

PUBLIC DISCLOSURE

December 13, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Dean Co-operative Bank
Certificate Number: 27269

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Franklin, Massachusetts 02038

Division of Banks
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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 Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory** by the Massachusetts Division of Banks (Division) and the FDIC.

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 given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage loans and small business loans in the assessment area.
- The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes.
- Examiners did not evaluate the geographic distribution of loans for this evaluation, as the bank has no low- or moderate-income census tracts within the assessment area.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending test rating.

The Community Development Test is rated Satisfactory.

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

SCOPE OF EVALUATION

General Information

This evaluation, conducted jointly by the FDIC and the Division, assessed Dean Co-operative Bank's (Dean Bank) CRA performance from the prior evaluation, dated September 17, 2018, through the current evaluation, dated December 13, 2021. Examiners used the Interagency Intermediate Small Bank (ISB) Examination Procedures to evaluate the bank's CRA performance. This is the first evaluation conducted using these procedures, as the bank was subject to Small Bank Examination Procedures at the prior evaluation.

The ISB Examination Procedures include two tests: the Lending Test and the Community Development Test. The Lending Test evaluates the bank's performance based on the LTD ratio, assessment area concentration, geographic distribution, borrower profile, and response to CRA complaints. The Community Development Test considers the number and dollar amount of community development loans, qualified investments, and community development services, as well as the bank's responsiveness to the community development needs of the assessment area.

Banks evaluated under these procedures must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

Activities Reviewed

Examiners determined that home mortgage and small business loans are the bank's major product lines based on the bank's stated business strategy as well as the number and dollar volume of originated loans. Neither small farm loans nor consumer loans represent a major product line for the bank. The evaluation did not include these loan categories, as they provided no material support for conclusions or ratings. The bank's home mortgage lending received more weight during this evaluation due to the larger volume of loans originated compared to the volume of small business loans originated.

All home mortgage loans reported on the bank's 2018, 2019, and 2020 Home Mortgage Disclosure Act (HMDA) loan application registers (LARs) were considered during the Lending Test. The bank reported 238 home mortgage loans totaling \$49.9 million in 2018, 287 home mortgage loans totaling \$69.8 million in 2019, and 439 home mortgage loans totaling \$123.4 million in 2020. Examiners compared the bank's performance to 2018, 2019, and 2020 aggregate lending data and demographic data from the 2015 American Community Survey (ACS). Examiners did not identify any trends that materially affect conclusions; therefore, this evaluation presents information for 2019 and 2020, the most recent years for which aggregate data is available.

The bank also originated 69 small business loans totaling \$9.1 million in 2019 and 350 small business loans totaling \$21.2 million in 2020. The large year-over-year increase was due to the origination of 298 Small Business Administration (SBA) Paycheck Protection Program (PPP) loans. Due to the bank's asset size, it is not required to collect and report small business loan

data; and has chosen not to do so. Therefore, examiners selected a sample of 30 small business loans originated in 2019 and 58 small business loans originated in 2020. This sample is considered representative of the bank's performance during the entire evaluation period. Examiners did not compare the bank's performance to aggregate data because it does not report its small business loans. Rather, examiners compared the bank's small business lending performance to D&B demographic data.

The bank's financial data referenced throughout the evaluation is from the September 30, 2021 Consolidated Report of Condition and Income (Call Report), unless otherwise noted. In arriving at overall conclusions under the Lending Test, examiners placed greater emphasis on the number of loans than dollar amount, as the quantity of loans more accurately reflects the number of individuals and businesses served in the community.

The Community Development Test considers the number and dollar amount of the bank's community development loans, the number and dollar amount of qualified investments, and the quantity of community development services. Examiners considered community development activities conducted from the prior evaluation date of September 17, 2018, through the current evaluation date of December 13, 2021.

DESCRIPTION OF INSTITUTION

Background

Dean Bank is a Massachusetts-chartered mutual savings bank incorporated in 1889. The bank does not have a holding company or affiliate relationships. At the previous CRA evaluation, which was conducted using Interagency Small Bank Evaluation Procedures, on September 17, 2018, the FDIC assigned a Satisfactory rating and the Division assigned a High Satisfactory rating.

