

PUBLIC DISCLOSURE

October 20, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Dedham Institution for Savings
Certificate Number: 23620

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Dedham, MA 02026

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**.

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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	X
Satisfactory**	X		
Needs to Improve			
Substantial Noncompliance			
<p><i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i></p> <p><i>**FDIC rules and regulations stipulate use of a “high satisfactory” and “low satisfactory” rating for the three tests. This jointly issued public evaluation uses the term “satisfactory” in lieu of “low satisfactory” for the Lending, Investment, and Service Test ratings, as the Division does not have a “low satisfactory” rating.</i></p>			

The Lending Test is rated Satisfactory.

- Lending levels reflect good responsiveness to assessment area credit needs.
- A high percentage of loans were made in the institution’s assessment area.
- The geographic distribution of loans reflects poor penetration throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different size.
- The institution uses innovative and/or flexible lending practices in order to serve assessment area credit needs.
- The institution is a leader in making community development loans.

The Investment Test is rated High Satisfactory.

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.

- The institution exhibits good responsiveness to credit and community economic development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the institution's assessment area.
- To the extent changes have been made, the institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and individuals.
- The bank provides a relatively high level of community development services.

SCOPE OF EVALUATION

General Information

This performance evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Commonwealth of Massachusetts Division of Banks (DOB), assessed Dedham Institution for Savings' (Dedham Savings) CRA performance from the prior evaluation dated August 6, 2018, to the current evaluation dated October 20, 2021. Examiners used the Interagency Large Institution Examination Procedures, which include a Lending Test, Investment Test, and Service Test.

Examiners obtained demographic and economic information referenced in the evaluation from the 2010 United States (U.S.) Census, 2015 American Community Survey (ACS), D&B, Moody's Analytics, and U.S. Bureau of Labor Statistics. In addition, examiners obtained the bank's financial data from its September 30, 2021, Report of Income and Condition (Call Report).

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

- Lending activity
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Innovative and/or flexible lending
- Community development lending

The Investment Test considered the following criteria:

- Number and dollar amount of qualified investments
- Responsiveness to credit and community development needs
- Innovativeness or complexity of qualified investments

The Service Test considered the following criteria:

- Accessibility of delivery systems
- Changes in branch locations
- Reasonableness of business hours and services
- Community development services

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage 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. The bank originated significantly more home mortgage loans by both number and dollar amount than small business loans during the evaluation period. Therefore, home mortgage lending contributed more weight in assigning the overall

Lending Test rating. In addition, no other loan types, such as small farm or consumer loans, represent a major product line. As a result, the evaluation does not include an analysis of those products.

Examiners reviewed all originated and purchased home mortgage loans reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) for 2018, 2019, and 2020. The bank's loan production increased year over year. Dedham Savings reported 416 loans totaling \$229.9 million in 2018, 521 loans totaling \$312.7 in 2019, and 988 loans totaling \$565.6 million in 2020. Examiners compared the bank's home mortgage lending performance against demographic data and aggregate lending data for all years. The bank's performance in 2018 was similar to that of 2019 and 2020; therefore, examiners did not present 2018 data under the Borrower Profile or Geographic Distribution criteria.

Examiners also reviewed all small business loans reported on the bank's CRA loan registers for 2018, 2019, and 2020. The bank reported 67 loans totaling \$18.8 million in 2018, 80 loans totaling \$20.1 million in 2019, and 428 loans totaling \$58.2 million in 2020. This significant increase in 2020 is largely attributable to Small Business Administration (SBA) Paycheck Protection Program (PPP) lending. Examiners compared small business lending performance against D&B demographic data for all years and 2019 aggregate lending data, as the 2019 aggregate data was the most recent data available. Examiners did not present 2018 data under the Geographic Distribution or Borrower Profile criteria, as performance was similar to 2019.

In addition to home mortgage and small business lending, the Lending Test include a review of the bank's innovative and flexible lending programs and community development loans made between since the prior evaluation. The Service Test included a review of delivery systems for providing retail-banking services, the impact of any branch openings/closings during the evaluation period, and the number and dollar amount of community development services since the prior evaluation. The Investment Test considered the number and dollar amount of qualified investments since the prior evaluation, the innovativeness or complexity of those investments, and the bank's responsiveness to credit and community development needs of the assessment area.

DESCRIPTION OF INSTITUTION

Background

Dedham Savings has three-wholly owned subsidiaries. None of the subsidiaries engage in lending activities. The bank also has a charitable foundation that provides financial support to charitable organizations within the assessment area. A Mutual Holding Company (1831 Bancorp MIHC) and a Mid-Tier Holding Company (1831 Bancorp, Inc.) own Dedham Savings.

The institution received a Satisfactory rating at the previous FDIC and DOB CRA Performance Evaluation dated August 6, 2018, based on Interagency Large Institution Examination Procedures. The Lending Test was rated Satisfactory and the Investment and Service Tests were rated High Satisfactory.

Operations

Dedham Savings is headquartered in Dedham, Massachusetts and operates 12 full-service brick-and-mortar branches, a full-service online branch, and a limited service branch. Five of the branches have drive-up windows. The branches are located in the following cities in Massachusetts: Bedford (limited service), Canton, Dedham (4), Needham, Norwood, Sharon, South Boston, Walpole, and Westwood. The bank has not opened or closed any branches since the previous examination. No mergers or acquisition activities occurred since the previous evaluation.

Dedham Savings offers various financial products and services to consumers and business customers. The bank offers loan products including commercial, home mortgage, and consumer loans, with a primary focus on residential lending. The bank also provides various deposit services including checking, savings, money market, and certificates of deposit. Lastly, the bank offers wealth management services through a relationship with Sorrento Pacific Financial, LLC. Other banking services include internet and mobile banking, telephone banking, electronic bill pay, and 15 automated teller machines (ATMs).

Ability and Capacity

As of September 30, 2021, the bank's assets totaled \$1.9 billion, of which loans totaled \$1.4 billion and securities totaled \$340.7 million. According to the bank's most recent Call Report, residential lending represented the majority of the loan portfolio, which is consistent with the previous evaluation. The following table illustrates the loan portfolio distribution.

