CT MSA		\$80,739	Median Gross Rent			\$1,212
			Families Below Poverty Level			6.3%
<i>Source: 2015 ACS and 2020 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Median Family Income (MFI)

Examiners used the 2019 and 2020 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. Annually, the FFIEC adjusts the median family incomes for MSAs and non-MSA areas within each state. The FFIEC adjusts median family income levels based on changing economic conditions and other factors. The following table presents income ranges for the low-, moderate-, middle-, and upper-income categories in 2019 and 2020 in each MSA using the FFIEC adjusted median family income levels.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Bridgeport-Stamford-Norwalk, CT MSA Median Family Income (14860)				
2019 (\$119,000)	<\$59,500	\$59,500 to <\$95,200	\$95,200 to <\$142,800	≥\$142,800
2020 (\$119,500)	<\$59,750	\$59,750 to <\$95,600	\$95,600 to <\$143,400	≥\$143,400
New Haven-Milford, CT MSA Median Family Income (35300)				
2019 (\$90,700)	<\$45,350	\$45,350 to <\$72,560	\$72,560 to <\$108,840	≥\$108,840
2020 (\$91,800)	<\$45,900	\$45,900 to <\$73,440	\$73,440 to <\$110,160	≥\$110,160
<i>Source: FFIEC</i>				

Population

According to the 2015 ACS, the combined assessment area has a total population of 174,657, which included 43,313 households that are families. Of the area's families, 23.2% are low-income and 17.2% are moderate-income. Approximately 6.3% of all area families and 27.3% of low-income families report incomes below the poverty level. The area's high concentration of low-income families with incomes below the poverty level further challenges lenders to be able to extend home mortgage loans to this group.

Housing

According to the 2015 ACS, there are 72,677 housing units within the combined assessment area. Of these, 66.5% are owner-occupied, 25.7% are occupied rentals, and 7.8% are vacant. The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. The level of owner-occupied housing units is used as an indication of lenders' opportunities to originate home mortgage loans. Lending opportunities in low-income tracts appear limited given that only 2.5% of the area's owner-occupied properties are in these tracts. Approximately, 23.1% of the area's owner-occupied properties are in moderate-income tracts indicating an increased opportunity to originate home mortgage loans in these geographies.

Housing is more affordable in the combined assessment area than housing cost for Connecticut as a whole. The median housing value for in the combined assessment area is \$275,567, compared to \$296,500 for Connecticut. However, it is worth noting that a substantial difference exists in the median housing values in the two MSAs comprising the assessment area. The median housing value in the Bridgeport MSA at \$581,785, which is more than twice the median home value in the New Haven MSA and in the state. The median family income ranges for low- and moderate-income families in the Bridgeport MSA in relation to the area's median housing value indicates that homeownership is likely out of reach for these families and makes it challenging for lenders to extend loans to these groups.

Housing is generally more affordable in the New Haven MSA, which is where most of the bank's assessment area is located. The median housing value for the New Haven MSA is \$268,633. Although housing costs appear substantially more affordable in this portion of the assessment area, the median home value is nearly six times the median family income level for low-income families, challenging this group to qualify for a home mortgage loan even under flexible lending programs. Some moderate-income families seeking to purchase homes in the New Haven MSA may also be challenged to purchase homes since the median housing value is nearly four times the maximum income level for this group. High housing cost in relation to income levels of low- and moderate-income individuals and families will challenge lenders to reasonably originate home mortgage loans to these borrowers.

Unemployment

According to the U.S. Bureau of Labor Statistics, the 2020 average annual unemployment rate was 8.0% in New Haven County and 7.9% in Fairfield County. In comparison, the rate was 7.9% statewide and 8.1% nationally. Unemployment rates rose sharply in April 2020 due to the COVID-19 pandemic and stay-at-home orders for non-essential workers. Unemployment rates during 2021 in Connecticut and the U.S. began to decline as businesses resumed operations. Rates in both New Haven County and Fairfield County trended similarly to state and national rates. Although declining, the unemployment rate in New Haven County remains above both the state and national levels, which is consistent with historical patterns.

The following table presents annual and current unemployment rates for the assessment area counties, Connecticut, and U.S. during the review period.

Unemployment Rates			
Area	2019	2020	December 2021
New Haven County	3.8	8.0	4.7
Fairfield County	3.5	7.9	4.3
Connecticut	3.6	7.9	4.4
United States	3.7	8.1	3.7

Business Demographics

According to 2020 Dun and Bradstreet (D&B) data, there were 18,940 non-farm businesses operating in the combined assessment area. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. The distribution of these businesses by GAR category is shown below. Most businesses operating in the assessment area meet the definition of small businesses for purposes of the CRA regulations.

- 89.3% have \$1 million or less;
- 4.0% have more than \$1 million;
- 6.6% revenues not reported

The Geographic Distribution criterion also compares the bank’s small business loans to the distribution of businesses by tract income level. Approximately 3.9% of the area’s nonfarm businesses operate in low-income census tracts and nearly 23.2% operate in moderate-income census tracts. The service industry at 36.4% represent the largest portion of businesses operating in the area, followed by non-classifiable establishments at 22.3%, and retail trade at 11.4%.

Competition

TMB operates in a competitive market for financial products and services. According to the June 30, 2021 FDIC Deposit Market Share Report, ten financial institutions operated 43 full-service branches in the assessment area. People’s United Bank, National Association ranked 1st with 11 branches and captured nearly 32.0% of the market. TMB ranked 4th with a 9.4% market share.

There is also a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. During 2019, 265 lenders reported originating or purchasing 5,201 home mortgage loans in the bank’s combined assessment area. TMB ranked 13th with a 2.5% market share among these lenders. The top lenders in the market were large national banks and national mortgage companies. The top five lenders included Wells Fargo Bank, National Association, Peoples United Bank, National Association, Quicken Loans, Total Mortgage Services LLC, and JP Morgan Chase Bank, National Association. Together, these institutions captured 23.6% of the market by number of loans.

The number of lenders reporting activity in the combined assessment area during 2020 increased to 307. These lenders reported originating or purchasing 7,586 home mortgage loans in the area. Although the number of lenders reporting activity increased, TMB’s ranking remained unchanged. TMB again ranked 13th with a 2.3% market share. Lenders dominating the market continued to primarily consist of large national banks and national mortgage companies. However, Sikorsky

Financial Credit Union, a state-chartered community credit union, increased its mortgage lending activities, ranking 5th out of lenders reporting activity in the area. The other four lenders were Quicken Loans, LLC, Wells Fargo Bank, National Association, Total Mortgage Services, LLC, and Citizens Bank, National Association. In the aggregate, the top five lenders captured 25.0% of the market by number of loans.

The combined assessment area is also competitive for small business loans. During 2019, 160 lenders reported originating or purchasing 55,697 small business loans in the counties where the bank's assessment area is located. The top five lenders were American Express National Bank, JP Morgan Chase Bank, National Association, Bank of America National Association, Citibank, National Association, and Capital One Bank (USA), National Association. These lenders dominated the market by capturing a combined 63.5% market share. Each of these lenders offer commercial credit cards.

The number of lenders active in the area increased to 252 in 2020. These lenders reported originating or purchasing 66,678 small business loans in the counties where the bank's assessment area is located. The market continued to be primarily dominated by large national and regional banks. The top five lenders were American Express National Bank, Bank of America National Association, Peoples United Bank, National Association, JP Morgan Chase Bank, National Association, and Webster Bank, National Association. In the aggregate these lenders captured 48.8% of the small business loan market by number of loans.

As an ISB, TMB is not required to collect and report the bank's small business loan data. Therefore, the bank's activities are not included in aggregate market data. Examiners did not compare the bank's small business lending performance to the aggregate market. Instead TMB's small business lending performance was compared to D&B business demographic data for the applicable area.

Community Contact

As part of the evaluation process, examiners contact third parties active within the institution's assessment areas to identify credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs and helps to identify available opportunities in the areas. Examiners were unable to solicit an interview with a contact. Therefore, examiners primarily relied on available economic and demographic information about the assessment areas to identify the needs and opportunities in the areas.

Credit and Community Development Needs and Opportunities

Considering information from bank management, and demographic and economic data, examiners determined that affordable housing and small businesses loans are the primary needs of these assessment areas. Further, the high poverty level among low-income families suggests a need for community services to support organizations that provide social services to help meet the basic needs of these families.

West Haven and Stratford represent communities with the greatest community development needs and opportunities during the evaluation period. Homelessness, unemployment, and wealth gaps reflect a significant need for affordable housing for low- and moderate-income residents, and community services for low- and moderate-income individuals and families. In addition, support for small businesses and economic development is also a critical need in these municipalities.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior FDIC evaluation dated June 10, 2019 to the current evaluation dated February 7, 2022. An evaluation of TMB's compliance with C.G.S. §36a-32 Connecticut *Community Reinvestment Statute* was conducted by representatives of the State of Connecticut Department of Banking. Examiners used the Federal Financial Institution Examination Council's (FFIEC) Interagency Intermediate Small Bank CRA Examination Procedures to evaluate the bank's CRA performance. As described in *Appendix A* of this evaluation, these procedures include two tests: the Small Institution Lending Test and the Community Development Test. An intermediate small bank must achieve at least a satisfactory rating for each test to obtain an overall satisfactory rating.

C.G.S. §36a-32 also requires examiners to evaluate the following:

- The bank's efforts to work with unemployed and underemployed delinquent residential mortgage customers to facilitate a resolution of the delinquency;
- The bank's record of offering escrow accounts for purposes of compliance with C.G.S. §47a-21(h) (Rental Security Deposits); and
- The bank's response to written CRA complaints received by the bank and the Banking Commissioner.

In conducting this evaluation, examiners relied on information provided by the bank, public loan and financial information including home mortgage lending data reported pursuant to the Home Mortgage Disclosure Act (HMDA), and small business lending data provided by the bank. Examiners also compared the bank's lending against demographic and economic data from the 2015 ACS, United States Bureau of Labor Statistics (U.S. BLS), and D&B. Financial data used in this evaluation was obtained from the bank's December 31, 2021 Report of Condition and Income (Call Report).

An institution's performance under the CRA regulations is evaluated in the context of information about the institution, its community, and its competitors. Examiners reviewed demographic data and economic conditions, the institution's major product lines and business strategy and its financial condition, capacity, and ability to lend and/or invest in its communities. The bank's performance is assessed in the context of community credit needs and opportunities, as well as the institution's ability to respond to those needs within safe and sound banking practices.

Activities Reviewed

Examiners determined the bank's major product lines are home mortgage loans and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line; therefore, they are not presented, as they provide no material support for conclusions or ratings.

This evaluation considered all home mortgage loans reported on the bank's 2019 and 2020 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank reported 187 home mortgage loans totaling \$40.1 million in 2019 and 243 home mortgage loans totaling \$56.0 million in 2020. Examiners compared the bank's performance to 2019 and 2020 aggregate data and the 2015 American Community Survey (ACS) demographic data.