Operations

Dean Bank's main office is located at 21 Main Street, Franklin, Massachusetts. The bank operates three additional full-service banking offices in Bellingham, Blackstone, and Mendon, Massachusetts. The bank has not opened or closed any branches since the previous evaluation. The bank operates automated teller machines (ATM) at each location. Dean Bank is a full-service financial institution, with residential lending as its primary business focus. Deposit accounts include statement savings, passbook savings, free checking, and interest checking accounts. Home financing programs include adjustable- and fixed-rate options, including First Time Homebuyers and MassHousing loans, for the purchase, refinance, improvement, and construction of residential property, as well as home equity loans. The bank also offers automobile, personal, and collateral loans for consumers. Lastly, the bank offers a variety of commercial lending options such as real estate loans, revolving lines of credit, term lending, time loans, SBA loans, commercial overdraft lines, and letters of credit. Alternative banking services include online banking and bill payment, mobile banking, 24-hour ATM banking, and telephone banking.

Ability and Capacity

As of September 30, 2021, Dean Bank had total assets of \$424.8 million, consisting primarily of loans and securities, and total deposits of \$384.7 million. Loans totaled \$297.1 million and account for 69.9 percent of total assets. Total assets have increased 39.7 percent since the most recent FDIC and Division CRA evaluation. The largest change in loan portfolio distribution resulted from the bank's growth in its commercial portfolio, which has increased by 4.7 percentage points, or \$17.0 million, since the prior evaluation. The following table illustrates the composition of the bank's loan portfolio.

Loan Portfolio Distribution as of 9/30/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	3,047	1.0
Secured by Farmland	544	0.2
Secured by 1-4 Family Residential Properties	207,140	69.7
Secured by Multifamily (5 or more) Residential Properties	5,946	2.0
Secured by Nonfarm Nonresidential Properties	51,168	17.2
Total Real Estate Loans	267,845	90.1
Commercial and Industrial Loans	26,560	9.0
Agricultural Production and Other Loans to Farmers	-	0.0
Consumer	2,676	0.9
Obligations of States and Political Subdivisions in the United States	-	0.0
Other Loans	-	0.0
Lease Financing Receivables (net of unearned income)	-	0.0
Less: Unearned Income	-	0.0
Total Loans	297,081	100.0
<i>Source Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires financial institutions to define an assessment area or areas within which their CRA performance will be evaluated. Dean Bank’s assessment area includes the Massachusetts communities of Bellingham, Blackstone, Franklin, Mendon, Millville, Uxbridge, and Wrentham. Bellingham, Franklin, and Wrentham are located in Norfolk County and are in the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA). Blackstone, Mendon, Millville, and Uxbridge are located in Worcester County and are in the Worcester, MA-CT MSA. Both MSAs are located within the Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area (CSA). The bank expanded the assessment area has since the prior evaluation with the additions of Millville, Uxbridge, and Wrentham. This evaluation included a full-scope review of the bank’s performance within the assessment area.

Economic and Demographic Data

The bank’s assessment area includes 16 census tracts with the following income designations according to the 2015 ACS:

- 7 middle-income census tracts, and
- 9 upper-income census tracts.

There are no low- or moderate-income census tracts within the assessment area. 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)	16	0.0	0.0	43.8	56.3	0.0
Population by Geography	92,633	0.0	0.0	44.3	55.7	0.0
Housing Units by Geography	33,701	0.0	0.0	45.3	54.7	0.0
Owner-Occupied Units by Geography	25,833	0.0	0.0	42.5	57.5	0.0
Occupied Rental Units by Geography	6,485	0.0	0.0	53.7	46.3	0.0
Vacant Units by Geography	1,383	0.0	0.0	58.4	41.6	0.0
Businesses by Geography	7,071	0.0	0.0	36.8	63.2	0.0
Farms by Geography	250	0.0	0.0	32.8	67.2	0.0
Family Distribution by Income Level	24,234	11.8	12.5	20.9	54.7	0.0
Household Distribution by Income Level	32,318	15.1	10.6	16.9	57.4	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$341,139
Median Family Income MSA - 49340 Worcester, MA-CT MSA		\$81,137	Median Gross Rent			\$1,112
			Families Below Poverty Level			2.6%

*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.*

According to 2020 D&B data, 85.8 percent of assessment area non-farm businesses have gross

annual revenues of \$1.0 million or less, and 4.9 percent have gross annual revenues greater than \$1.0 million. The highest proportion of businesses falls within the services industry (36.7 percent); followed by retail trade (13.7 percent); construction (11.6 percent); and finance and insurance (8.8 percent). In terms of employees, 67.5 percent of the area’s businesses employ four or fewer people.