Loan Portfolio Distribution as of 09/30/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	217,350	16.0
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	686,208	50.5
Secured by Multifamily (5 or more) Residential Properties	111,565	8.2
Secured by Nonfarm Nonresidential Properties	253,186	18.6
Total Real Estate Loans	1,268,309	93.3
Commercial and Industrial Loans	54,998	4.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	572	0.0
Obligations of State and Political Subdivisions in the U.S.	33,682	2.5
Other Loans	1,483	0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	1,359,044	100.0
<i>Source Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

Dedham Savings designated one contiguous assessment area in the Boston-Worcester-Providence, MA-RI-NH-CT Combined Statistical Area (CSA). Portions of the bank's assessment area are in the Boston-Cambridge-Newton, MA-New Hampshire (NH) Metropolitan Statistical Area (MSA) and the Providence-Warwick, Rhode Island (RI)-MA MSA. The assessment area includes portions of the Boston, MA Metropolitan Division (MD) and Cambridge-Newton-Framingham, MA MD, both of which are located in the Boston-Cambridge-Newton, MA-NH MSA. Both MSAs are located within the Boston-Worcester-Providence, MA-RI-NH-CT CSA. The assessment area contains the following counties, cities and towns in each MSA.

Boston-Cambridge-Newton, MA-NH MSA

Cambridge-Newton-Framingham, MA MD

- **Middlesex County, MA:** Ashland, Bedford, Concord, Framingham, Holliston, Lexington, Lincoln, Natick, Newton, Sherborn, Sudbury, Waltham, Wayland, Weston

Boston, MA MD

- **Norfolk County, MA:** Avon, Braintree, Bellingham, Brookline, Canton, Cohasset, Dedham, Dover, Foxboro, Franklin, Holbrook, Medfield, Medway, Millis, Milton, Needham, Norfolk, Norwood, Plainville, Quincy, Randolph, Sharon, Stoughton, Walpole, Wellesley, Westwood, Weymouth, Wrentham
- **Plymouth County, MA:** Brockton, Hingham
- **Suffolk County, MA:** Boston

Providence-Warwick, RI-MA MSA

- **Bristol County, MA:** Attleboro, Mansfield, North Attleboro

Economic and Demographic Data

The assessment area comprises 432 census tracts with the following income designations according to the 2015 ACS:

- 53 low-income census tracts,
- 84 moderate-income census tracts,
- 118 middle-income census tracts,
- 165 upper-income census tracts, and
- 12 tracts with no income designation.

Since the previous evaluation, the bank expanded its assessment area to encompass the entire city of Boston. The expansion added 7 low-income census tracts and 25 moderate-income census tracts to the assessment area.

Within the assessment area, the low-income census tracts are located in Boston (45), Brockton (5), Framingham (2) and Quincy (1). The moderate-income census tracts are located in Boston (49), Brockton (10), Quincy (6), Framingham (5), Attleboro (3), Waltham (3), Randolph (2), North Attleboro (1), Stoughton (1) Weymouth (1), Holbrook (1) Braintree (1), and Ashland (1). The tracts

with no designation contain universities, medical centers, state parks, ports and terminals, and bodies of water on the coast of southern Massachusetts.

The following table illustrates demographic information 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)	432	12.3	19.4	27.3	38.2	2.8
Population by Geography	1,959,455	10.0	18.7	28.4	42.5	0.4
Housing Units by Geography	791,241	9.1	19.3	29.3	41.8	0.5
Owner-Occupied Units by Geography	418,590	3.0	12.4	31.0	53.4	0.3
Occupied Rental Units by Geography	324,441	16.6	27.3	27.7	27.6	0.8
Vacant Units by Geography	48,210	12.4	24.9	25.2	36.5	0.9
Businesses by Geography	197,984	5.5	13.3	24.0	56.4	0.7
Farms by Geography	2,837	2.4	11.5	27.1	58.9	0.1
Family Distribution by Income Level	449,170	23.0	14.4	17.4	45.3	0.0
Household Distribution by Income Level	743,031	26.6	13.1	14.9	45.5	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$447,898
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Gross Rent			\$1,318
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$73,950	Families Below Poverty Level			8.3%
Sources 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.						

The median housing value for the assessment area is \$447,898 and the median family income ranges from \$73,950 to \$100,280. In addition, approximately 8.3 percent of families in the assessment area are below poverty level, which is a subset of the low-income category. Families in this category likely face challenges qualifying for traditional residential mortgages to purchase homes, especially considering the median housing value. Additionally, with low-income geographies containing only 3.0 percent of the area’s owner-occupied housing units, lenders have limited opportunities to make home mortgage loans in these geographies. The following table shows the median family income ranges in the assessment area.

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)				
2018 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
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
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2018 (\$110,300)	<\$55,150	\$55,150 to <\$88,240	\$88,240 to <\$132,360	≥\$132,360
2019 (\$115,500)	<\$57,750	\$57,750 to <\$92,400	\$92,400 to <\$138,600	≥\$138,600
2020 (\$118,800)	<\$59,400	\$59,400 to <\$95,040	\$95,040 to <\$142,560	≥\$142,560
Providence-Warwick, RI-MA MSA Median Family Income (39300)				
2018 (\$80,600)	<\$40,300	\$40,300 to <\$64,480	\$64,480 to <\$96,720	≥\$96,720
2019 (\$85,100)	<\$42,550	\$42,550 to <\$68,080	\$68,080 to <\$102,120	≥\$102,120
2020 (\$89,000)	<\$44,500	\$44,500 to <\$71,200	\$71,200 to <\$106,800	≥\$106,800
<i>Source FFIEC</i>				

Demographic data for low- and moderate-income census tracts indicate limited opportunities for home mortgage lending. Specifically, the median housing values are as high as \$250,000 and median family income as low as \$15,000. Additionally, the percent of owner occupied units located within these tracts are as low as 0.5 percent of all housing units, and the percent of rental units is as high as 95.6 percent. This illustrates a lack of opportunity for owner-occupied home mortgage lending in the low- and moderate-income geographies. Furthermore, poverty levels as high as 61.9 percent in certain geographies further indicate limited opportunities for home mortgage lending.

According to the 2020 D&B data, 2,837 farm businesses and 197,984 non-farm businesses are located in the assessment area. Of those, 172,339 or 85.8 percent had revenues less than or equal to \$1 million, 11,796 or 5.9 percent had revenues greater than \$1 million, and 16,686 or 8.3 percent had unknown revenues. Service industries represent the largest portion of businesses at 41.1 percent, followed by non-classifiable establishments at 19.6 percent, and finance and insurance businesses at 12.7 percent. Additionally, 61.3 percent of businesses operate with four employees or less and 89.7 percent of businesses operate from a single location.