As an ISB, TMB is not required to collect or report the bank’s small business loan data. However, the bank voluntarily collected small business loan data. Examiners analyzed small business loan originations from January 1, 2019 through December 31, 2020 collected by the bank. The CRA defines small business loans as commercial real estate and commercial and industrial loans with original balances of \$1.0 million or less. The bank originated 53 small business loans totaling \$12.9 million in 2019 and 316 small business loans totaling \$28.2 million in 2020. Of the 2020 small business loans, 274 were made under the Small Business Administration’s Paycheck Protection Program (PPP) and totaled approximately \$19.4 million. Examiners presented small business lending data for both 2019 and 2020. Given the significant increase in small business lending in 2020, examiners presented 2019 data to reflect the bank’s performance over the evaluation period more accurately.

For the Lending Test, examiners considered the number and dollar volume of home mortgage loans and small business loans. Although number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses served. Due to the comparable number of loans originated and/or purchased by TMB, examiners placed equal weight on the bank’s home mortgage and small business lending performance during this review period.

For the Community Development Test, management provided data on community development loans, qualified investments, and community development services since the prior FDIC CRA evaluation dated June 10, 2019.

Assessment Area Reviewed

Within this evaluation, examiners first present the bank’s performance in the New Haven MSA assessment area and Bridgeport MSA assessment area combined. Examiners then present the bank’s performance in the New Haven MSA assessment area and the Bridgeport MSA assessment areas separately.

Examiners evaluate a bank’s lending data, deposit volume, and number of branches to determine which areas will receive the most weight in assigning overall ratings. For this evaluation, the New Haven MSA had the highest loan volume, deposits, and branches. Therefore, examiners assigned the greatest weight to TMB’s performance in this portion of the assessment area. Both assessment areas received full-scope reviews. The following table details the distribution of TMB’s home mortgage loans, small business loans, deposits, and branches by MSA.

Distribution of Branches, Deposits, Loans								
Assessment Area	Home Mortgage Loans		Small Business Loans		Deposits		Branches	
New Haven-Milford, CT MSA	278	90.6	247	86.1	428,363	92.1	5	83.3
Bridgeport-Stamford-Norwalk, CT MSA	29	9.4	40	13.9	36,584	7.9	1	16.7
Total	307	100.0	287	100.0	464,947	100.0	6	100.0
<i>Source: FDIC Summary of Deposits (6/30/2021); 2019 and 2020 HMDA LARs, and Bank Internal Records</i>								

**CONCLUSIONS ON PERFORMANCE CRITERIA
COMBINED ASSESSMENT AREA**

LENDING TEST

TMB demonstrated reasonable performance under the Lending Test. The bank's more than reasonable Loan-to-Deposit Ratio, reasonable Assessment Area Concentration, and Borrower Profile criteria primarily support this conclusion.

Loan-to-Deposit Ratio (LTD)

TMB's net LTD ratio is more than reasonable given the bank's size, financial condition, assessment area credit needs, and other lending activities.

The average net loan-to-deposit ratio of 97.3% was calculated using Call Report data from 11 quarters occurring from June 30, 2019 through December 31, 2021. Quarterly net loan-to-deposit ratios ranged from a high of 107.8% on December 31, 2019 to a low of 82.1% as of December 31, 2021. Since the previous evaluation, the bank's net loan-to-deposit ratio generally declined due to deposit growth outpacing the increase in net loans. During this evaluation period, total deposits grew 35.1%, while net loans increased 3.6%.

Examiners compared TMB's average net LTD ratio to three similarly situated financial institutions based on their asset size, geographic location, and lending focus. The bank's LTD ratio exceeded those of two of these similarly situated institutions. The following table shows TMB's ratio for the evaluation period is higher than two of the three similarly situated banks.

The Milford Bank Loan-to-Deposit Ratio			
	Total Assets	Average Net LTD Ratio	Net Loan Deposit 12/31/2021
The Milford Bank	542,721	97.3	82.1
Essex Savings Bank	557,297	78.7	64.7
The First Bank of Greenwich	590,696	106.8	96.7
Guilford Savings Bank	1,024,726	88.6	77.5

Assessment Area Concentration

TMB originated a majority of the bank's home mortgage and small business loans, by number and dollar within the assessment area. TMB originated and/or purchased 71.4% of home mortgage loans and 77.8% of small business loans by number within the combined assessment area. The bank also extended 63.6% of home mortgage dollars and 54.7% of small business loan dollars to residents and businesses in the assessment area. The table on the following page details the bank's lending inside and outside the assessment area.

The Milford Bank 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										
2019	132	70.6	55	29.4	187	25,539	63.7	14,574	36.3	40,113
2020	175	72.0	68	28.0	243	35,640	63.6	20,386	36.4	56,026
Subtotal	307	71.4	123	28.6	430	61,179	63.6	34,960	36.4	96,139
Small Business										
2019	26	49.1	27	50.9	53	2,929	22.7	9,982	77.3	12,911
2020	261	82.6	55	17.4	316	19,577	69.4	8,648	30.6	28,225
Subtotal	287	77.8	82	22.2	369	22,506	54.7	18,630	45.3	41,136
Total	594	74.3	205	25.7	799	83,685	61.0	53,590	39.1	137,275
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

Overall, TMB extended a majority of its small business loans in the assessment area. However, in 2019 the bank extended less than a majority of its small business loans by number and dollar volume inside the assessment area. This performance was somewhat mitigated by the increased small business lending inside the assessment area during 2020. As previously mentioned, examiners primarily focused on the bank's performance by the number of loans as this better indicates the number of individuals and businesses served.

TMB consistently originated a majority of the bank's home mortgage loans by both number and dollar within the assessment area during each year of the evaluation period.

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable small business loan distribution in the New Haven MSA primarily supports this conclusion. TMB's reasonable small business lending during 2019 and the increased number of loans year-over-year supports examiner conclusions. The home mortgage lending performance reflects poor dispersion throughout the assessment areas. Conclusions regarding the bank's performance under this criterion were consistent between the two MSAs within the assessment area.

Borrower Profile

The distribution of loans to borrowers reflects, given the demographics of the assessment areas, excellent penetration among businesses of different sizes and reasonable distribution among borrowers of different income levels, including those with low- and moderate-income levels. Conclusions regarding the bank's performance are consistent throughout the assessment areas. Refer to the *Borrower Profile* sections of each assessment area for a discussion of the bank's performance.

Response to Complaints

Neither the Banking Commissioner nor the bank received any written complaints concerning the bank's CRA performance since the previous evaluation.

COMMUNITY DEVELOPMENT TEST

TMB demonstrated reasonable performance under the Community Development Test in the combined assessment area. This is primarily supported by the bank's reasonable community development lending and qualified investments. The bank also had an excellent volume of community development services. The bank responded to the primary community development needs in its assessment area through its extension of community development loans, qualified investments, and community development services. This conclusion was primarily based upon the bank's community development performance in the New Haven MSA a majority of its activities occurred in this area. The bank had limited community development activities in the Bridgeport MSA. Examiners considered the bank's size, capacity, and the need for and availability of community development opportunities in the institution's assessment area.

Community Development Loans

The bank made a reasonable volume of community development loans in its combined assessment area during the evaluation period. TMB originated ten community development loans, totaling approximately \$5.3 million. Since the last evaluation, both the number and dollar amount of community development loans increased by five loans and \$2.5 million. TMB's community development loans represent 1.3% of average total loans and 1.1% of average total assets as of December 31, 2021, which is also a notable increase since the previous evaluation, in which those percentages were 0.7% and 0.6%, respectively.

TMB's community development loans addressed the needs of affordable housing, community services, and revitalization and stabilization. The majority of the loans, by number, addressed affordable housing, which was a primary need in the assessment area. One PPP loan in the amount of \$2.2 million represented the highest amount of community development dollars, which addressed the vital need for revitalization and stabilization during the COVID-19 pandemic.

The majority of TMB's community development lending was in the New Haven MSA portion of its assessment area. This is not unexpected since most of the bank's activities occur in this MSA. The bank also originated three statewide community development loans, two that supported affordable housing units for low- and moderate-income individuals in New Haven County and one to a non-profit community service organization that works statewide but which benefits both portions of the bank's assessment area. Since the bank addressed the needs of its assessment area, it was also given credit for a loan originated outside of the assessment area in Hartford County that supported affordable housing units for low- and moderate-income individuals and families.

Although the bank had a sizeable increase in the number and dollar amount of community development loans, TMB lagged behind other local similarly situated institutions in community development lending. Similarly situated institutions to TMB in size and capacity committed a higher percentage of average total loans and average total assets to community development lending than TMB.

The table on the following page shows the banks community development lending activity by number and dollar amount in the combined assessment area.

The Milford Bank Community Development Loans Combined Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
New Haven- Milford, CT MSA	3	225	2	1,500	0	0	1	2,216	6	3,941
Bridgeport- Stamford-Norwalk, CT MSA	0	0	0	0	0	0	0	0	0	0
Statewide	2	1,025	1	22	0	0	0	0	3	1,047
Outside of Assessment Area	1	278	0	0	0	0	0	0	1	278
Total	6	1,528	3	1,522	0	0	1	2,216	10	5,266

Source: Bank Records

Below are notable examples of the bank’s statewide community development loans. Examples of community development loans directly benefitting the individual MSAs are detailed in each MSA section of this evaluation:

- In 2019, the bank originated a \$400,000 loan to a company maintaining a mixed-use property containing five three-bedroom apartment units in New Haven. The rents for these units were below the fair market rate for the area, increasing affordability for low- and moderate-income renters.
- In 2021, the bank originated a \$625,000 loan to a company maintaining two apartment buildings containing 12 apartment units with rents below the fair market rates for the area, increasing affordability to low- and moderate-income residents.
- In 2021, TMB extended a \$21,500 loan to a non-profit community organization that provides services to low- and moderate- income individuals and families throughout Connecticut by providing food and other items necessary for living. Proceeds of the loan was used to fund the purchase of a van used to support the operation of the organization’s food pantry.

Qualified Investments

During the evaluation period, TMB made a reasonable level of qualified investments, grants, and donations that supported numerous community and charitable organizations in its combined assessment area, as well as on a regional and statewide basis. The bank maintained a prior period equity investment in a housing organization that provides greater access to homeownership for low- and moderate-income borrowers in Fairfield County. That equity investment has a current

book balance of approximately \$133,000. No new equity investments were made during the evaluation period. The bank and its charitable foundation also together made 88 grants and donations totaling approximately \$187,000 to various community organizations serving the assessment area.

Total Investments, donations, and grants represent less than 0.1 % of the bank's average total assets, which is comparable to the last evaluation. Equity investments are 0.4% of average total securities, and grants and donations are 19.1% of average net income.

Of the bank's 89 total investments, grants and donations, the majority supported community services for low- and moderate-income individuals and families and small businesses in the bank's assessment area and on a statewide and regional basis. Other grants supported affordable housing, economic development, and revitalization and stabilization. The bank helped to address the primary needs of its assessment area through its investments, donations, and grants. The bank also had statewide and regional grants and donations that benefitted areas outside of its assessment area, but still also benefitted its own assessment area. During the evaluation period, examiners also considered one bank donation outside of its assessment area, as the bank was responsive to the needs within its assessment area.

Total qualified equity investments, grants and donations decreased in number as the bank made 114 qualified donations during the last evaluation. However, it is notable that the total dollars donated increased by \$128,000.