The FFIEC-updated median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle- and upper-income categories in 2019 and 2020 for each metropolitan area are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
2020 (\$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760
Worcester, MA-CT MSA Median Family Income (49340)				
2019 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
2020 (\$95,300)	<\$47,650	\$47,650 to <\$76,240	\$76,240 to <\$114,360	≥\$114,360
<i>Source FFIEC</i>				

According to the Bureau of Labor Statistics, the annual average unemployment rate in Massachusetts was 3.1 percent for 2019 and increased to 9.4 percent for 2020 during the COVID-19 pandemic. Similarly, unemployment rates in Norfolk County were 2.6 percent for 2019 and 8.3 percent for 2020. Unemployment rates in Worcester County were 3.3 percent in 2019 and 8.8 percent in 2020. In response to the COVID-19 pandemic, the Massachusetts governor declared a state of emergency on March 10, 2020. All non-essential businesses temporarily closed and Massachusetts issued a stay-at-home order for its residents. The COVID-19 pandemic significantly affected unemployment figures in 2020, with the highest figures occurring between April and June of 2020.

Competition

Dean Bank’s assessment area is competitive for financial services. According to 2020 Peer Deposit data, 12 financial institutions operated 25 branches in the assessment area. Dean Bank had the third largest deposit market share at 15.2 percent. The bank ranked slightly behind Rockland Trust Company and Bank of America, which had the largest market shares with 20.4 and 17.4 percent, respectively. Both Dean Bank and Rockland Trust Company operate the most branches in the assessment area, with each bank operating four full-service locations.

Dean Bank’s assessment area is also competitive for home mortgage loans. In 2020, 306 lenders originated or purchased 7,332 home mortgage loans. Dean Bank had the second largest market share in 2020 with 3.5 percent, which is notable given the high level of competition. Only Quicken Loans, a nationwide mortgage company, ranked ahead of Dean Bank.

Dean Bank is not required to report small business loans; however, the 2019 small business aggregate data provides insight to the high competition within Norfolk and Worcester Counties. In 2019, 150 small business lenders originated or purchased 39,656 small business loans. The top three small business lenders were American Express National Bank (24.1 percent market share), Bank of America (12.2 percent market share), and Chase Bank (11.6 percent market share). The presence of large national lenders operating in the assessment area presents high competition for smaller lenders to originate small business loans.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to understand the credit and community development needs of the area. The information provided assisted in identifying needs and opportunities in the assessment area.

Examiners contacted a local nonprofit organization dedicated to managing and developing affordable housing properties. The contact explained that affordable housing is critical in and around Franklin. Given the area's high housing prices, it is often difficult for elderly, disabled, and low-income persons to afford housing. The affordable housing stock in the area is also dated and could use renovation.

The contact emphasized the impact of the COVID-19 pandemic on lower wage earners due to employment instability. Additionally, another challenge the contact cited was transportation. Despite two train stations and bus service for the elderly and disabled, many in the area need an automobile for employment, medical appointments, and shopping. The contact noted the automobile rates at local car dealers could be high. Furthermore, the contact stated there is a need for adult and youth financial literacy programs.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the bank, and available economic and demographic data to determine the assessment area's primary credit and community development needs. Affordable housing is one of the primary community needs. Additionally, low- and moderate-income residents would benefit from financial education programs.

Furthermore, pandemic relief through community development programs is a current need for residents and businesses. Financial institutions have an opportunity to provide much-needed grants to community development organizations that specialize in providing community services to low- and moderate-income individuals who have been negatively impacted by the COVID-19 pandemic. Finally, economic development opportunities exist in the form of loans to small businesses to support job retention of low- and moderate-income individuals and within low- and moderate-income geographies.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Dean Bank demonstrated Satisfactory performance under the Lending Test. The following sections describe bank performance under each criterion.

Loan-to-Deposit Ratio

Dean Bank's LTD ratio is reasonable considering the institution's size, financial condition, and assessment area credit needs. The average net LTD ratio averaged 84.3 percent over the past 13 calendar quarters from September 30, 2018 through September 30, 2021. The ratio ranged from a high of 92.1 percent as of December 31, 2019 to a low of 74.5 percent as of June 30, 2021. The ratio declined during the evaluation period. Despite steady net loan growth, deposits grew at a faster pace. Similarly, situated banks were determined based on asset size, geographic location, and lending focus.