According to the U.S Bureau of Labor Statistics, unemployment rates in the assessment area increased since the previous evaluation period, as illustrated in the following table. According to Moody's Analytics, communities within the assessment area experienced a sharp increase in unemployment due to the onset of the COVID-19 pandemic. At the highest point in June 2020, unemployment was 19.0 percent in certain communities. The following table reflects unemployment rates in the assessment area compared to the state and national figures throughout the evaluation period.

Unemployment Rates			
Location	2018	2019	2020
	%	%	%
Cambridge-Newtown-Framingham, MA MD	3.0	2.6	8.2
Boston, MA MD	3.2	2.8	9.3
Providence - Warwick, RI-MA MSA	4.2	3.7	9.8
Massachusetts	3.4	3.0	8.9
Nationwide	3.9	3.7	8.1
<i>Sources Bureau of Labor Statistics, Moody's Analytics</i>			

According to Moody's Analytics, the Boston, MA MD has high business and living costs and high exposure to cyclical finance and technology industries. It is also the business capital of New England, having access to skilled labor and venture capital for emerging companies, dynamic high-tech and biomedical research industries, and labor market stability due to education/healthcare. All major industries reduced staff since February 2020, with leisure, hospitality, and transportation suffering the biggest losses. Top employers in the area include Partners HealthCare, University of Massachusetts, and Stop & Shop Supermarket Corporation.

Additionally, challenges within the Cambridge-Newtown-Framingham, MA MSA are similar as the area has high business and living costs; however, the universities and highly educated workforce attract companies and facilitate new business formation. The large presence of biotech and information technology firms bolsters high-wage employment. Top employers in the area include Beth Israel Lahey Health, Harvard University, and the TJX CO. Inc.

Furthermore, the Providence-Warwick RI MSA's strengths include strong links to fast-growing Boston, a collection of colleges and universities, and a strong housing market. Challenges present in the area include heavy tax burden and poor infrastructure, congested and underdeveloped rail links, and unequal distribution of wealth. Top employers in the area include Lifespan, Care New England, and CVS Health Corporation.

Competition

Dedham Savings operates in a highly competitive market for banking services. The presence of large national, regional, and community banks and credit unions creates significant competition in the area. According to the June 30, 2021 FDIC Deposit Market Share data, there were 71 financial institutions with 504 branches in the area. State Street Bank and Trust Company, Bank of America, NA, and Citizens Bank, NA, were the top three institutions with a combined deposit market share of 76.3 percent. Dedham Savings ranked 18th with a market share of 0.4 percent.

The bank faces a high level of competition for home mortgage lending from national lenders, mortgage companies, credit unions, and community banks. In 2020, 579 lenders reported 114,583 originated or purchased home mortgage loans in the assessment area. Dedham Savings ranked 39th with a market share of 0.6 percent. Lenders that ranked higher were primarily large and national lenders and local credit unions, including Quicken Loans, Leader Bank N.A., and Citizens Bank,

N.A. Community banks such as Bank of Canton and BayCoast Bank trailed slightly behind Dedham Savings, ranking 52nd and 70th with market shares of 0.4 and 0.3 percent, respectively.

The bank also faces a high level of competition for small business loans. In 2019, 176 lenders reported 118,172 small business loans originated in the assessment area. The highest ranked lenders were large and national lenders, including American Express, Bank of America, N.A., and JPMorgan Chase Bank. Dedham Savings ranked 65th with a market share of 0.1 percent.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities.

Examiners utilized recent contacts with representatives from two non-profit organizations serving the Boston, MA MD. The first organization provides services including homelessness prevention, a food relief program, a thrift shop, and mental health counseling. The contact acknowledged an increase in the need for food supplies for low- and moderate -income individuals and those below the poverty level due to the effects of the COVID-19 Pandemic. The contact also discussed the need for mortgage and rental relief to retain residents in their homes and stabilize communities. The contact indicated that financial institutions have been responsive with donations to provide the needed funding to support essential programs.

The second organization primarily focuses on affordable housing and economic development initiatives. The contact stated that the Boston neighborhoods of Mattapan, Hyde Park, and Roslindale have significant community development needs. Relief initiatives such as Residential Assistance for Families in Transition and Boston's Acquisition Opportunity Program have aided local organizations in stabilizing rent for low-income individuals and preventing displacement. COVID-19 assistance has also been helpful for families and businesses in the area. The contact stated that local banks provide financing and services in the area and cited Dedham Savings as a strong participant. Larger institutions reflect interest in big projects, but small investor housing initiatives, such as one-to-four family housing do not spur as much involvement.

The contact also noted that capital access is the greatest need for both small businesses and first time homebuyers, and flexible lending is essential. The contact mentioned financial literacy as an important resource for individuals and businesses, and hopes to see more neighborhood involvement in these initiatives. Lastly, the contact expressed a concern that larger national financial institutions have been closing their branch lobbies in low-income areas.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and community services for low- and moderate-income individuals are primary community development needs in the assessment area.

Needs include housing stabilization in low- and moderate-income areas and to low- and moderate-income individuals.

Brockton and Boston represent the communities with the most significant community development needs and opportunities in the assessment area. Homelessness, unemployment, and wellness gaps reflect a significant need for community services and affordable housing for low- and moderate-income communities. In addition, support for small businesses and economic development in general is a critical need in Brockton in Boston. Financial literacy also represents a significant need in these areas.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Dedham Savings demonstrated Satisfactory performance under the Lending Test. The following sections summarize the bank's performance under each criterion.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs. In 2019, Dedham Savings originated or purchased 395 home mortgage loans totaling \$240.8 million. This activity represented a market share of 0.5 percent, and the bank ranked 44th out of 568 lenders operating in the assessment area. Lending activity in 2020 increased significantly to 727 home mortgage loans totaling \$436.3 million. Because the mortgage market as a whole exhibited an increase in activity in 2020, the bank's market ranking was similar to that of 2019. The bank ranked 39th out of 579 lenders for 0.6 percent market share.

Dedham originated 69 small business loans totaling \$16.9 million in the assessment area in 2019. The institution's small business lending ranked 65th out of the 176 lenders operating in the counties comprising the assessment area. In 2020, the number of small business loans increased significantly to 387 loans totaling \$51.5 million due to PPP Lending.

The bank's loan-to-deposit (LTD) ratio supports good performance. The average LTD ratio since the prior examination is 90.9 percent, indicating that the bank is redistributing a large percentage of deposits as loans.