In comparison to other local similarly situated institutions, the bank appeared to have a reasonable amount by number. However, it is notable the bank exceeded several other local institutions in its total dollar amount of investments, grants, and donations, including an institution that was larger than it in asset size and resources.

The table on the following page shows the bank's qualified investments, grants, and donations that benefitted the bank's combined assessment area.

The Milford Bank Qualified Investments, Donations, and Grants Combined Assessment Area										
	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Investments										
Prior Period Investments	1	133	0	0	0	0	0	0	1	133
Subtotal	1	133	0	0	0	0	0	0	1	133
Grants and Donations										
New Haven MSA	2	3	53	121	0	0	3	6	58	130
Bridgeport MSA	0	0	15	15	0	0	0	0	15	15
Statewide	2	4	9	10	1	25	0	0	12	39
Regional	0	0	2	2	0	0	0	0	2	2
Outside of AA	0	0	0	0	1	1	0	0	1	1
Subtotal	4	7	79	148	2	26	3	6	88	187
Total	5	140	79	148	2	26	3	6	89	320
<i>Source: Bank Records</i>										

Below are notable examples of the bank’s statewide and regional qualified investments, including grants and donations, benefitting the combined assessment area. Qualified investments specific to the individual MSAs are detailed in the individual MSA sections of this evaluation:

- In 2020 and 2021, the bank’s foundation made a grant to an affordable housing organization that was used to match funds for a HUD supportive housing grant to subsidize affordable housing benefitting various cities in Connecticut, including both portions of the bank’s assessment area.
- During 2019 and 2020, the bank made donations to a food pantry that helps to combat food instability by bringing food to people located in food deserts where quality food and fresh produce are unavailable in various parts of Connecticut, including portions of the bank’s assessment area.
- In 2020 and 2021, the bank made donations to a regional organization that provides free camp experiences to young people who have experienced life-altering burn injuries. The camp helps children to cope with their injuries. Over 76% of the children attending the camp are from low-income families.
- In 2021, the bank made a donation to an equity match grant program for an organization that assists women entrepreneurs and women-owned businesses across the state of Connecticut. The grant assists women in business by helping them receive one-on-one

technical assistance, as well as to help them add new product lines, purchase needed equipment, expand marketing, launch e-commerce spaces, and create new jobs.

Community Development Services

During the evaluation period, the bank provided an excellent number of community development services that benefitted low- and moderate-income individuals and families, and small businesses. These organizations help to serve the primary needs of the bank’s assessment area. Examples of community services provided by the bank are summarized below.

Employee/Officer/Trustee Community Service

TMB’s employees, officers, and trustees regularly provide technical assistance and financial and managerial expertise to numerous community organizations throughout the bank’s assessment area. During this evaluation period, the bank reported 104 instances of qualified community development services to various community organizations serving low- and moderate-income individuals and families and small businesses in its assessment area. Since the last evaluation, the bank increased its community services by 56 instances.

The bank also addressed the primary needs of its assessment area through its community development services. The majority of the bank’s community development services were geared towards community services to organizations serving low- and moderate-income individuals and families. Other community development services focused on organizations promoting affordable housing, economic development, and revitalization and stabilization.

The number of community development services offered by TMB substantially exceeded those offered by other local institutions of similar size or larger.

The following table details the bank’s community service activities in the combined assessment area during the review period.

The Milford Bank Community Development Services Combined Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
New Haven MSA	9	61	5	0	75
Bridgeport MSA	0	15	8	2	25
Statewide Activities	3	0	1	0	4
Total	12	76	14	2	104
<i>Source Bank Records</i>					

Statewide community development services include a trustee of the bank serving as an advisor and fundraiser for an organization that provides shelter for homeless individuals and eviction prevention services for public housing residents, promotes the development of affordable and supportive housing, and counseling services, addressing one of the primary needs of the assessment area of affordable housing. This organization benefitted a broader statewide area that included the bank’s assessment area. Services specific to community organizations that serve the individual

MSAs are detailed in the individual MSA sections of this evaluation.

Educational Seminars

An officer of the bank was also a panel member for a Hispanic Community Outreach program on October 27, 2021 that was sponsored by the Connecticut Department of Banking, Greater New Haven Chamber of Commerce, the Community Economic Development Fund, and Spanish American Merchant Association. The event provided the opportunity for Hispanic small business owners to connect with bankers and community leaders to learn about different bank products and services specifically for small businesses including funding sources and available loan programs to help support and build their businesses.

Banking Services

While the bank does not have any branches in low- or moderate-income tracts, the bank does offer ATMs with 24-hour access and drive-up teller services at all of its branch locations, which increases access to bank products and services to all of its customers, including low- and moderate-income customers and small businesses. TMB participates in the Allpoint, NYCE, Cirrus, and Visa ATM networks, which also increase customer access to some bank services, including in low- and moderate-income geographies where the bank does not operate a branch.

TMB also offers a variety of services to make banking more convenient for its customers that may not be able to access the bank's branches or ATMs. These services include personal and business online and mobile banking (including mobile deposit), telephone banking, bill pay, eStatements, online check ordering, and digital wallet services for customers to make contactless transactions using their debit card through services such as Apple Pay, Google Pay, and Samsung Pay. The bank offers Plinquit, which allows customers to connect their checking account to a special purpose savings account targeted for a specific goal (vacation, holiday, etc.). TMB also offers FutureFuel.io, a program that offers online personalized student loan debt management solutions. The bank also offers Notifi, which is a service in that allows customers to track account activity by providing text and e-mail alerts, including account balance, low balance, transactions, overdrafts, and insufficient funds alerts.

In addition to the aforementioned deposit services, the bank also offers credit services. Credit Sense is a free credit score and credit monitoring service. The second is Card Valet, which assists customers to manage their credit cards on the go with a mobile app in which they can see transactions in real time, turn payments on or off, set geographic boundaries where cards can be used, restrict card use, and set purchase limits.

TMB also offers other services to keep customers educated and informed. The bank has a financial learning center that contains an extensive library of personal and business financial resources, including financial calculators to assist customers in comparing mortgage products. Additionally, the bank uses its social media network and blog to give its customers access to news, local events, and news articles.

Other Community Services

COVID-19 Accommodations

In addition to its participation in the SBA Paycheck Protection Program, which was described earlier in this evaluation, the bank also granted loan modifications and forbearances on residential

and commercial loans to help mitigate the effects of the Covid-19 pandemic. The bank granted 49 commercial loan modifications, deferrals, and forbearances totaling approximately \$38.0 million. For details regarding residential forbearances and loan modifications, please see the *Additional Connecticut Statutory Provisions: Bank's Efforts to Work with Unemployed/Underemployed Delinquent Mortgage Customers to Prevent Foreclosure* section of this evaluation.

Other COVID-19 flexibilities provided to assist bank customers impacted by the pandemic include the following:

- Late fee waivers
- Overdraft fee waivers
- Early withdrawal penalties waivers for certificates of deposit
- Repayment agreements
- Suspension of credit reporting for late payments

Interest on Lawyers Trust Accounts (IOLTA) and Interest on Real Estate Trust (IORETA) Accounts

TMB offers Interest on Lawyers Trust Accounts (IOLTA) and Interest on Real Estate Trust Accounts (IORETA). The IOLTA program permits lawyers to deposit client funds into interest bearing accounts. The interest generated from the IOLTA accounts are donated to the Connecticut Bar Association to help fund legal services for low-income individuals. The IORETA program permits real estate brokers to deposit client funds into interest bearing accounts. The interest earned on these accounts is remitted to the Connecticut Housing Finance Authority (CHFA) to provide housing costs assistance for low- and moderate-income individual and families. During the evaluation period, the bank remitted \$12,367.61 in interest earned on IOLTA accounts and \$260.51 in interest earned on IORETA accounts.

DISCRIMINATORY OR ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the bank's overall rating.

METROPOLITAN STATISTICAL AREAS

NEW HAVEN MSA (FULL-SCOPE REVIEW)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW HAVEN MSA

TMB designated a portion of New Haven County as part of its assessment area. New Haven County is in the New Haven-Milford, CT MSA. This portion of the bank's assessment area includes the municipalities of Milford, Orange, and West Haven.

Operations

The bank operates five of its six full-service offices in the New Haven MSA. Each branch contains ATMs in this assessment area. The bank also operates a loan production office (LPO) in New Haven.

The New Haven CT MSA accounted for 83.3% of the bank's branches, 83.3% of deposit taking ATMs, 92.1% of total deposits, 90.6% of home mortgage loans, and 86.1% of small business loans. Therefore, examiners assigned the most weight to the bank's performance within this assessment area in arriving at the overall performance rating.

Economic and Demographic Data

The New Haven MSA portion of the bank's assessment area consists of 26 census tracts with the following income designations:

- 7 moderate-income tracts
- 7 middle-income tracts
- 12 upper-income tracts

The assessment area does not contain any low-income census tracts. All the area's moderate-income tracts are in the city of West Haven. The State of Connecticut designated West Haven as a distressed municipality pursuant to C.G.S. §32-9p, which defines a distressed municipality as having either high unemployment, high poverty, aging housing stock, and low or declining rates of growth in job creation, population, or per capita income. Additionally, census tracts 1541.00 and 1545.00 in West Haven have been designated as Low-Income Community Opportunity Zones.

The table on the following page includes select demographic characteristics of the New Haven MSA.

Demographic Information of the New Haven MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	26	0.0	26.9	26.9	46.2	0.0
Population by Geography	122,341	0.0	32.2	23.0	44.8	0.0
Housing Units by Geography	50,413	0.0	31.7	23.9	44.3	0.0
Owner-Occupied Units by Geography	31,765	0.0	20.1	24.6	55.3	0.0
Occupied Rental Units by Geography	14,502	0.0	54.8	22.1	23.1	0.0
Vacant Units by Geography	4,146	0.0	40.2	24.9	34.9	0.0
Businesses by Geography	13,584	0.0	22.5	23.1	54.4	0.0
Farms by Geography	321	0.0	24.9	18.4	56.7	0.0
Family Distribution by Income Level	29,517	20.2	15.8	19.0	45.1	0.0
Household Distribution by Income Level	46,267	23.1	14.9	15.9	46.1	0.0
Median Family Income MSA - 35300 New Haven-Milford, CT MSA		\$80,739	Median Housing Value			\$263,909
			Median Gross Rent			\$1,210
			Families Below Poverty Level			6.7%
Source: 2015 ACS and 2020 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

Median Family Income (MFI)

Examiners compared the distribution of the bank's home mortgage loans to the distribution of families by income level under the Borrower Profile criterion. Borrowers were designated as low-, moderate-, middle-, or upper-income using these adjusted MFI figures.