Loan-to-Deposit (LTD) Ratio Comparison		
Financial Institution	Total Assets as of 9/30/2021 \$(000s)	Average Net LTD Ratio (%)
Dean Co-operative Bank	384,717	84.3
Savers Co-operative Bank	525,171	104.4
Walpole Co-operative Bank	455,657	110.1
North Brookfield Savings	303,116	87.2
<i>Source Reports of Condition and Income 9/30/2018 through 9/30/2021</i>		

Assessment Area Concentration

Dean Bank originated a majority of home mortgage and small business loans by number and dollar volume within the assessment area. Refer to the following table for totals by year and loan category.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2018	142	59.7	96	40.3	238	27,927	56.0	21,985	44.0	49,912
2019	175	61.0	112	39.0	287	39,871	57.1	29,925	42.9	69,796
2020	259	59.0	180	41.0	439	72,921	59.1	50,523	40.9	123,444
Subtotal	576	59.8	388	40.2	964	140,719	57.9	102,433	42.1	243,151
Small Business										
2019	16	53.3	14	46.7	30	3,824	84.4	706	15.6	4,530
2020	40	69.0	18	31.0	58	4,102	78.0	1,157	22.0	5,259
Subtotal	56	63.6	32	36.4	88	7,926	81.0	1,863	19.0	9,789
Total	632	60.1	420	39.9	1,052	148,645	58.8	104,296	41.2	252,940
<i>Source HMDA Reported Data, Bank Data; Due to rounding, totals may not equal 100.0%</i>										

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different sizes. Excellent performance for home mortgage lending primarily supports the conclusion.

Home Mortgage Loans

The distribution of home mortgage loans reflects excellent penetration among individuals of different income levels in the assessment area. Examiners focused on the percentage of loans, by number, to low- and moderate-income borrowers. As reflected in the table below, the bank outperformed aggregate lending to low-income borrowers in 2019, and despite a decline, the bank continued to exceed aggregate performance in 2020. The bank's performance was similar to aggregate lending to moderate-income borrowers in 2019 and exceeded aggregate lending to moderate-income borrowers in 2020.

Market share data further highlights the bank's excellent performance. In 2019, Dean Bank ranked first in lending to low-income borrowers out of 78 total lenders. Furthermore, in 2020 the bank ranked second in lending to both low- and moderate-income borrowers out of 82 and 169 lenders respectively, outperformed only by Quicken Loans, which is a large national lender. The following table reflects the distribution of home mortgage loans based on borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	11.8	5.1	20	11.4	2,172	5.4
2020	11.8	3.5	14	5.4	1,994	2.7
Moderate						
2019	12.5	17.5	29	16.6	5,129	12.9
2020	12.5	16.9	58	22.4	12,091	16.6
Middle						
2019	20.9	25.1	45	25.7	9,065	22.7
2020	20.9	24.6	63	24.3	15,999	21.9
Upper						
2019	54.7	39.8	71	40.6	21,249	53.3
2020	54.7	42.6	108	41.7	36,416	49.9
Not Available						
2019	0.0	12.6	10	5.7	2,256	5.7
2020	0.0	12.3	16	6.2	6,422	8.8
Totals						
2019	100.0	100.0	175	100.0	39,871	100.0
2020	100.0	100.0	259	100.0	72,921	100.0
<i>Source 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different revenue sizes. Examiners focused on the percentage of loans, by number, to businesses with gross annual revenues (GARs) of \$1.0 million or less. The bank's performance in lending to businesses with GARs of \$1.0 million or less fell below the percentage of businesses in that category in 2019; however, the bank originated a majority of its small business loans to businesses with GARs of \$.01 million or less and there is strong competition in the assessment area for making loans to small businesses. In 2020, performance declined; however, this is largely attributed to the number of loans originated through the SBA PPP program that did not have available revenue data as described below.