Assessment Area Concentration

The bank made a high percentage of home mortgage and small business loans, by number and dollar volume, within its assessment area. The following table illustrates the bank's lending inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	309	74.3	107	25.7	416	163,883	71.3	66,050	28.7	229,933
2019	395	75.8	126	24.2	521	240,881	77.0	71,865	23.0	312,747
2020	727	73.6	261	26.4	988	436,345	77.2	129,233	22.9	565,578
Subtotal	1,431	74.3	494	25.7	1,925	841,109	75.9	267,149	24.1	1,108,258
Small Business										
2018	61	91.0	6	9.0	67	16,924	89.7	1,950	10.3	18,874
2019	69	86.3	11	13.8	80	17,138	85.2	2,982	14.8	20,120
2020	387	90.4	41	9.6	428	51,525	88.5	6,705	11.5	58,230
Subtotal	517	89.9	58	10.1	575	85,587	88.0	11,637	12.0	97,224
Total	1,948	77.9	552	22.1	2,500	926,696	76.9	278,786	23.1	1,205,482

Source HMDA Reported Data; CRA Reported Data

Geographic Distribution

The geographic distribution of loans reflects poor penetration throughout the assessment area, particularly in low- or moderate-income geographies. The bank’s performance in both home mortgage and small business lending supports this conclusion. Examiners focused on the number and percentage of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of loans reflects poor penetration throughout the assessment area, particularly in moderate-income geographies. In 2019, lending in low-income census tracts was comparable to aggregate performance and area demographics. The bank’s performance in low-income census tracts declined slightly in 2020, but aggregate performance also decreased. In moderate-income tracts, however, the bank’s performance was below aggregate performance and the percentage of owner-occupied units in 2019, by number and dollar amount. In 2020, the bank’s performance in moderate-income tracts remained below aggregate performance and demographics.

The bank has made focused efforts to increase lending in low- and moderate-income geographies, including proactive marketing and outreach to community organizations in the Boston area. As a result, the bank’s performance under this criterion has improved slightly over the prior evaluation; however, overall penetration throughout the assessment area remains poor.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.0	3.6	12	3.0	12,172	5.1
2020	3.0	3.0	14	1.9	7,199	1.7
Moderate						
2019	12.4	13.7	29	7.3	20,670	8.6
2020	12.4	12.3	47	6.5	41,510	9.5
Middle						
2019	31.0	30.1	108	27.3	69,376	28.8
2020	31.0	29.2	177	24.3	94,922	21.8
Upper						
2019	53.4	52.2	246	62.3	138,664	57.6
2020	53.4	55.2	489	67.3	292,714	67.1
Not Available						
2019	0.3	0.3	0	0.0	0	0.0
2020	0.3	0.3	0	0.0	0	0.0
Totals						
2019	100.0	100.0	395	100.0	240,881	100.0
2020	100.0	100.0	727	100.0	436,345	100.0
<i>Source 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data</i>						

Small Business Loans

The geographic distribution of small business loans reflects poor penetration throughout the assessment area, particularly to low- and moderate-income geographies. As shown in the following table, the bank did not originate any small business loans in low-income census tracts in 2019. In 2020, the number of loans in low-income census tracts increased, but remained well below demographics. In moderate-income census tracts, lending was significantly below aggregate performance and the percent of business located in those tracts. The number of loans in moderate-income census tracts also increased in 2020, but performance decreased by percentage of total small business loans and remained well below the percentage of businesses located in moderate-income tracts.

Approximately 57.8 percent of businesses located in low- and moderate-income census tracts in the assessment area are located in Boston, which is a competitive area where the bank has limited branch presence. This helps explain why the bank has difficulty originating a high number of loans in these geographies.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	5.5	5.1	0	0.0	0	0.0
2020	5.5	--	6	1.6	1,116	2.2
Moderate						
2019	13.2	14.3	6	8.7	1,157	6.8
2020	13.3	--	22	5.7	3,437	6.7
Middle						
2019	24.3	27.0	23	33.3	6,118	35.7
2020	24.0	--	97	25.1	13,220	25.7
Upper						
2019	56.2	53.0	40	58.0	9,863	57.6
2020	56.4	--	260	67.2	33,327	64.7
Not Available						
2019	0.8	0.6	0	0.0	0	0.0
2020	0.7	--	2	0.5	425	0.8
Totals						
2019	100.0	100.0	69	100.0	17,138	100.0
2020	100.0	100.0	387	100.0	51,525	100.0
<i>Source 2019 and 2020 D&B Data; CRA Reported Data; CRA Aggregate Data</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different size. Adequate performance of lending to low- and moderate-income borrowers in home mortgage lending and adequate performance of lending to small businesses with gross annual revenues of \$1 million or less support this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, reflects adequate penetration. Lending to low-income borrowers in was slightly below, but comparable to aggregate performance in 2019. The bank's performance was similar in 2020 and was closer to aggregate performance. In both 2019 and 2020, aggregate performance was significantly below the percentage of low-income families in the assessment area. A family making less than \$57,750 would have difficulty qualifying for a home mortgage given high home prices in the area. This helps explain the difference between aggregate performance and the percentage of low-income families.

The bank's performance among moderate-income families was comparable to aggregate lending and demographics in 2019. While the number of loans to moderate-income families increased in 2020, the percentage of loans originated to these families decreased slightly.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	23.0	3.6	10	2.5	2,243	0.9
2020	23.0	3.3	19	2.6	3,675	0.8
Moderate						
2019	14.4	13.6	51	12.9	13,824	5.7
2020	14.4	13.3	83	11.4	21,008	4.8
Middle						
2019	17.4	20.4	63	15.9	18,031	7.5
2020	17.4	21.4	122	16.8	39,342	9.0
Upper						
2019	45.3	49.2	202	51.1	108,589	45.1
2020	45.3	51.0	396	54.5	212,947	48.8
Not Available						
2019	0.0	13.2	69	17.5	98,195	40.8
2020	0.0	11.0	107	14.7	159,374	36.5
Totals						
2019	100.0	100.0	395	100.0	240,881	100.0
2020	100.0	100.0	727	100.0	436,345	100.0
<i>Source 2015 ACS Data; HMDA Reported Data; HMDA Aggregate Data</i>						