The following table shows the income ranges for low-, moderate-, middle-, and upper-income categories for the New Haven-Milford, CT MSA for 2019 and 2020.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
New Haven-Milford, CT MSA Median Family Income (35300)				
2019 (\$90,700)	<\$45,350	\$45,350 to <\$72,560	\$72,560 to <\$108,840	≥\$108,840
2020 (\$91,800)	<\$45,900	\$45,900 to <\$73,440	\$73,440 to <\$110,160	≥\$110,160
Source: FFIEC				

Population

According to the 2015 ACS, the total population of the assessment area is 122,341 including 29,517 families. Of these families, 20.2% are low-income, 15.8% are moderate-income, 19.0% are middle-income, and 45.1% are upper-income. Approximately 6.7% of all area families and 33.4% of low-income families are reported to have incomes below the federal poverty line. This group of

residents will be challenged to afford the costs of obtaining and sustaining home ownership even under flexible lending programs. This is likely to impact lenders' abilities to originate residential mortgage loans to this group.

Housing

There are 50,413 housing units in the assessment area. Of these, 63.0% are owner-occupied units, 28.8% are occupied rental units, and 8.2% are vacant properties. The Geographic Distribution criterion compares the bank's home mortgage loans to the distribution of owner-occupied housing units by census tract income level where the property is located. As reflected in the demographic table above, 20.1% of the area's owner-occupied housing units are in moderate-income tracts. This represents an adequate opportunity for lenders to originate home mortgage loans in these geographies. As previously mentioned, the New Haven MSA portion of the bank's assessment area does not contain any low-income tracts.

Housing is costly for the area's low- and moderate-income families. The area has a median housing value of \$285,240, which is higher than the median housing value for the New Haven MSA and only slightly lower than housing cost for Connecticut. The median housing value represents more than six times the top of the income range for low-income families and nearly four times that for moderate-income families. Given the high cost of area housing in relation to the income levels of low-income families, homeownership appears out of reach even under flexible lending programs. Moderate-income families will also find obtaining and sustaining the cost of homeownership challenging.

Rental rates in the assessment area are also high. The median rental rate for the assessment area exceeds both the median rate for the New Haven MSA and Connecticut. According to the 2015 ACS, nearly 57.3% of renters are cost-burdened with housing costs representing more than 30% of their incomes. This indicates a strong need for affordable housing in the assessment area, providing financial institutions with the opportunity to support the creation, retention, and rehabilitation of affordable housing units in the area.

Unemployment

During the COVID-19 pandemic, the New Haven County unemployment rate reached a high of 11.7% in July 2020. The COVID-19 pandemic in the spring of 2020 posed severe economic challenges as health concerns caused by the pandemic resulted in local shutdown orders for all but essential businesses. As a result, many businesses reduced operations or closed, college campuses cleared out, and hospitals postponed nonessential medical procedures. As reflected in the following table, unemployment rates have receded as local restrictions have been lifted, and business operations have started to resume. Nonetheless, unemployment rates in New Haven County remain above both the statewide and national rates.

Unemployment Rates				
Area	2019	2020	2021	January 2022
New Haven County	3.8	8.0	6.6	5.2
Connecticut	3.6	7.9	6.3	5.0
United States	3.7	8.1	5.4	4.4

Business Demographics

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2020 D&B data, there were 13,584 non-farm businesses operating in the assessment area. GARs for these businesses are as follows:

- 88.9% have GARs of \$1.0 million or less,

- 4.1% have GARs of more than \$1.0 million, and
- 7.0% have unknown revenues

The distribution of the bank's small business loans by census tract income level is compared to the distribution of the area's nonfarm small businesses by geography under the Geographic Distribution criterion. Nearly 22.5% of the area's nonfarm small businesses operate in the area's moderate-income tracts.

Service industries (36.3%) represent the largest business sector, followed by non-classifiable establishments (22.2%), retail trade (12.0%), and construction (9.3%). Approximately 62.9% of area businesses have four or fewer employees and 92.5% operate out of a single location.

Healthcare is the primary industry in the MSA. Top employers in the New Haven MSA include Yale New Haven Health System, Waterbury Board of Education, Bozzuto's Inc., Masonicare Health Center, and Medtronic Inc.

Competition

There is moderate competition for financial services in this portion of the bank's assessment area. According to the June 30, 2021 FDIC Deposit Market Share Report, 10 banks operate 34 full-service branches within the assessment area. Of these institutions, TMB ranks third with a 11.7% deposit market share.

Mortgage lending in the assessment area is highly competitive. According to the 2020 HMDA market share data, 278 lenders originated or purchased 5,073 reportable home mortgage loans in the assessment area. Of these institutions, TMB ranked 8th with a 3.1% market share by number of loans. The top five lenders in the assessment area consists of three large national mortgage companies and two large national banks. Together, these lenders captured 24.2% of the market by number of loans.

TMB is not required to collect or report small business data; therefore, examiners did not compare the bank's small business data to aggregate data. However, extensive competition also exists for small business loans in New Haven County where the assessment area is located. According to 2020 small business market share data, 169 lenders reported originating or purchasing 26,904 loans. The top five lenders were large national and regional banks, which offer commercial credit cards. In the aggregate these lenders captured 44.5% of the total market by number of loans. It is worth noting that small business lending data is only reported at the full county level which is substantially larger than the bank's assessment area.

Credit and Community Development Needs and Opportunities

Based on information from bank management and the demographic and economic data, the area's credit and community development need are similar to the needs of the combined assessment area, examiners determined that affordable housing and community services for low-income families are the primary needs of this assessment area. Additionally, there is a continuing need for financial support for the area's small businesses. These needs have been exacerbated by the economic impact of the COVID-19 pandemic. West Haven's distressed community designation also represent the need to support economic development and job creation, particularly in this municipality. These needs represent strong community development opportunities for area lenders.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW HAVEN MSA

LENDING TEST

TMB demonstrated reasonable performance under the Lending Test in this assessment area. The bank's reasonable home mortgage and excellent small business performance under the Borrower Profile and reasonable geographic distribution of small business loans primarily supports this conclusion. Examiners assigned equal weight to the bank's home mortgage lending and small business lending performance in the New Haven MSA Assessment Area.

Geographic Distribution

The geographic distribution of loans reflects a reasonable dispersion throughout the New Haven MSA assessment area. Examiners focused on the percentage by number of loans extended in the area's moderate-income tracts. This assessment area does not contain any low-income census tracts. Only loans originated within this assessment area are considered in this analysis.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion throughout the New Haven MSA assessment area. The bank's consistent weak performance in the moderate-income geographies primarily supports this conclusion. The table on the following page shows the distribution of the bank's home mortgage loans by census tract income level.

The Milford Bank Geographic Distribution of Home Mortgage Loans New Haven-Milford, CT MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
Moderate						
2019	20.1	19.7	9	7.3	1,988	8.2
2020	20.1	18.0	7	4.5	2,458	7.6
Middle						
2019	24.6	24.6	40	32.5	6,647	27.3
2020	24.6	23.5	56	36.1	11,360	35.1
Upper						
2019	55.3	55.7	74	60.2	15,718	64.5
2020	55.3	58.5	92	59.4	18,568	57.3
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	123	100.0	24,353	100.0
2020	100.0	100.0	155	100.0	32,386	100.0
<i>Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

In 2019, the bank originated nine, or 7.3%, of the bank's home mortgage loans in the area's moderate-income tracts. TMB's lending in moderate-income tracts is well below aggregate performance and the portion of the area's owner-occupied housing units located in these geographies. During 2020, the number of total home mortgage loans originated in the New Haven MSA assessment area increased 26%. Nonetheless, the number of home mortgage loans extended in the area's moderate-income tracts dropped to seven, representing just 4.5% of total home loan originations. Again, the bank's lending levels lagged aggregate market performance and area demographics. Aggregate market home mortgage lending extended in the area's moderate-income geographies also declined year over year.

The 2019 market share data provides additional insight into the bank's performance in moderate-income tracts. In 2019, 119 lenders reported originating or purchasing 680 home mortgage loans in these geographies. Of those lenders, TMB ranked 24th with nine loans and an 1.3% market share. TMB was one of only two local community banks ranking among the top 25 lenders in the area. The other local community bank, which is substantially larger than TMB, originated 10 home mortgage loans and ranked 20th with a 1.5% market share. Further over two thirds of all reporting lenders originated six or fewer loans in the area's moderate-income geographies. All remaining

lenders ranked higher than TMB were large national and regional banks and national mortgage companies. The top five lenders were Wells Fargo Bank, National Association, United Shore Financial Services, Quicken Loans, Guaranteed Rate Affinity LLC, and Total Mortgage Services LLC. Together, these lenders originated or purchased 152 loans capturing 22.4% of the market.

In 2020, the number of lenders reporting activity increased to 142. Together these lenders originated or purchased 912 home mortgage loans in the moderate-income census tracts. TMB ranking dropped to 39th out of these lenders with seven loans and a 0.8% market share. Home mortgage lending in these geographies was again dominated by large national and regional banks and mortgage companies. TMB was one of four local lenders ranking among the top 50 lenders. TMB ranked higher than one of those local lenders which is significantly larger than the bank. The top five lenders included Wells Fargo National Association, Quicken Loans, Total Mortgage Services, LLC, Freedom Mortgage Corporation, and Citizen Bank National Association. In the aggregate these lenders reported originating and/or purchasing 223 loans, capturing 24.5% of the market.

Examiners evaluate an institution's CRA performance considering various performance context factors including among others the bank's business strategy, product lines, capacity, and resources. TMB does not operate any offices in the area's moderate-income tracts. Traditionally, the bank has relied on its existing customer depositors base as its primary source for loans. However, the bank does employ two mortgage originators in effort to help address the need for home mortgage loans throughout the assessment area including in the area's moderate-income tracts. During 2020, the originators' outreach efforts were curtailed due to the safety restrictions implemented in effort to stem the spread of the COVID-19 virus.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the New Haven MSA Assessment Area. The bank's reasonable performance in 2019 and increased loan originations during 2020 in the area's moderate-income tracts supports this conclusion. The table on the following page reflects the distribution of TMB's small business loans by geography.

**The Milford Bank
Geographic Distribution of Small Business Loans
New Haven-Milford, CT MSA**

Tract Income Level		% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2019	0.0	N/A	0	0.0	0	0.0
	2020	0.0	N/A	0	0.0	0	0.0
Moderate							
	2019	21.5	N/A	4	18.2	365	18.7
	2020	22.5	N/A	11	4.9	1,946	10.8
Middle							
	2019	23.4	N/A	5	22.7	401	20.6
	2020	23.1	N/A	72	32.0	3,584	20.0
Upper							
	2019	55.1	N/A	13	59.1	1,183	60.7
	2020	54.4	N/A	142	63.1	12,429	69.2
Not Available							
	2019	0.0	N/A	0	0.0	0	0.0
	2020	0.0	N/A	0	0.0	0	0.0
Totals							
	2019	100.0	N/A	22	100.0	1,949	100.0
	2020	100.0	N/A	225	100.0	17,959	100.0

*Source: 2019 & 2020 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data, "-" data not available.
N/A is "Not Applicable": The bank is not a reporter and, therefore, its performance is not compared to aggregate performance. Due to rounding, totals may not equal 100.0%*

TMB's lending in moderate-income tracts in 2019 was marginally below area demographics. In 2020, TMB's total small business loans increased substantially as a result of the bank's participation in the Paycheck Protection Program. Likewise, the bank's small business loans originated in moderate-income tracts nearly tripled during the year. Nonetheless, the bank's lending level to businesses located in moderate-income tracts declined.