The following table reflects the distribution of the sample of small business loans by revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level		% of Businesses	#	%	\$(000s)	%
<=\$1,000,000						
	2019	84.8	10	62.5	1,689	44.2
	2020	85.5	9	22.5	479	11.7
>\$1,000,000						
	2019	5.3	6	37.5	2,135	55.8
	2020	5.0	9	22.5	946	23.1
Revenue Not Available						
	2019	9.9	0	0.0	0	0.0
	2020	9.5	22	55.0	2,677	65.3
Totals						
	2019	100.0	16	100.0	3,824	100.0
	2020	100.0	40	100.0	4,102	100.0

*Source 2019 & 2020 D&B Data; Bank Data; 2019 CRA Aggregate Data
Due to rounding, totals may not equal 100.0%*

Of the 40 sampled small business loans in the assessment area in 2020, 20 small business loans were SBA PPP loans for which the bank did not collect borrower revenue data. The lack of borrower revenue data prevented a meaningful analysis of 2020 lending based on GAR level. Examiners evaluated the 20 SBA PPP loans using loan size as a proxy for determining if lending likely supported smaller businesses. As shown in the table below, the majority of the bank's SBA PPP loans were \$100,000 or less and 100.0 percent were less than \$250,000. This suggests that the bank is helping to meet the credit needs of small businesses in the assessment area.

Distribution of PPP Loans by Loan Size (2020)				
Loan Size	#	%	\$(000s)	%
<\$100,000	15	75.0	394	34.0
\$100,000-\$249,999	5	25.0	764	66.0
\$250,000-\$1,000,000	-	0.0	-	0.0
Totals	20	100.0	1,158	100.0

Source 2020 Bank Data. Due to rounding, totals may not equal 100.0%

Geographic Distribution

The bank's assessment area does not include any low- or moderate-income census tracts and a review of the Geographic Distribution criterion would not result in meaningful conclusions. As a result, this criterion was not evaluated and did not affect the Lending Test rating.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

Dean Bank demonstrated adequate responsiveness to the assessment area's community development needs through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area. As the bank was responsive to community development needs and opportunities within its assessment area, examiners considered community development activities outside the assessment area but in the broader statewide or regional area, which included Southeast and Southcentral Massachusetts, as well as Northeast Rhode Island.

Community Development Loans

Dean Bank originated 24 community development loans totaling approximately \$8.2 million during the evaluation period. This level of activity represents 2.3 percent of average total assets and 3.1 percent of average total loans since the prior evaluation. The percentage of community development loans to average total assets and average total loans was above that of similarly situated institutions.

Two loans totaling \$6.5 million benefited the broader statewide or regional area including the bank's assessment area. Most of the bank's community development loans, by number, were SBA PPP loans that helped revitalize or stabilize the broader statewide or regional area that includes the bank's assessment area. The following table illustrates the bank's 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)
9/17/2018–12/31/2018	0	0	0	0	0	0	0	0	0	0
2019	1	340	0	0	2	355	0	0	3	695
2020	0	0	0	0	1	32	18	955	19	987
YTD 2021	1	333	0	0	1	6,137	0	0	2	6,470
Total	2	673	0	0	4	6,524	18	955	24	8,152

Source Bank Data

Below are notable examples of the bank's qualified community development loans:

- In 2019, the bank extended a \$339,500 line of credit to a non-profit that primarily develops and purchases affordable housing units within the assessment area. The line of

credit was used for investing in additional affordable rental housing properties. The extension of this line of credit supported affordable housing and benefitted low-income individuals in the area.

- In 2019, the bank originated a \$320,000 loan under the SBA Express program to a start-up small business within the assessment area. This SBA program provides a streamlined approval process enabling faster approval times and easy-to-use lines of credit. The loan provided this small business with start-up costs and aided in generating permanent job creation, thus supporting economic development within the assessment area.
- In 2021, the bank originated a \$6.1 million SBA 504 loan to a manufacturing business located in Norfolk, MA. The funds were used to add a 20,000 square-foot facility to an existing property and to purchase equipment for that new building. Loans originated under this program create employment opportunities and promote economic development. While Norfolk is not within the bank's assessment area, the loan is likely to benefit the assessment area as Norfolk abuts two assessment area towns of Franklin and Wrentham. This loan supports economic development by helping to create low- and moderate-income manufacturing jobs at a nearby facility that is likely to employ residents of the assessment area.
- In response to the COVID-19 pandemic in 2020, the bank originated 18 SBA PPP loans for \$954,600 to borrowers in low- and moderate-income census tracts in the broader statewide or regional area. As the bank's assessment area does not contain any low- or moderate-income census tracts, greater opportunities for reaching these borrowers exist outside the assessment area. Fourteen PPP loans benefitted businesses that operate within low-income census tracts, with loan amounts ranging from \$2,000 to \$165,000. Four PPP loans benefitted businesses operating in moderate-income census tracts, with loan amounts ranging from \$30,000 to \$111,700. The SBA administered these loans as part of the Coronavirus Aid, Relief, and Economic Security Act. The PPP loans help businesses retain staff during the economic crisis due to the COVID-19 pandemic. These PPP loans are particularly responsive as they provide funding to businesses to retain jobs in low- and moderate-income areas during the pandemic.