Small Business Loans

The distribution of small business loans reflects adequate penetration to businesses with gross annual revenues of \$1.0 million or less. As shown in the following table, the bank exceeded aggregate performance in lending to businesses with gross annual revenues of \$1.0 million or less in 2019. Performance in this category trended upward in 2020, when the majority of the bank's lending was to businesses with gross annual revenues of \$1 million or less. The bank also significantly increased the number of loans originated in 2020, which is attributed to the bank's PPP lending.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
≤ \$1,000,000						
2019	84.5	40.8	31	44.9	8,587	50.1
2020	85.7	--	221	57.1	16,371	31.8
> \$1,000,000						
2019	6.6	--	38	55.1	8,551	49.9
2020	5.9	--	162	41.9	34,393	66.8
Revenue Not Available						
2019	8.9	--	0	0.0	0	0.0
2020	8.4	--	4	1.0	761	1.5
Total						
2019	100.0	100.0	69	100.0	17,138	100.0
2020	100.0	--	387	100.0	51,525	100.0
<i>Source 2019 and 2020 D&B Data; CRA Reported Data; CRA Aggregate Data</i>						

Innovative or Flexible Lending

The bank uses innovative and/or flexible lending practices. The bank originated 703 innovative and/or flexible loans, totaling approximately \$112.2 million to individuals and businesses during the evaluation period. The highest level of activity occurred under the One Mortgage program and MassHousing for residential loan programs, and the SBA PPP for commercial lending activity. The bank also helped provide 72 grants to support the home purchases for primarily low- and moderate-income lenders or small businesses, totaling approximately \$563,000. The following table shows the bank's residential and commercial innovative and/or flexible lending activity by year.

Innovative or Flexible Lending Programs										
Type of Program	2018		2019		2020		2021		Totals	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Residential Lending										
Fannie Mae HomeReady	0	0	1	350	5	1,353	4	1,102	10	2,806
MassHousing	1	397	4	1,341	10	3,141	1	618	16	5,497
MassHousing DPA Second	0	0	1	15	0	0	1	15	2	30
OneMortgage	3	622	11	2,823	17	5,163	5	1,158	36	9,767
Municipal Loan Program	2	632	2	752	2	715	0	0	6	2,099
Neighborlift Program	2	708	0	0	0	0	0	0	2	708
Commercial Lending										
SBA 504	0	0	0	0	2	1,514	1	1,260	3	2,774
SBA 7a	0	0	0	0	0	0	1	250	1	250
SBA PPP	0	0	0	0	392	58,740	235	29,510	627	88,250
FHLB Jobs New England	0	0	9	486	1	108	0	0	10	594
Total Loans	8	2,359	28	5,767	429	70,734	248	33,913	713	112,775
<i>Source Bank Records</i>										

The following table shows the bank's innovative and/or flexible down payment and closing cost assistance activity by year. Some of these grants were provided to borrowers that participated in the programs listed in the table above.

Down Payment and Closing Cost Grant Assistance										
Type of Program	2018		2019		2020		2021		Totals	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Dedham Down Payment Assistance	0	0	3	16	6	33	2	4	11	53
Dedham Lender Credits	0	0	6	8	8	9	3	3	17	20
City of Boston Down Payment Assistance	0	0	2	31	4	80	1	5	7	116
FHLB Downpayment Assistance	0	0	3	42	7	100	3	30	13	172
FHLB Equity Builder	0	0	1	15	5	72	1	15	7	102
FHLB Job New England Grant	0	0	0	0	17	100	0	0	17	100
Total Grants	0	0	15	102	47	394	10	57	72	563
<i>Source Bank Records</i>										

Below are examples of the bank's innovative and flexible lending programs.

Residential Loan Programs

- **One Mortgage:** The bank is a Massachusetts Housing Partnership Program (MHP) approved lender. The program assists first-time homebuyers. A majority of individuals served are low- and moderate-income. The One Mortgage offered through MHP includes interest rate discounts, reduced monthly payments, no limits on home appreciation, and no cost for private mortgage insurance. Borrowers must meet income guidelines to qualify for this reduced-rate financing.
- **Massachusetts Housing Finance Agency (MassHousing) Loan Products:** Loan programs through MassHousing include features such as low down payments, competitive interest rates, down payment assistance, reduced mortgage insurance premiums, special programs for veterans such as Operation Welcome Home, and higher debt-to-income ratios allowed for home mortgages in economically challenged cities. MassHousing products primarily benefit low- and moderate-income borrowers.
- **Municipal Loan Program:** The bank participates in the MassHousing Municipal Mortgage Program, which is designed for individuals who live or work within its lending area. The program benefits municipal, county, and state employees and offers features such as low down payments, reduced interest rates, and reduced mortgage insurance premiums. Income restrictions are based on MassHousing income limits.

Commercial Loan Programs

- **Small Business Administration:** The SBA works with lenders to provide loans to small businesses by providing guarantees to reduce risk. SBA loans offer benefits such as flexible underwriting criteria, lower down payment requirements, longer terms, and promote business growth and job creation. During the evaluation period, the bank offered SBA 7a, SBA 504, and SBA PPP loans that benefitted small businesses.
- **Federal Home Loan Bank (FHLB) – Jobs New England Program:** This program offers zero-percent financing for small business loans that create or preserve jobs, expand woman-, minority, or veteran-owned businesses, or otherwise stimulate the local economy. The bank's participation in the program began in 2017/

Grant Programs

- **FHLB Equity Builder Program:** The FHLB's Equity Builder Program offers member banks grants to provide down payment, closing costs, homebuyer counseling, and rehabilitation assistance to low- and moderate-income households.
- **Dedham Savings Down Payment/Closing Cost Assistance Program:** This program is for borrowers struggling to save for a down payment or to cover closing costs. Eligibility is determined based on financial need. Borrowers may receive closing costs up to \$7,500 in conjunction with the Municipal Loan program, One Mortgage program, Home of the Brave

loan program, and may receive up to \$5,000 in conjunction with a Federal Home Loan Bank (FHLB) Equity Builder grant.

- **FHLB – Jobs New England COVID-19 Assistance:** This program offered member banks emergency grant assistance to aid small businesses impacted by the COVID-19 pandemic in 2020.

Community Development Lending

Dedham Savings is a leader in making community development loans in the assessment area. The bank originated 48 community development loans totaling \$61.3 million that met the needs of affordable housing, community services, and revitalization and stabilization. This activity represents an increase over the previous examination, when the bank originated a total of \$23.5 million in community development loans.