During 2020, TMB extended 200 small business loans totaling approximately \$15.0 million under the Paycheck Protection Loan Program within this assessment area. The bank's participation in the program resulted in a sizable increase in small business loan volume. The growth in total small business loan originations by number substantially outpaced the increase in number of small business loans extended in moderate-income tracts. It is also worth noting the substantial increase in loan dollars extended to the area's small businesses located in moderate-income geographies. However, examiners emphasized performance by number of loans as it better represents the number of businesses served.

TMB is not required to report its small business loan data and thus is not included in aggregate market reports. However, aggregate market reports provide insight into the level of competition for small business loans in the area. As previously mentioned, the 2019 small business aggregate report reflects data on a county wide basis which is substantially larger than TMB's assessment area. In 2019, 120 lenders reported originating or purchasing 3,136 small business loans within the area's moderate-income tracts. Nearly 60.0% of these lenders reported originating or purchasing four or fewer small business loans in these tracts. Lending in these geographies was dominated by large national banks. The top five lenders included American Express National Bank, Citibank, National Association, JP Morgan Chase Bank, National Association, Bank of America National Association, and US Bank National Association. Together, these lenders captured a 54.2% market share, showing the major competition TMB faces in trying to originate small business loans in these tracts.

In 2020, competition for small business loans increased with 169 lenders reporting originating or purchasing 3,930 loans in the moderate-income tracts. Large national and regional banks continued to dominate the market with the top five lenders capturing 43.1% of the market. These lenders included American Express National Bank, Webster Bank, National Association, Bank of America, National Association, Peoples United Bank, National Association, and Wells Fargo Bank, National Association. Approximately 78.8% of reporting lenders originated or purchased ten or fewer loans in these geographies, further supporting the reasonableness of TMB's lending performance.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among borrowers of different income levels including those with low- and moderate-income, and businesses of different sizes. This conclusion is supported by reasonable home mortgage lending and excellent small business lending. Examiners focused on the percentage of home mortgage loans originated to low- and moderate-income borrower and loans extended to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels in the New Haven MSA assessment area. The table on the following page reflects the distribution of home mortgage loans by the borrower's income level.

The Milford Bank Distribution of Home Mortgage Loans by Borrower Income Level New Haven-Milford, CT MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	20.2	5.9	5	4.1	382	1.6
2020	20.2	3.7	4	2.6	197	0.6
Moderate						
2019	15.8	21.1	25	20.3	3,251	13.3
2020	15.8	17.8	17	11.0	1,924	5.9
Middle						
2019	19.0	23.5	23	18.7	4,029	16.5
2020	19.0	23.9	31	20.0	5,863	18.1
Upper						
2019	45.1	35.3	55	44.7	11,298	46.4
2020	45.1	38.7	97	62.6	20,906	64.6
Not Available						
2019	0.0	14.1	15	12.2	5,395	22.2
2020	0.0	15.9	6	3.9	3,496	10.8
Totals						
2019	100.0	100.0	123	100.0	24,353	100.0
2020	100.0	100.0	155	100.0	32,385	100.0

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

In 2019, TMB originated 5, or 4.1%, of the bank's home mortgage loans to low-income borrowers. The bank's lending level was slightly below aggregate performance which is a better indicator of demand in the area. Both the bank's lending level and aggregate performance were significantly below the percentage of low-income families residing in the area. This is not unexpected given nearly one third of the area's low-income families report incomes below the poverty level and these families would generally not qualify for a home mortgage loan, particularly in light of the area's median housing value. As previously mentioned, the area's median housing value represents 5.8 times the highest incomes for low-income families residing in the area, thus limiting the opportunity for lenders to reasonably extend credit to this group.

In 2020 TMB's lending levels to low-income borrowers declined slightly. The bank's lending level lagged both aggregate performance and area demographics. Both aggregate performance and the bank's lending to low-income borrowers declined year over year. As previously mentioned, the opportunities to reasonably lend to the area's low-income residents are limited. To gain additional insight into lending to the area's low-income borrowers, examiners reviewed aggregate market data from institutions that collect and report HMDA data as measure of activity in the area.

In 2019, aggregate lending data reflects 50 HMDA reporters originated or purchased 205 home mortgage loans to the area's low-income borrowers. Of these lenders, TMB ranked fifteenth with a 2.4% market share. The top five lenders together captured 29.3% of the market with 60 home mortgage loans to low-income borrowers. Over two thirds of reporting lenders originated fewer loans than TMB. Lenders ranking higher than TMB were substantially larger with greater resources.

The 2020 aggregate data further reflects the competition institutions face in originating loans to the area's low-income borrowers. The number of reporting lenders increased to 73. These lenders reported originating or purchasing 189 home mortgage loans to low-income borrowers. TMB's ranking remained relatively stable at 16th and 2.1% market share. Lenders ranking higher than TMB were larger national and regional banks and mortgage companies. In the aggregate the top five lenders reported 50 loans and captured 26.5% of the total market. Over three quarters of all reporting lenders extended fewer loans to low-income borrowers in the area.

The bank's lending to moderate-income borrowers in the New Haven MSA was also reasonable. In 2019, TMB's lending to moderate-income borrowers was only slightly lower than the aggregate level, but significantly exceeded the percentage of moderate-income families residing in the area.

The number of the bank's home mortgage loans extended to moderate-income borrowers dropped and its lending level declined to 11.0% during 2020. This performance was below both the aggregate market lending level and area demographics. In 2020, 118 lenders reported extending 904 home loans to the area's moderate-income borrowers. TMB ranked 19th out of these lenders with a 1.9% market share. Nearly 83% of reporting lenders originated fewer loans than TMB.

Small Business Loans

The distribution of small business loans reflects an excellent penetration among businesses of different sizes. The distribution of commercial loans by size primarily supports this conclusion. Tables on the following page show the distribution of small business loans by GARS of the businesses, as well as small business loans by size of the loan for loans where the bank was not required to collect this information.

The Milford Bank Distribution of Small Business Loans by Gross Annual Revenue Category New Haven-Milford, CT MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	87.2	N/A	18	81.8	1,724	88.5
2020	88.9	N/A	18	8.0	1,165	6.5
>\$1,000,000						
2019	4.9	N/A	4	18.2	225	11.5
2020	4.1	N/A	7	3.1	1,835	10.2
Revenue Not Available						
2019	7.9	N/A	0	0.0	0	0.0
2020	7.0	N/A	200	88.9	14,959	83.3
Totals						
2019	100.0	N/A	22	100.0	1,949	100.0
2020	100.0	N/A	225	100.0	17,959	100.0

*Source: 2019 & 2020 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data, "--" data not available.
N/A is "Not Applicable": The bank is not a reporter and, therefore, its performance is not compared to aggregate performance. Due to rounding, totals may not equal 100.0%*

During 2019, TMB originated 18 small business loans, representing 81.8% of its small business loans to businesses reporting GARs of \$1 million or less during the review period. This lending level was only slightly below the percentage of area businesses reporting such revenues.

In 2020, the number of loans reported to businesses with GARs remained constant at 18 or 8.0% of the bank’s small business loans to businesses reporting revenues of \$1 million or less. However, this measure is likely not indicative of the bank’s efforts to help meet the needs of the area’s small businesses given that 200, or 88.9%, of the bank’s commercial loans were originated under the Paycheck Protection Program. This program did not require lenders to collect revenue information. These loans are included in the “Revenue Not Available” category in the following table. Therefore, examiners used an alternative method to assess the bank’s efforts to help meet the credit needs of the area’s small businesses through the PPP loan program.

An alternative method for evaluating the distribution of the bank’s PPP loans was to consider the size of small business loans as a proxy for the size of the businesses served. The rationale is that smaller businesses generally require less funding. The table on the following page shows the bank’s PPP loans by size.

The Milford Bank Distribution of Paycheck Protection Program Loans by Size New Haven-Milford, CT MSA				
Loan Size	#	%	\$(000s)	%
<\$100	155	77.5	4,628	30.9
≥\$100<\$250	32	16.0	4,930	33.0
≥\$250≤\$1,000	13	6.5	5,402	36.1
Total	200	100.0	14,960	100.0
<i>Bank Data; Due to Rounding totals may not equal 100.0%</i>				

During 2020, approximately 93.5% of the bank’s PPP loans were originated in amounts of \$250,000 or less. This indicates that TMB made an excellent effort to help address the needs of small to medium size businesses operating in the New Haven MSA assessment area including during the COVID 19 pandemic.

COMMUNITY DEVELOPMENT TEST

TMB displayed reasonable responsiveness to the community development needs of the New Haven MSA portion of its assessment area. Examiners assigned greater weight to the bank’s community development activities in this area since the bank performed most of its community development activity in this MSA. The bank made 60.0% of its community development loans, 55.8% of its qualified investments, and 55.8% of its community development services in this MSA.

Community Development Loans

TMB made the majority of its community development loans in the New Haven-Milford, CT MSA portion of its assessment area. The bank made six loans totaling \$3.9 million during the evaluation period. The loans supported affordable housing and community development services, which are primary needs in the assessment area. The following table shows the breakdown of community development loans by year and purpose that directly benefitted towns and cities in the bank’s New Haven MSA assessment area:

The Milford Bank Community Development Lending New Haven-Milford, CT MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019 (06/10/19 - 12/31/19)	1	75	0	0	0	0	0	0	1	75
2020	1	75	1	750	0	0	1	2,216	3	3,041
2021	1	75	1	750	0	0	0	0	2	825
YTD 2022	0	0	0	0	0	0	0	0	0	0
Total	3	225	2	1,500	0	0	0	0	6	3,941
<i>Source: Bank Records</i>										

Below are some notable examples of community development loans TMB made in the New Haven MSA assessment area:

- In 2019, 2020, and 2021, the bank renewed a \$75,000 line of credit each year to a 501(c)(3) non-profit that provides temporary housing, meals, and case management services to homeless and low-income members of community.
- In 2020, the bank originated a PPP loan in the amount of \$2,216,397 to a non-profit organization that provides outpatient psychiatric services, vocational and rehabilitation services, drug and alcohol outpatient, and prevention program services to low- and moderate-income individuals. Over 70% of the people served by this organization are insured by Medicaid. In 2020 and 2021, TMB also renewed lines of credit in the amount of \$750,000 each year to this same organization.

Qualified Investments

During the evaluation period, the bank did not hold any equity investments that directly benefitted the New Haven MSA portion of the bank’s assessment area. However, TMB and its Foundation provided 58 qualified grants and donations totaling approximately \$130,000 to various community organizations in the New Haven MSA portion of its assessment area that served a variety of community development needs. The majority of those grants and donations benefitted community services, which was a defined need in the assessment area. The following table shows the breakdown of community development grants and donations made in the New Haven MSA assessment area during the evaluation period by year and purpose.

The Milford Bank Qualified Grants and Donations New Haven-Milford, CT MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	9	13	0	0	0	0	9	13
2020	0	0	23	54	0	0	2	4	25	58
2021	2	3	21	54	0	0	1	2	24	59
Total	2	3	53	121	0	0	3	6	58	130

Source: Bank Records

Some examples of qualified grants and donations made by the bank in the New Haven MSA during the evaluation period are as follows:

- In 2020 and 2021, the bank and its foundation made grants and donations totaling \$7,100 to a local community homeless shelter that provides housing, food, eviction services, and other community services to low-income individuals and families in the New Haven MSA assessment area.