Qualified Investments

During the evaluation period, Dean Bank made 35 qualified investments for approximately \$56,850, consisting entirely of donations. This dollar amount equates to 0.02 percent of average total assets and 0.1 percent of average total securities. The bank's percentage of qualified investments to average total assets and average total securities is similar to or below that of similarly situated institutions. All the qualified donations provided community services targeted to low- and moderate-income individuals. These qualified donations demonstrate the bank's responsiveness to the needs of low- and moderate-income individuals within the assessment area and a broader statewide and regional area. The following table illustrates the bank's qualified investments by year and purpose.

Qualified Donations										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
9/17/2018-12/31/2018	0	0	12	10,400	0	0	0	0	12	10,400
2019	0	0	9	5,175	0	0	0	0	9	5,175
2020	0	0	9	24,750	0	0	0	0	9	24,750
YTD 2021	0	0	5	16,525	0	0	0	0	5	16,525
Total	0	0	35	56,850	0	0	0	0	35	56,850
<i>Source Bank Data</i>										

Below are notable examples of community service organization to which the bank provided qualified donations.

- **Franklin Food Pantry** – This non-profit community service organization provides food assistance to low-and moderate-income individuals to help alleviate food insecurity in the Franklin community. The bank made multiple donations to this organization that were particularly responsive to community service needs during during the COVID-19 pandemic crisis.
- **New Hope** – This non-profit community service organization provides supportive services to female victims of domestic and sexual violence throughout southcentral and southeastern Massachusetts. The organization primarily serves low- and moderate-income individuals.
- **Milford Regional Medical Center** – Milford Regional Medical Center is a full-service, mid-size, non-profit community and regional teaching hospital serving 20-plus towns in and around the assessment area. The hospital, according to public records, is a majority public-payer hospital, with 53.5 percent of patients in 2019 being on MassHealth, Medicaid, and Medicare.
- **Random Smile Project** – This non-profit community service organization provides clothing, groceries, books, and toys to low- and moderate-income families. The organization also assists these families with other needs such as home repair and home conversions for handicapped individuals.

Community Development Services

During the evaluation period, Dean Bank employees and officers provided 19 instances of financial expertise or technical assistance to four different community development-related organizations in the assessment area. This level of services is similar to that of similarly situated institutions. Services included involvement in community development organizations that provide affordable housing and community services for low- and moderate-income individuals, both of which were primary needs identified by the community contact. The following table illustrates community development services by year and purpose.

Community Development Services					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Total
	#	#	#	#	#
9/17/2018-12/31/2018	0	2	0	0	2
2019	0	2	0	0	2
2020	0	7	0	0	7
YTD 2021	1	7	0	0	8
Total	1	18	0	0	19
<i>Source Bank Data</i>					

Below are notable examples of community development services:

- **Franklin Housing Authority** – The Franklin Housing Authority provides a range of safe, secure, suitable, and affordable housing units for low-income families, elders, and disabled households. The organization maintains 9 properties and over 200 units of affordable housing in Franklin. A bank administrator served on the organization’s Board of Commissioners in 2021.
- **New Hope** – This non-profit community service organization provides supportive services to female victims of domestic and sexual violence. The organization provides these services throughout southcentral and southeastern Massachusetts, including much of the bank’s assessment area. The organization primarily serves low- and moderate-income individuals. Three senior bank executives from the bank served on the organization’s Capital Campaign Committee in 2020 and 2021.
- **Milford Regional Medical Center** – As noted previously, Milford Regional Medical serves the assessment area, primarily meeting medical care needs for low- and moderate-income individuals. A bank senior vice president has served on the Medical Center’s Finance Committee and as a Corporator since 2020, while another bank senior vice president has served as a Corporator since 2020.
- **Blackstone Valley Boys & Girls Club** – The organization provides community support and neighborhood resources. Special attention is given to at-risk youth and children from disadvantaged circumstances, especially low- and moderate-income families. A senior vice president presented a youth financial literacy training session in 2019. Students learned about budgeting, bank accounts, and using debit cards and electronic banking services. This service was specifically responsive to the need for youth financial literacy programs in identified by the community contact.