The bank’s community development loans represent approximately 5.0 percent of the institution’s average net loans since the previous evaluation. The bank’s community development lending exhibited a focus on affordable housing projects, and provided significant funds to support rentals and development in the Boston area that benefit low- and moderate-income residents or areas. Furthermore, the bank’s volume of community development loans and ratio of community development loans to net loans compared favorably with three other institutions located in its assessment area of similar asset size and business focus. All three of these institutions were considered leaders in community development lending as of their most recent performance evaluation. The following table illustrates the bank’s community development lending activity.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
8/6/18-12/31/18	0	0	1	50	0	0	0	0	1	50
2019	8	6,114	0	0	0	0	3	10,646	11	16,760
2020	7	6,008	3	3,810	8	14,909	1	198	19	24,925
YTD 2021	10	11,809	0	0	6	7,572	1	208	17	19,589
Total	25	23,931	4	3,860	14	22,481	5	11,052	48	61,324

Source Bank Data

Below are notable examples of the bank’s community development loans.

- In 2019, the bank provided a \$5.7 million loan to refinance and renovate a mixed-use property in connection with a revitalization program developed by the City of Boston. The property will also provide new and improved affordable housing units. This loan revitalizes a low-income area by providing housing in line with the City’s plans.
- In 2019, the bank originated \$2.7 million of a \$5.7 million participation loan. The proceeds were used to purchase and repurpose a retail building that had been vacant since 2013. The building is located in a moderate-income census tract and repurposing the building will

support revitalization and stabilization of the area.

- In 2020, the bank originated a \$1.4 million loan to a local restaurant holdings company. The loan helped the business retain jobs, primarily for low- and moderate-income individuals, during the pandemic. This loan supports economic development by financing a small business.
- In 2021, the bank renewed a \$1.0 million line of credit to an affordable housing organization in Quincy. The line of credit will provide funds to acquire properties that will be occupied by low- and moderate- income families. This loan supports affordable housing in the assessment area.
- In 2021, the bank provided a \$1.6 million loan to a local real estate development corporation to create a five-unit project. Three of the five units are designated for the City of Boston's Neighborhood Home Initiative, providing affordable housing in the assessment area.

INVESTMENT TEST

The bank demonstrated High Satisfactory performance under the Investment Test. The following sections summarize the bank's overall performance under each criterion.

Investment Activity

Dedham Institution for Savings has a significant level of qualified investments. During the evaluation period, qualified investments, grants and donations totaled \$17.1 million. Total qualified investments represent 1.1 percent of average total assets and 5.9 percent of average total securities since the previous evaluation. The level of qualified investments and donations is comparable to the previous evaluation. Further, the bank's level of qualified investments and ratio of qualified investments to average total assets and average total securities is comparable to of the performance of three other institutions located in its assessment area of similar asset size and business focus. The following sections address the bank's Investment Test performance.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	7	3,753	1	2,000	1	785	0	0	9	6,538
8/6/2018-12/31/2018	1	1,025	0	0	0	0	0	0	1	1,025
2019	1	1,523	0	0	0	0	0	0	1	1,523
2020	0	0	1	1,500	1	1,000	0	0	2	2,500
YTD 2021	1	4,760	0	0	0	0	0	0	1	4,760
Subtotal	10	11,061	2	3500	2	1,785	0	0	14	16,346
Qualified Grants & Donations	38	244	220	483	10	18	3	2	291	747
Total	48	11,305	222	3,983	12	1,803	3	2	305	17,093
<i>Source Bank Records</i>										

Equity and Debt Security Investments

The bank has \$16.3 million in qualified equity investments. Approximately \$9.8 million represents new investments. Listed below are the qualified equity investments.

Current Period

- **Mortgage-backed Securities** – In 2020, the bank purchased a \$4.8 million pool of securities backed by residential mortgages to low-and moderate-income borrowers in the assessment area, specifically Norfolk and Suffolk counties. This investment supports affordable housing in the assessment area.
- **CRA Qualified Investment Fund (CRA Fund)** – In 2020, the bank invested \$1.5 million in the CRA Fund. The investment is targeted to the Minority Community Advancement Empowerment strategy, which will specifically make investments in the bank’s assessment area that support racially or ethnically concentrated areas of poverty, including access to jobs, economic development, and affordable housing. This investment will support community services for low- and moderate- income individuals in the assessment area.
- **PCI II, LP** – In 2020, the bank committed \$1.0 million to PCI II, LP, which is a small business investment company that supports smalls businesses in the eastern region of the U.S. This investment will support economic development by financing small business in the broader regional area including the assessment area.

Prior Period

- **Boston Community Loan Fund** - The Boston Community Loan Fund provides financing to organizations that create affordable housing and provide community services for low-income individuals and communities. The financing helps support the renovation and creation of affordable rental and owner-occupied units for low- and moderate-income individuals and families. Additionally, the financing supports schools, housing, and

commercial real estate in distressed communities. The current book value of this investment is \$1.0 million.

- **MB Capital Fund IV, LLC** - MB Capital Fund is a limited partnership managed by the Massachusetts Business Development Corporation (MBDC) that provides capital to established small businesses in need of capital growth and provides supplemental financing and financial services to growing companies. This investment will support economic development to small businesses throughout the broader regional area including the assessment area. The current book value of this investment is \$785,000.
- **JPMorgan Tax-Exempt Pass-Through Trust (JPTEP)** – The bank purchased three JPTEP securities that are ultimately backed by residential mortgage loans financed by the Massachusetts Housing Finance Agency to low- and moderate-income borrowers. This investment supports affordable housing in Massachusetts and the assessment area.

Grants and Donations

The bank made 292 donations for \$747,395 during the evaluation period. The following are examples of notable donations.

- **Brockton Redevelopment Authority** – In 2019, the bank’s charitable foundation made a substantial donation to the Brockton Redevelopment Authority. Contracted by the City of Boston, the organization partners with local organizations to improve the lives of low- and moderate-income residents by providing affordable housing opportunities, economic development and social programs. This donation will primarily benefit affordable housing to low- and moderate-income residents.
- **South Eastern Economic Development Corporation (SEED)** – In 2020, the bank made several donations to the SEED Corporation, a regional nonprofit economic development corporation whose primary mission is to provide financial support through loans to small and micro businesses and start-ups, encouraging growth and job opportunities. This donation supports economic development throughout the broader regional area, including the assessment area.
- **Local Food Pantries** – Throughout the review period, both the bank and the bank’s charitable foundation made numerous donations to local and regional food pantries, including Dedham Food Pantry, Community Corner Food Pantry, and Hyde Park Food Pantry. These donations provided direct support to low-and moderate-income residents in need.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and community development needs. All of the bank’s donations provided direct support to the primary community development needs in the assessment area.