- Between 2019 and 2021, the bank and its foundation made \$36,650 in grants and donations to support a local chapter of a nationwide non-profit organization that offers a wide variety of services and directs its funds to programming that benefits low- and moderate-income individuals in this portion of the bank’s assessment area. Programs and services support local food pantries, after-school homework clubs, parent education, job training, affordable housing, and eviction prevention and homelessness.
- In 2020 and 2021, the bank’s foundation made grants totaling \$2,000 to a local non-profit organization participating in the VITA program, which is a financial literacy initiative that provides free tax preparation services to individuals earning less than \$56,000 per year.

Community Development Services

TMB also performed the majority of its community development services in the New Haven MSA assessment area. The bank provided 58 of its 104 instances of community development services in this area, of which a majority of those services supported community organizations serving the needs of low- and moderate-income residents and small businesses. Other services benefitted organizations focused on affordable housing and economic development. All services supported the primary needs of the bank’s assessment area. Further, all of the banking services and other services mentioned in the Community Development Services section of the Combined Assessment Area portion of this evaluation also benefitted the New Haven-Milford, CT MSA.

The following table summarizes the bank’s community service activities in the New Haven MSA assessment area during this evaluation period.

The Milford Bank Community Development Services New Haven-Milford, CT MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (06/10/19 - 12/31/19)	2	12	3	0	17
2020	2	15	2	0	19
2021	5	17	0	0	22
Total	9	44	5	0	58

Source: Bank Data

Below are some notable qualified community development services bank employees, officers, and trustees performed in the New Haven MSA portion of the bank’s assessment area during the evaluation period:

- From 2019 through 2021, several bank employees, officers, and trustees provided service to a local non-profit organization that operates a homeless shelter, no freeze shelter, soup kitchen, and food pantry and also offers homelessness diversion services.
- In 2019 and 2020, a bank Vice President and Group Branch Manager was a Board Member

and Co-Chair of a program of a local chamber of commerce that provided education, networking, personal growth, mentoring, and community service opportunities to women running small businesses in the area.

- From 2019 through 2021, several bank officers and employees performed services for a local non-profit organization that provides food to children over the weekend who would otherwise have little or no food resources for that time period.
- In 2019 and 2020, an officer of the bank was a Board member of a local chamber of commerce that has an economic development initiative that works throughout the Greater New Haven area to focus on business growth and retention, physical development, economic inclusion, advocacy, education, and workforce development.

BRIDGEPORT MSA (FULL-SCOPE REVIEW)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BRIDGEPORT MSA

TMB designated a portion of Fairfield County as part of its assessment area. Fairfield County is in the Bridgeport-Stamford-Norwalk, CT MSA. This portion of the bank's assessment area includes the town of Stratford.

Operations

TMB operates one of its six full-service branches in the Bridgeport MSA assessment area. The branch is in the town of Stratford. TMB draws approximately 7.9% of the bank's total deposits and originates 9.4% of home mortgage loans and 13.9% of small business loans in this assessment area. Examiners placed less weight on the bank's performance in this assessment area due to the limited activities that occur here. The following sections discuss select demographic and economic information for this portion of the assessment area.

Economic and Demographic Data

This portion of the assessment area consists of the town of Stratford, which contains 12 census tracts that reflect the following income designations according to the 2015 ACS:

- 1 low-income tract
- 4 moderate-income tracts
- 7 middle-income tracts

The combined assessment area's one low-income census tract and four of the area's eleven moderate-income census tracts are in the Bridgeport MSA portion of the assessment area. Census tract 0804.00 in Stratford has been designated as an Opportunity Zone. Opportunity Zone designations are reserved for areas with either high unemployment, high poverty, aging housing stock, and low or declining job growth, population, or per capita income. These zones generally represent economic development opportunities in the area. The table on the following page includes select demographic characteristics of the Bridgeport MSA assessment area.

Demographic Information of the Assessment Area Bridgeport-Stamford-Norwalk CT MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	12	8.3	33.3	58.3	0.0	0.0
Population by Geography	52,316	10.9	30.2	58.9	0.0	0.0
Housing Units by Geography	22,264	11.1	30.5	58.4	0.0	0.0
Owner-Occupied Units by Geography	16,541	7.3	28.7	64.0	0.0	0.0
Occupied Rental Units by Geography	4,173	21.4	39.1	39.5	0.0	0.0
Vacant Units by Geography	1,550	24.4	26.6	49.0	0.0	0.0
Businesses by Geography	5,356	13.8	25.1	61.1	0.0	0.0
Farms by Geography	123	12.2	27.6	60.2	0.0	0.0
Family Distribution by Income Level	13,796	29.7	20.3	22.4	27.5	0.0
Household Distribution by Income Level	20,714	32.9	17.1	19.4	30.6	0.0
Median Family Income MSA - 14860 Bridgeport-Stamford- Norwalk, CT MSA		\$105,628	Median Housing Value			\$247,415
			Median Gross Rent			\$1,219
			Families Below Poverty Level			5.4%

Source: 2015 ACS and 2020 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

Median Family Income (MFI)

Examiners used 2019 and 2020 FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The median family income in the Bridgeport-Stamford-Norwalk, CT MSA remained relatively stable from 2019 to 2020. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Bridgeport-Stamford-Norwalk, CT MSA Median Family Income (14860)				
2019 (\$119,000)	<\$59,500	\$59,500 to <\$95,200	\$95,200 to <\$142,800	≥\$142,800
2020 (\$119,500)	<\$59,750	\$59,750 to <\$95,600	\$95,600 to <\$143,400	≥\$143,400

Source: FFIEC

Population

According to the 2015 ACS, the assessment area has a total population of 52,316, including 13,796 families. Low- and moderate-income families comprise 50.0% of all area families. Approximately, 5.4% of area families and 18.1% of low-income families report incomes below the

poverty level. This represents a significant portion of low-income families that may have difficulty qualifying for a home mortgage even under flexible loan programs, this likely limits opportunities for lenders to originate home mortgage loans to this group.

Housing

The Bridgeport MSA assessment area contains 22,264 housing units, of which 74.3% are owner-occupied. The Geographic Distribution criteria uses the percentage of the area’s owner-occupied housing units by census tract income level as a measure of the lenders’ opportunities to originate home mortgage loans in the area’s low- and moderate-income geographies. Over one-third of the area’s owner-occupied housing units are located in the area’s low- and moderate-income tracts, indicating a reasonable opportunity to originate home mortgage loans in these geographies. Examiners emphasize the bank’s lending in low- and moderate-income geographies when assessing the bank’s CRA performance as applicable. Only loans originated within this assessment area are included.

Housing in the assessment area is costly with a median housing value of \$247,415 according to the 2015 ACS. As reflected in the previous table, the 2020 maximum median family incomes for low-income families and moderate-income families are \$59,750 and \$95,600, respectively. The area’s median housing value represents approximately 4.1 times the maximum median family income level of low-income families. The cost of housing in relation to incomes for low-income families would make it difficult for these families to qualify for and sustain the cost of home ownership even under flexible lending programs. However, lenders have an increased opportunity to extend home mortgage loans to moderate-income borrowers in the area as the cost of housing is more reasonably accessible to this group representing just 2.6 times the maximum median family income range for this group.

Unemployment

Data from the United States (U.S.) Bureau of Labor Statistics reflect that unemployment rate for Fairfield County remains at 4.9%, which is relatively comparable to the statewide rate of 5.0%. Both the county’s unemployment rate and Connecticut’s unemployment rate exceeds the national average of 4.4%. Unemployment rates nationwide, including in Connecticut, increased in April 2020 due to COVID-19 pandemic and remained relatively high, albeit declining. Although improving unemployment rates in Fairfield County remain elevated due to lingering effects of the pandemic.

The following table shows the county, state, and national unemployment rates during the evaluation period.

Unemployment Rates				
Area	2019	2020	2021	January 2022
Fairfield County	3.4	7.8	6.1	4.9
Connecticut	3.6	7.9	6.3	5.0
United States	3.7	8.1	5.4	4.4

Business Demographics

According to 2020 Dunn & Bradstreet business demographic data, 5,356 nonfarm businesses operate in the Bridgeport MSA assessment area. Approximately 90.4% of these businesses reported revenues of \$1 million or less. The majority of area businesses are engaged in the services industry, at 36.6%. Non-classifiable establishments (22.7%), construction (10.9%), and retail trade (9.7%) also make up a significant portion of area businesses. Approximately 12.4% of nonfarm businesses are located in the area’s low-income tracts and 27.6% operate in moderate-income tracts.

Key employers in the assessment area includes Sikorsky Aircraft Corporation, a helicopter manufacturer, William B. Meyers Inc., a relocation firm, and UPS Customer Center, a mailing and shipping service.

Competition

TMB operates in a competitive market for financial services. According to the FDIC June 30, 2021, FDIC Deposit Market Share data, six financial institutions operate nine branches within the bank's assessment area. Of these institutions, TMB ranks 6th with one branch and a 2.8% deposit market share. The top three institutions account for 66.7% of the branches and 85.1% of the deposits.

TMB competes for residential real estate loans with large regional and national banks, national mortgage companies, and credit unions operating in the assessment area. In 2019, 188 lenders reported originating or purchasing 1,745 home mortgage loans in the assessment area. Of these lenders, TMB ranked 41st with a 0.5% market share. The top five lenders consisted of large national and regional banks and large national mortgage companies. Together these lenders reported 472 loans capturing 27.0% of the market.

In 2020, the number of lenders reporting activity in the assessment area increased to 192. These lenders originated or purchased 2,513 home mortgage loans. TMB's ranking rose to 34th with a 0.8% market share. The assessment area was again dominated by large national and regional banks and national mortgage companies. In the aggregate, the top five lenders reported 671 home mortgage loans representing 26.7% of the market.

The bank faces extensive competition for originating small business loans in the Bridgeport MSA assessment area. In 2019, 138 lenders reported originating or purchasing 33,626 small business loans in Fairfield County where this assessment area is located. The top five lenders included American Express National Bank, JP Morgan Chase Bank, National Association, Bank of America, National Association, Citibank, National Association, and Capital One Bank (USA), National Association. Together these lenders reported 22,866 commercial loans representing a 68.0% market share.

The number of lenders reporting activity in the Bridgeport MSA increased to 212 in 2020. These lenders reported 39,774 small business loans. The top five lenders again consisted of large national banks and accounted for 52.2% of the market. As previously mentioned, TMB is not required to collect and report its small business lending activity. Therefore, the bank's lending performance was compared to business demographic data for the area. As previously noted, small business aggregate data is available based on the full county. Information about the aggregate market data is provided as an indication of the level of competition TMB faces in originating small business loans.

Credit and Community Development Needs and Opportunities

Examiners ascertained assessment area credit need and community development needs from demographic and economic information, as well as discussion with bank personnel. The area's high housing cost and limited affordable housing units for low- and moderate-income residents suggest both a need and opportunity for area lenders to support the creation and retention of affordable housing units. Additional small businesses in the area need financial support to sustain operation including the additional costs resulting from the pandemic. Further, the sizable number of low-income families with incomes below the poverty line suggest opportunities to support organizations that provide community services to these residents.