Other Services

- **Massachusetts Interest on Lawyers Trust Accounts (IOLTAs)** – Dean Bank participates in the Massachusetts IOLTA Program. This program, mandated by the Supreme Judicial Court, requires lawyers and law firms to establish interest-bearing accounts for client deposits. The interest earned is used to fund law-related public

service programs to help low-income clients. The bank remitted approximately \$4,138.08 in IOLTA funds during the evaluation period.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

APPENDIX

FAIR LENDING POLICIES AND PROCEDURES

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous evaluation. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

MINORITY APPLICATION FLOW

Examiners reviewed the bank's 2019 and 2020 HMDA LARs to determine if the bank's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2015 ACS U.S Census data, the bank's assessment area contained a total population of 92,633 individuals of which 7.2 percent are minorities. The assessment area's minority and ethnic population is 2.2 percent Hispanic or Latino, 1.1 percent Black/African American, 2.5 percent Asian, and 1.5 percent other.

In 2019, the bank received 253 home mortgage loan applications from within its assessment area. Of these applications, ten (4.0 percent) were received from racial minority applicants. Of the 10 applications, five (50.0 percent) were originated by the bank. The aggregate received 5.5 percent from minority applicants and 60.8 percent were originated. For the same period, the bank received seven applications (2.8 percent) from ethnic groups of Hispanic origin. Of these applications, five (71.4 percent) were originated. The aggregate received 3.3 percent of all applications from Hispanic applicants and 50.5 percent were originated.

In 2020, the bank received 377 home mortgage loan applications from within its assessment area. Of these applications, fourteen (3.7 percent) were received from racial minority applicants. Of the fourteen applications, five (64.3 percent) were originated. The aggregate received 6.9 percent of all applications from minority applicants and 63.8 percent were originated. For the same period, the bank received nine applications (2.4 percent) from ethnic groups of Hispanic origin. Of these applications, six (66.7 percent) were originated. The aggregate received 3.5 percent of all applications from Hispanic applicants and 62.6 percent were originated.

MINORITY APPLICATION FLOW						
RACE	2019		2019 Aggregate Data	2020		2020 Aggregate Data
	#	%	%	#	%	%
American Indian / Alaska Native	1	0.4	0.1	1	0.3	0.2
Asian	6	2.4	3.2	9	2.4	4.6
Black / African American	1	0.4	1.0	0	0.0	0.9
Hawaiian / Pacific Islander	0	0.0	0.1	0	0.0	0.0
2 or more Minority	1	0.4	0.1	0	0.0	0.0
Joint Race (White/Minority)	1	0.4	1.0	4	1.1	1.1
Total Racial Minority	10	4.0	5.5	14	3.7	6.9
White	198	78.3	75.2	302	80.1	72.7
Race Not Available	45	17.8	19.4	61	16.2	20.3
Total	253	100.0	100.0	377	100.0	100.0
ETHNICITY						
Hispanic or Latino	4	1.6	2.5	5	1.3	2.5
Joint (Hisp/Lat / Not Hisp/Lat)	3	1.2	0.8	4	1.1	1.1
Total Ethnic Minority	7	2.8	3.3	9	2.4	3.5
Not Hispanic or Latino	187	73.9	76.5	286	75.9	74.6
Ethnicity Not Available	59	23.3	20.3	82	21.8	21.9
Total	253	100.0	100.0	377	100.0	100.0

Source: HMDA Aggregate Data (2019 and 2020), HMDA LAR Data (2019) and (2020)

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2019 and 2020, the bank's minority application flow is adequate. The bank should remain cognizant of its community outreach strategies in an effort to reach all groups within the assessment area.

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.

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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

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; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank 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 banks, 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 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 Areas (CBSAs): 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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.

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 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: 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent 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.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Deposit Insurance Corporation, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.