Community Development Initiatives

Dedham Institution for Savings makes occasional use of innovative and complex investments to support community development initiatives. The bank’s qualified equity investments made during the review period are commonly acquired investments that support community development needs; however, the bank responded to the needs during the COVID-19 pandemic through innovative and/or complex initiatives. For example, in response to the community needs caused by the pandemic, the bank donated gift cards to front-line employees in the community through its branches. The bank also allocated specific funds to a community organization in need of upgrading their information technology infrastructure, and allocated additional funds to upgrade windows in support of affordable housing initiatives.

SERVICE TEST

The bank’s Service Test performance is rated High Satisfactory. The following sections summarize the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution's assessment area. The bank maintains 12 full-service branches and one limited-service branch within the assessment area. The limited service branch is located in the Carleton Willard Village, a retirement community located in an upper-income census tract Bedford, MA. The following table demonstrates the distribution of the bank’s branches and ATMs.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	53	12.3	195,011	10	0	0	0	0
Moderate	84	19.4	366,513	18.7	0	0	0	0
Middle	118	27.3	557,284	28.4	3	23.1	4	26.7
Upper	165	38.2	832,546	42.5	10	76.9	11	73.3
NA	12	2.8	8,101	0.4	0	0	0	0
Total	432	100	1,959,455	100	13	100	15	100

Sources 2015 ACS Data; Bank Data

Three of the bank’s branches are located in middle-income areas, and ten are located in upper-income areas. The bank does not have any branches in low- or moderate-income tracts. However, two branches (East Dedham and South Boston) are located in middle-income census tracts that neighbor low-income and moderate-income census tracts. Specifically, the bank’s East Dedham branch borders a moderate-income census tract. In addition to Dedham Savings, Citizens Bank, Eastern Bank, and Santander Bank, N.A., all have one branch located less than 1.4 miles from the moderate-income census tract. Dedham Saving’s East Dedham branch is the closest, less than a 1.0 mile from the moderate-income census tract. Similarly, the South Boston branch is located in a

middle-income census tract, but is within an accessible distance of five low- and moderate-income census tracts. One low-income census tract and one moderate-income census tract are contiguous to the tract in which the branch is located. Additionally, the South Boston branch is conveniently located on the Massachusetts Bay Transportation Authority bus lines, which directly connect the branch to other low- and moderate -income tracts in South Boston, a neighborhood of Boston. As stated previously, most of the low- and moderate-income census tracts in the assessment area are in Boston.

Furthermore, according to 2020 Deposit Market Share data, there are over 50 institutions that operate over 250 branches in the towns that contain low- and moderate-income census tracts in the assessment area. The top five large institutions, including State Street Bank and Trust Company, Bank of America, NA., and Citizens Bank, NA, dominate the deposit market share, accounting approximately 90.0 percent of the market share. Over 50 institutions each have less than 1.7 percent of the market share, and approximately 50 have less than 0.8 percent. The highly competitive market create challenges for community banks, such as Dedham Savings, to operate a branch in these areas.

The following alternative delivery systems and increase accessibility to banking services beyond the branch network.

- *Online and Mobile Banking:* These services allow consumers and businesses to view account balances, deposit checks, transfer funds, review statements, and perform online bill payments, among other services, through the bank's website or mobile application at no charge. The bank has 12,000 mobile banking customers, and over 15,000 consumers and over 200 businesses enrolled in online banking. The bank also added additional online services to business customers in response to the COVID-19 pandemic. The bank also offers personal assistance to its customers by offering a specially trained Digital Ambassadors that are available at each branch to assist customers with online banking tools.
- *ATMs:* The bank is a member of the SUM network, an alliance of many community banks that have agreed not to assess ATM surcharges to any of the other members' bank's customers. The bank is also a member of the Allpoint network that also offers free ATM use. The bank operates 15 ATMs (non-deposit taking), two of which are drive up ATMs, and one of which is open to residents only.
- *Telephone Banking:* Through telephone banking, customers can check account balances, review recent transactions, transfer funds between accounts, make loan payments, and activate debit or ATM cards.
- *Live Chat:* Live Chat is a secure solution offered through the website. Customers are able to chat with Contact Center representatives to obtain information about the bank services such as inquiries, requests, and troubleshooting mobile applications.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

The bank did not open or close any branches during the evaluation period; therefore, the impact on the low- and moderate-income areas has not adversely affected the accessibility of the bank's services. The bank continues to operate the two branches that are contiguous to low- and moderate-income geographies, as described above.

Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals.

Branch hours are generally consistent across all locations and are comparable to other institutions within the assessment area. Most of the branches, including the South Boston branch, offer extended hours on Thursdays and are open on Saturdays from 9:00AM to 1:00PM. All locations operate at least one ATM, providing additional access for customers beyond regular banking hours. The bank operates two 24-hour ATMs in the East Dedham branch, and one 24-hour ATM in the South Boston branch, both of which are accessible to low- and moderate-income communities.

Additionally, the bank offers a cost-saving account through a partnership with the City of Boston's Bank On Program. The Start Up Checking account is an affordable alternative to costly check-cashing and related services that includes free paycheck deposits and free payment options like Online Bill Pay, Debit Card, Mobile Wallet, and Zelle, helping customers avoid unexpected overdraft and related fees. The bank also offers the following accounts that do not have a monthly service charge: Free and Easy Checking, Student Checking, Interest Rewards Checking, Basic Business Checking, Start-Up Savings, Statement Savings, and Passbook Savings. In total, the bank has approximately 240 active cost-savings accounts. These product offerings do not vary in a way that inconveniences certain portions of the assessment area and are available across all branches.

Furthermore, Dedham Savings has 35 employees that speak 13 different languages, including sign language, which allow the bank to extend its services to minorities and non-English speaking communities within the bank's assessment area. Several of the low- and moderate-income census tracts in the assessment area, particularly in the City of Boston, have high immigrant and non-English speaking populations.

Community Development Services

The bank provides a relatively high level of community development services. During the evaluation period, bank employees provided 104 instances of community development services to organizations that primarily serve low- and moderate-income individuals and small businesses. Most of the bank's services were provided to organizations that supported affordable housing and community services to low- and moderate-income individuals. The bank's level of community

development services is comparable to three other institutions located in its assessment area of similar asset size and business focus, all of which had a relatively high level of services.