CONCLUSIONS ON PERFORMANCE IN BRIDGEPORT MSA

LENDING TEST

Overall, TMB demonstrated an adequate record of performance under the Lending Test in the Bridgeport MSA assessment area. The bank's excellent small business performance and reasonable home mortgage performance under the Borrower Profile criterion primarily supports this conclusion. Examiners deemed the geographic distribution of home mortgage loans poor within the Bridgeport MSA assessment area. Examiners placed less weight on TMB's performance in this assessment area when arriving at overall conclusions and ratings due to the bank's limited activities in this area.

Geographic Distribution

The geographic distribution of loans reflects a reasonable dispersion throughout the Bridgeport MSA assessment area. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts during the review period. The bank's reasonable small business lending primarily supports this conclusion. The geographic distribution of home mortgage loans reflects poor penetration, particularly in the area's moderate-income tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects a poor penetration throughout the Bridgeport MSA assessment area. The bank's weak lending in the area's moderate-income tracts primarily supports this conclusion. The table on the following page shows the distribution of bank loans based on census tract income level.

The Milford Bank Geographic Distribution of Home Mortgage Loans Bridgeport-Stamford-Norwalk, CT MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	7.3	8.6	2	22.2	238	20.1
2020	7.3	7.5	1	5.0	178	5.5
Moderate						
2019	28.7	21.8	0	0.0	0	0.0
2020	28.7	24.5	1	5.0	150	4.6
Middle						
2019	64.0	69.6	7	77.8	948	79.9
2020	64.0	68.0	18	90.0	2,926	89.9
Upper						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	9	100.0	1,186	100.0
2020	100.0	100.0	20	100.0	3,254	100.0
<i>Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TMB's home mortgage lending in the Bridgeport MSA assessment area was limited during 2019. In 2019, the bank originated two loans, representing 22.2% of total home loans to borrowers residing in the area's low-income tracts. This performance significantly exceeded both aggregate market performance and the percentage of owner-occupied housing units located in the area's low-income tracts. The bank did not originate any home mortgage loans in the area's moderate-income tracts during the year. Both the area's portion of the owner-occupied housing units located in, and percentage of aggregate market home mortgage loans extended in the area's moderate-income tracts indicate a significant opportunity to and demand for home loans in these geographies. The bank's lack of lending in the moderate-income tracts during 2019 reflects poor performance.

In 2020, the total number of home mortgage loans originated in this assessment area more than doubled. The number of bank loans in the low-income tracts declined to one, representing 5.0% of total originations. The bank's lending levels lagged both aggregate market performance and area demographics. TMB's home mortgage lending in the area's moderate-income tracts improved slightly originating one home loan representing 5.0% of total originations. The bank's lending level again significantly lagged aggregate performance and the percentage of owner-occupied housing units located in the moderate-income tracts.

In 2020, 103 lenders reported originating or purchasing 615 home mortgage loans in the area's moderate-income tracts. TMB ranked 75th out of these lenders with a 0.2% market share. The top lenders active in these geographies consisted of large national mortgage companies and large national banks. The top five lenders together reported 182 home mortgage loans capturing 29.6% of the market. Similar to TMB approximately 41.7% of HMDA reporters originated just one home loan in the area's moderate-income tracts.

Small Business Loans

The geographic distribution of small business loans reflects a reasonable penetration throughout the assessment area. The following table shows the distribution of the bank's small business loans by geography.

The Milford Bank Geographic Distribution of Small Business Loans Bridgeport-Stamford-Norwalk, CT MSA							
Tract Income Level		% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2019	13.8	N/A	0	0.0	0	0.0
	2020	13.8	N/A	4	11.1	194	12.0
Moderate							
	2019	24.4	N/A	4	100.0	980	100.0
	2020	25.1	N/A	13	36.1	943	58.2
Middle							
	2019	61.8	N/A	0	0.0	0	0.0
	2020	61.1	N/A	19	52.8	482	29.8
Upper							
	2019	0.0	N/A	0	0.0	0	0.0
	2020	0.0	N/A	0	0.0	0	0.0
Not Available							
	2019	0.0	N/A	0	0.0	0	0.0
	2020	0.0	N/A	0	0.0	0	0.0
Totals							
	2019	100.0	N/A	4	100.0	980	100.0
	2020	100.0	N/A	36	100.0	1,619	100.0

*Source: 2019 & 2020 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data, "--" data not available.
N/A is "Not Applicable": The bank is not a reporter and, therefore, its performance is not compared to aggregate performance. Due to rounding, totals may not equal 100.0%*

The bank's small business lending activity in this assessment area was limited during 2019. TMB originated all of its small business loans to businesses operating in the area's moderate-income census tracts during the year. The bank did not extend any loans to small businesses operating in the area's one low-income tract. This weak performance is somewhat mitigated by TMB's strong performance in the area's moderate-income tracts.

Small business loan originations significantly increased in 2020, due to the bank's participation in

the PPP loan program. TMB reasonably dispersed small business loans, including those offered through the PPP program, throughout the assessment area. In 2020, the bank originated 11.1% of the bank's small business loans to businesses operating in low-income tracts. This level was slightly below the percentage of the area's businesses operating in these geographies.

As an ISB, TMB is not required to report its small business lending data and, therefore, is not ranked. However, aggregate market data may provide insight into the competition for small business loans that exists in the area. Small business aggregate data is reported on a county-wide basis. Fairfield County, where Stratford is located, is substantially larger than the bank's assessment area. Significant competition exists for small business loans in Fairfield County's low-income tracts. In 2019, 138 lenders reported originating or purchasing 3,158 small business loans in the county's low-income tracts. The top five lenders in these geographies were large national banks. Together, these lenders originated or purchased 1,883 capturing a 59.6% market share.

The 2020 aggregate data reflects the number of lenders reporting activity in low-income tracts increased to 212. These lenders originated or purchased 3,829 small business loans during the year. The market was again dominated by large national and regional banks. In the aggregate, the top five lenders originated 1,872 loans representing 48.9% of the market. These lenders are substantially larger than TMB with more resources.

The geographic distribution of small business loans reflects excellent penetration in area's moderate-income tracts. TMB's lending levels consistently exceeded the percentage of businesses operating in the area's moderate-income geographies in 2019 and 2020. While the number of loans in moderate-income tracts more than tripled year-over-year, the bank's lending level decreased substantially due to the increase lending volume associated with the bank's participation in the PPP Loan Program. However, the bank's performance still exceeded demographic data in both years.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and an excellent penetration among businesses of different sizes. Examiners emphasized the percentage by number of home mortgage loans to low- and moderate-income borrowers and the percentage by number of loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to borrowers of different income levels, including low- and moderate-income, is reasonable. Examiners compared the bank's lending performance to aggregate performance data for 2019 and 2020 and to demographic data for the same period. The table on the following page shows the distribution of home mortgage loans based on the borrowers' income levels.

The Milford Bank Distribution of Home Mortgage Loans by Borrower Income Level Bridgeport-Stamford-Norwalk, CT MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	29.7	17.8	2	22.2	135	11.4
2020	29.7	12.8	2	10.0	262	8.1
Moderate						
2019	20.3	35.0	2	22.2	250	21.1
2020	20.3	29.8	4	20.0	610	18.8
Middle						
2019	22.4	20.0	0	0.0	0	0.0
2020	22.4	21.8	4	20.0	701	21.5
Upper						
2019	27.5	12.0	4	44.4	713	60.1
2020	27.5	15.4	9	45.0	1,531	47.0
Not Available						
2019	0.0	15.1	1	11.1	88	7.4
2020	0.0	20.1	1	5.0	150	4.6
Totals						
2019	100.0	100.0	9	100.0	1,186	100.0
2020	100.0	100.0	20	100.0	3,254	100.0

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

In 2019, lending to low-income borrowers exceeded aggregate performance. Both the bank's lending level and aggregate performance was below area demographics. This is not unexpected given that 180.% of low-income families have incomes below the poverty line. During 2020, the number of TMB's home mortgage loans extended to low-income borrowers remained unchanged. However, the bank's lending level declined since total home mortgage loans more than doubled. TMB's lending level slightly lagged aggregate performance and area demographics.

Competition existed for originating home mortgage loans to low-income borrowers in the area. The 2020 aggregate data reflects 77 lenders reported originating or purchasing 321 home mortgage loans to low-income borrowers. TMB ranked 35th among these lenders with a 0.6% market share. The top lenders in the market were large national mortgage companies and large national banks. Together the top five lenders reported 98 loans capturing a 30.5% market share. Nearly half of all lenders originated just one loan to low-income borrowers.

Lending to moderate-income borrowers in this assessment area was also reasonable. In 2019, TMB's home mortgage lending level exceeded the percentage of moderate-income borrowers residing in the area. The number of home mortgage loans extended to moderate income borrowers doubled in 2020. However, the bank's lending level declined slightly again resulting from the increase in overall lending volume. The bank's lending levels lagged aggregate market performance in each year.

Aggregate data shows that the bank also faced competition in originating loans to moderate-income borrowers in the Bridgeport MSA assessment area. In 2019, 81 lenders reported originating or purchasing 311 home mortgage loans to the area's moderate-income borrowers. Of these lenders, TMB ranked 39th with a 0.6% market share. Over half of all HMDA reporters originated just one loan to these borrowers.

Competition increased in 2020 when 122 lenders reported originating or purchasing 750 loans to the area's moderate-income borrowers. Although the number of the bank's loans extended to moderate-income borrowers increased, the bank's ranking dropped to 45th with a 0.5% market share. Large national mortgage companies and large national and regional banks dominated the market. The top five lenders together reported 206 home mortgage loans with a 27.5% aggregate market share. Over 60% of all lenders originated fewer loans than TMB.

Small Business Loans

The distribution of small business loans reflects an excellent penetration among businesses of different sizes. The distribution of commercial loans by size primarily supports this conclusion. The following table shows the distribution of small business loans by GARs of the businesses for loans where the bank was required to collect this information.

The Milford Bank Distribution of Small Business Loans by Gross Annual Revenue Category Bridgeport-Stamford-Norwalk, CT MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	88.6	N/A	4	100.0	980	100.0
2020	90.3	N/A	1	2.8	77	4.8
>\$1,000,000						
2019	5.0	N/A	0	0.0	0	0.0
2020	4.0	N/A	0	0.0	0	0.0
Revenue Not Available						
2019	6.4	N/A	0	0.0	0	0.0
2020	5.7	N/A	35	97.2	1,541	95.2
Totals						
2019	100.0	N/A	4	100.0	980	100.0
2020	100.0	N/A	36	100.0	1,618	100.0

*Source: 2019 & 2020 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data, "--" data not available.
N/A is "Not Applicable": The bank is not a reporter and, therefore, its performance is not compared to aggregate performance. Due to rounding, totals may not equal 100.0%*

During 2019 TMB originated a limited number of small business loans in the Bridgeport MSA portion of the assessment area. Nonetheless, the bank originated 100% of its small business loans to businesses reporting GARs of \$1 million or less. This lending level was well above the aggregate performance and portion of area businesses reporting such revenues.