The bank demonstrated responsiveness to the needs and opportunities of the communities it serves through officer involvement on the boards of various community organizations and the provision of educational seminars; however, the number of community development services decreased since the prior evaluation. The following table illustrates the total of community development services by year and purpose.

Community Development Services				
Activity Year	Affordable Housing	Community Services	Economic Development	Totals
	#	#	#	#
Partial 2018	5	13	1	19
2019	18	18	2	38
2020	6	13	3	22
YTD 2021	12	12	1	25
Total	41	56	7	104
<i>Source Bank Data</i>				

The following are notable examples of community development services.

- Bank employees provided over 20 financial education seminars, including First-Time Homebuyers Seminars, Fraud Prevention Seminars, Entrepreneurial Workshops, and Credit Seminars, that primarily benefitted low- and moderate-income homebuyers, seniors, and children. The bank collaborated with organizations such as NeighborWorks Housing Solutions, Urban Edge, Codman Square NDC, the South Eastern Economic Development (SEED) Corporation, and Massachusetts Affordable Housing Alliance (MAHA) to offer these services. These organizations primarily serve low- and moderate-income individuals and small businesses within the assessment area.
- A Director served on the Board for the Westwood Housing Authority (WHA) and Westwood Affordable Housing Associates (WAHA), which both contribute to the development and management of affordable housing for low- and moderate-income individuals and families in Westwood, MA.
- A senior vice president (SVP) serves on the Board of Directors of a local housing authority that operates several housing assistance programs. The programs provide housing in government-owned developments or subsidized housing in privately owned dwellings for low- or very low-income people.
- A vice president (VP) is on the Board of a housing partnership, which serves as a collaboration between financial institutions and non-profit social service organizations to foster low- and moderate-income neighborhoods in Brockton. The partnership focuses developing affordable and market-rate housing, providing assistance to the restoration and rehabilitation of housing, and educating consumers on home-buying and financial literacy.

- A SVP serves on the Board of SEED Corporation, which is a nonprofit corporation certified by the SBA. SEED assists and supports small businesses during their start-up phase to help secure traditional financing, and promotes the expansion of existing businesses by working with lending institutions and the SBA to provide the best possible financing package.

Other Services

The bank participates in the Interest on Lawyers Trust Account program. Interest paid on these accounts is used to provide legal assistance to indigent, low- and moderate-income individuals in need of legal services.

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

SCOPE OF EVALUATION

SCOPE OF EVALUATION			
TIME PERIOD REVIEWED	08/06/18 to 10/20/21		
FINANCIAL INSTITUTION	Dedham Institution for Savings		
PRODUCTS REVIEWED	Home Mortgage Loans	Small Business Loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
Not Applicable			

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Boston-Worcester-Providence, MA-RI-NH-CT CSA	Full-scope	None	None

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 examination. 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

The bank's HMDA LARs for 2019 and 2020 were reviewed to determine if the application flow from the different racial groups within the Bank's assessment area was reflective of the assessment area's demographics.

According to the 2015 ACS Census Data, the bank's assessment area contained a total population of 1,959,455 individuals of which 34.6 percent are minorities. The minority population represented is 12.4 percent Black/African American, 9.2 percent Asian, 0.1 percent American Indian, 9.9 percent Hispanic or Latino, and 3.0 percent other.

The bank's level of lending in 2019 and 2020 was compared with that of the aggregate lender performance for the same years. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2019 HMDA		2019 Aggregate Data	Bank 2020 HMDA		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	1	0.2	0.2	3	0.3	0.2
Asian	15	3.2	9.1	27	2.9	10.0
Black/ African American	23	4.9	7.3	39	4.3	5.9
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.1
2 or more Minority	2	0.4	0.1	1	0.1	0.1
Joint Race (White/Minority)	2	0.4	1.7	13	1.4	2.0
Total Racial Minority	43	9.1	18.6	83	9.0	18.3
White	310	65.7	57.1	639	69.6	58.0
Race Not Available	119	25.2	24.3	196	21.4	23.7
Total	472	100.0	100.0	918	100.0	100.0
ETHNICITY						
Hispanic or Latino	16	3.4	4.1	29	3.2	3.7
Joint (Hisp/Lat /Not Hisp/Lat)	8	1.7	1.1	18	2.0	1.2
Total Ethnic Minority	24	4.1	5.2	47	5.2	4.9
Not Hispanic or Latino	330	69.9	70.2	657	74.4	70.4
Ethnicity Not Available	118	25.0	14.6	214	22.5	24.7
Total	472	100.0	100.0	918	100.0	100.0

Source ACS Census 2015, HMDA Aggregate Data 2018 and 2019, HMDA LAR Data 2019 and 2020

In 2019, the bank received 472 HMDA reportable loan applications within its assessment area. Of these applications, 9.1 percent were received from racial minority applicants, below the aggregate performance of 18.6 percent of its applications from racial minority consumers. The bank's racial minority application flow was comparable in 2020, as approximately 9.0 percent of its 918 HMDA applications were received from racial minority consumers. This was again below the aggregate racial minority application flow percentage of 18.3 percent.

The bank received 24 HMDA-reportable applications from ethnic minority applicants of Hispanic origin, approximately 4.1 percent. This was comparable to the aggregate performance of approximately 5.2 percent in the same category. The bank increased its application flow among ethnic minority consumers in 2020, to approximately 5.2 percent. This growth exceeded ethnic minority application performance of aggregate lenders at 4.9 percent.

The bank's minority application flow performance has improved noticeably since the previous evaluation. The application flow to individuals of Hispanic ethnicity meets aggregate levels, and

the racial minority application flow is closer to the aggregate level than the last examination. The bank's strategic outreach to community organizations, and advertising in majority-minority census tracts has improved access to credit. The bank will continue to analyze differences between aggregate lending trends and bank performance to locate additional opportunities for improvement. Considering the demographic composition of the assessment area and comparisons to aggregate data in 2019 and 2020, the bank's minority application flow is reasonable.

Loss of Affordable Housing – Massachusetts Division of Banks

The Division of Banks' regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution's loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

The bank's extensive community development lending to affordable housing initiatives is the primary indicator of its efforts to forestall the loss of affordable housing. In addition, the bank's involvement with and development of flexible lending programs to low- and moderate-income borrowers has assisted low- and moderate-income individuals to remain in their neighborhoods.

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. 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 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 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 (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 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 (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 (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 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.