In 2020, the bank’s lending level to businesses with GARs of \$1 million or less declined to 2.8%. However, this measure is likely not representative of TMB’s efforts to help meet the needs of the area’s small businesses. During 2020, 97.2% of the bank’s commercial loans were originated under the Paycheck Protection Program. This program, which was created under the CARES Act, helped small business sustain the cost of operations during the COVID-19 pandemic. This program did not require lenders to collect revenue information from participating borrowers. These loans are reflected in the “Revenue Not Available” category in the above table. Therefore, examiners used an alternative method to assess the bank’s efforts to help meet the credit needs of the area’s small businesses through its participation in the PPP Loan Program.

Examiners used the size of the bank’s commercial loans as a proxy for the size of the business served. The rationale is that small businesses generally require less funding. The following table shows the distribution of the bank’s 2020 PPP loans by loan size extended to businesses operating in this portion of the assessment area.

The Milford Bank Distribution of Paycheck Protection Program Loans by Size Bridgeport-Stamford-Norwalk, CT MSA				
Loan Size	#	%	\$(000s)	%
<\$100	31	88.6	863	56.0
≥\$100<\$250	3	8.6	325	21.1
≥\$250≤\$1,000	1	2.9	353	22.9
Total	35	100.1	1,541	100.0
<i>Bank Data; Due to Rounding totals may not equal 100.0%</i>				

During 2020, approximately 97.2% of the bank’s PPP loans were originated in amounts of \$250,000 or less. This level exceeded the percentage businesses reporting GARs of \$1 million or less. This indicates that TMB made an excellent effort to help address the needs of small businesses operating in the Bridgeport MSA assessment area including during the pandemic. Examiners assigned lesser weight to the bank’s performance in this assessment area given the limited activities occurring here.

COMMUNITY DEVELOPMENT TEST

TMB’s performance under the Community Development Test in the Bridgeport MSA was adequate. This is primarily supported by the bank’s reasonable number of qualified investments, including grants and donations, and community development services in the area. Examiners assigned less weight to the bank’s community development activities in this MSA due to the bank’s limited activity in this area. TMB did not originate any community development loans in this area. The bank made 14.4% of its qualified investments and performed 24.0% of its community development services in this MSA.

Community Development Loans

TMB did not originate any community development loans in the Bridgeport-Stamford-Norwalk, CT MSA portion of the assessment area. However, this area did benefit from a \$21,500 statewide loan to an organization that provides food and other necessary items to low- and moderate-income individuals throughout Connecticut.

Qualified Investments

During the evaluation period, TMB held a prior period equity investment with a remaining book value of approximately \$133,000 that supported affordable housing in the Fairfield County area

and, therefore, benefitted the Bridgeport MSA portion of the bank’s assessment area. Additionally, TMB and its Foundation provided 15 qualified grants and donations totaling approximately \$15,000 to several community organizations that provide community services for low- and moderate-income residents in the area. A majority of those grants and donations benefitted community services, which are a defined need in the assessment area. The following table shows the breakdown of qualified grants and donations made in the Bridgeport MSA during the evaluation period by year and purpose.

The Milford Bank Qualified Grants and Donations Bridgeport-Stamford-Norwalk, CT MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	3	2	0	0	0	0	3	2
2020	0	0	6	6	0	0	0	0	6	6
2021	0	0	6	7	0	0	0	0	6	7
Total	0	0	15	15	0	0	0	0	15	15
<i>Source: Bank Records</i>										

Examples of qualified grants and donations made by the bank in the Bridgeport MSA during the evaluation period are as follows:

- During 2019 and 2020, the bank and its foundation provided \$8,900 in grants and donations to a local community center in Stratford, Connecticut that primarily serves low- and moderate-income individuals and families. In addition to holding health and wellness programs, youth athletics and after school programs, and continuing education, the community center also houses a food pantry to help battle food insecurity in the community.
- From 2019 to 2021, the bank provided \$3,000 in donations to a charity golf tournament run by the Town of Stratford. Proceeds from the golf tournament are dedicated to providing support to underserved residents in the Stratford Region and supports various community organizations in that area that serve low- and moderate-income individuals and families.
- In 2021, the bank’s foundation provided a grant to a local police organization to be used for extended holiday services for low- and moderate-income individuals and families, including serving families with significant food insecurity a holiday dinner, providing holiday gifts to children of low-income families, and to serve the impoverished elderly community with food baskets and grocery gift cards.

Community Development Services

TMB performed 25 instances of community development services in the Bridgeport-Stamford-Norwalk, CT MSA portion of its assessment area during the evaluation period. The majority of those

services supported community organizations serving the needs of low- and moderate-income residents and small businesses operating in this portion of the assessment area. Other services benefitted organizations focused on economic development and revitalization and stabilization of low- and moderate-income geographies. All services helped to address the primary needs of the bank’s assessment area. All of the banking services and other services mentioned in the Community Development Services section of the Combined Assessment Area portion of this evaluation also benefitted this portion of the assessment area. The table on the following page reflects the number and type of the bank’s community service activities in the Bridgeport-Stamford-Norwalk, CT MSA during this evaluation period.

The Milford Bank Community Development Services Bridgeport-Stamford-Norwalk, CT MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019 (06/10/19 - 12/31/19)	0	6	3	1	10
2020	0	3	4	1	8
2021	0	6	1	0	7
Total	0	15	8	2	25
<i>Source: Bank Data</i>					

Below are some notable qualified community development services bank employees, officers, and trustees of the bank performed in the Bridgeport-Stamford-Norwalk, CT MSA portion of the bank’s assessment area during the evaluation period:

- In 2019 and 2020, officers of the bank held positions of Board Member, Chairperson, and Executive Committee Member for an organization that works to initiate positive change for the business community in Stratford through advocacy and action in areas of economic development, education, transportation, and the environment in partnership with local businesses, town departments, and the community. Stratford is in an opportunity zone.
- From 2019 to 2021, a bank officer was a Board member and Development Chair for a community center in Stratford that runs several programs targeting low- and moderate-income individuals and families, including a food pantry, a backpack food insecurity program, daycare for working families that charges on a sliding scale, and youth sports and summer camp programs with partial and full scholarships are offered based on financial need.
- In 2019 and 2021, a bank trustee was a Director and Board Advisor to an organization that provides emergency housing, food and clothing distribution, and addiction recovery services to low- and moderate-income individuals and families in the Bridgeport-Stamford-Norwalk, CT MSA.

ADDITIONAL CONNECTICUT CRA STATUTORY PROVISIONS

Bank's Efforts to Work with Unemployed/Underemployed Delinquent Mortgage Customers to Prevent Foreclosure

TMB works with delinquent borrowers to resolve delinquencies and avoid foreclosure. The bank's employees make every effort to engage delinquent borrowers and offer them various loss mitigation options, including forbearances, repayment plans, standard and second lien loan modifications (including changes to interest rates, loan balances, and loan terms). Foreclosure alternatives include short sales and deeds in lieu of foreclosure.

During the evaluation period, the bank made one residential loan modification regarding an ARM adjustment date to reduce a payment. It also made four deferrals, one concerning an escrow payment and three in which there were verbal agreements with the bank regarding late payment remittance.

TMB also offered forbearances to residential mortgage customers experiencing financial hardship resulting from the COVID-19 pandemic. All of the residential forbearances it granted during this evaluation period were in response to the COVID-19 pandemic. The bank offered forbearances under The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which allows any borrower with a federally backed 1-4 family home mortgage loan experiencing a financial hardship, directly or indirectly, due to COVID-19 to request a forbearance on a mortgage loan regardless of delinquency status during the period of January 31, 2020 to 120 days after the national emergency ends. The initial maximum term of any such CARES Act forbearance was six months, although applicants could request an extension. During the evaluation period, the bank granted 18 Fannie Mae loan forbearances under the CARES Act totaling approximately \$2.9 million. Further, the bank granted 34 additional portfolio loan forbearances totaling \$6.6 million during the pandemic in accordance with the State of Connecticut's Mortgage Payment Relief Program, which indicated that Connecticut residents economically impacted by the Covid-19 pandemic could receive a 90-day grace period to make mortgage payments without impact to their credit reports.

Bank customers experiencing payment problems are directed to the Connecticut Emergency Mortgage Assistance Program (EMAP), which provides temporary mortgage assistance for up to five years to qualifying Connecticut residents facing foreclosure. The bank also participates in the Connecticut State Mediation Program, which is designed to help homeowners avoid foreclosure by offering alternate solutions that benefit the borrower and the lender. In addition, on the bank's delinquency notices, the bank refers customers to the U.S. Department of Housing and Urban Development (HUD) and the Consumer Financial Protection Bureau (CFPB) for additional housing financial counseling, as well as outlining the customers' legal rights and protections under the Servicemembers Civils Relief Act (SCRA) and directing eligible customers how to access appropriate assistance under that act.

As a further service to delinquent residential mortgage customers, the bank also recently began participation in the My Home CT program. Under the American Rescue Plan Act of 2021, the State of Connecticut was awarded \$123 million to establish this program, which is funded by the Homeowner Assistance Fund. The My Home CT program was established to prevent mortgage delinquencies, defaults, and foreclosures among eligible homeowners that suffered financial hardship as a result of the Covid-19 pandemic. The program also covers assistance for qualified non-mortgage expenses such as non-escrowed real estate taxes and insurance, and condominium

and homeowners' association fees. The program is administered by CHFA; however, the bank acts as a servicer of the loans. The bank manages requests for assistance and refers borrowers to the assistance program. This program will provide an added benefit to the bank's customers who are eligible to participate.

Escrow Accounts for Rental Security Deposits

TMB offers escrow accounts for rental security deposits consistent with Connecticut General Statutes §47a-21. As of December 31, 2021, the bank held 1,396 tenant escrow savings accounts with a total balance of \$5,093,299. These accounts assist landlords to safely hold tenant security deposits until the end of the tenancy. Once a tenancy has concluded, the funds can be returned to the tenant or retained by the landlord to cover the cost of repairs, if appropriate, and required notice is issued consistent with state requirements.

Bank's Record of Responding to Substantiated CRA Complaints

Neither the bank nor the Banking Commissioner received any written complaints concerning TMB's CRA performance during this evaluation period.

APPENDIX A: INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

The Small Bank Lending Test considered the institution's performance according to the following criteria:

- Loan-to-deposit (LTD) ratio
- Assessment area concentration
- Geographic distribution of loans
- Borrower's profile
- Response to substantiated CRA complaints

The Community Development Test considered the following criteria:

- Number and dollar amount of community development loans, qualified investments, and community development services
- The responsiveness of such activities to the community development needs of the assessment area

GLOSSARY

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

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small business or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designed disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or other means;

- No constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank;
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under §345.24(d).

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full Scope Review: A full scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution,

borrower profile, 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 do 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; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Services. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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 metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county and counties or equivalent entities 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least one urbanized area having a population of at least 10,000 but less than 50,000.

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 and less than 80 percent in the case of the geography.

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

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For institutions 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loan and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population, size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tracts are likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York) and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities", census designated place of 2,500 or more persons, and other territory, incorporated or unincorporated, including in urbanized areas.