PUBLIC DISCLOSURE

March 14, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Fall River Five Cents Savings Bank
RSSD # 833404

79 North Main Street
Fall River, Massachusetts 02720

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: This institution is rated OUTSTANDING.
The Lending Test is rated: SATISFACTORY
The Community Development Test is rated: OUTSTANDING

Fall River Five Cents Savings Bank d/b/a BankFive (BankFive or the bank) demonstrates an excellent responsiveness to the credit needs of its assessment area based on the following findings:

Lending Test

- The loan-to-deposit (LTD) ratio is reasonable (considering seasonable variations) given the bank's size, financial condition, the credit needs of its assessment area, and taking into account, as appropriate, other lending related activities.

- A majority of loans and, as appropriate, other lending related activities, are outside the bank's assessment area.

- The distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes is excellent give the demographics of the bank's assessment area.

- The geographic distribution of loans is excellent given the bank's assessment area.

- There have been no complaints regarding the bank's CRA performance since the previous examination.

Community Development Test

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

SCOPE OF EXAMINATION

BankFive's performance review was based on CRA activities conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Intermediate Small Institutions[1]. These procedures evaluate banks under two tests: the Lending Test and the Community Development Test. The Lending Test evaluates the bank's lending performance pursuant to the following criteria: LTD ratio, assessment area concentration of loans, geographic distribution of loans, loan distribution according to the income of the borrower, and response to CRA-related complaints. The Community Development Test measures the number and dollar amount of community development loans; the number and dollar amount of qualified investments; the extent to which the institution provides community development services; and the bank's responsiveness through such activities.

The data used for the evaluation and the applicable timeframes are discussed below.

The Lending Test evaluated home mortgage loans and small business loans originated by the bank from January 1, 2018, to December 31, 2020. Given the composition of the bank's loan portfolio, more emphasis was placed on home mortgage lending than small business lending in consideration of a rating for the Lending Test. The two most recent calendar years of loan data, 2019 and 2020, are presented in the tables unless otherwise noted. The 2018 data was reviewed for trend analysis, and applicable information is provided in the narrative. The bank's net LTD ratio was calculated from FFIEC Call Reports from September 30, 2018, through December 31, 2021, covering 14 quarters since the prior examination.

Home mortgage loan data was obtained from Loan Application Registers (LARs) maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs record data for home purchase loans, home improvement loans, and refinance loans for one-to-four family and multifamily (five or more unit) properties. Changes in HMDA reporting requirements for 2018 included the determination of whether a loan is HMDA-reportable and includes the new loan type of other purpose. Other purpose loans are for purposes other than home purchase, refinancing, or home improvement. This evaluation does not include analysis of other purpose loans reported on the bank's LARs. Aggregate HMDA data consists of lending information from all HMDA reporters that originated or purchased HMDA-reportable loans in the bank's assessment area. The bank's home mortgage loan performance was compared to applicable aggregate data that was obtained from the Consumer Finance Protection Bureau (CFPB). Other purpose loans were excluded from the aggregate. Finally, the bank's home mortgage lending performance was compared to demographics from the 2015 American Community Survey (ACS), unless otherwise noted.

Small business loans, for the purpose of this evaluation, include commercial real estate loans and commercial and industrial loans with original loan amounts of $l million or less. While the bank is not currently required to collect and report small business loan data, this data was obtained from bank records and was reviewed given the proportion of the composition of the bank's loan portfolio. The bank's 2018, 2019 and 2020 small business lending performance was compared to business demographics obtained from Dun & Bradstreet, Short Hills, NJ (D&B).

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1 "Intermediate small institution" means a bank or savings association with assets of at least $330 million as of December 31 of both prior two calendar years and less than $1.322 billion as of December 31 of either of the prior two calendar years.

The Community Development Test included a review of community development loans, qualified investments, and community development services for the period of August 13, 2018, through March 14, 2022. The Community Development Test is evaluated in the context of the community needs and the capacity of the bank.

BankFive's CRA performance was last evaluated by the Federal Reserve Bank of Boston on August 13, 2018, using FFIEC Examination Procedures for Intermediate Small Institutions. During that evaluation, the bank received was rated Outstanding. Both the Lending Test and Community Development Test were rated Outstanding.

DESCRIPTION OF INSTITUTION

BankFive is a state-chartered stock savings bank established in 1855 and headquartered at 79 North Main Street, Fall River, MA. BankFive is a wholly owned subsidiary of BankFive Corporation, a mid-tier stock holding company, which is wholly owned by BankFive Mutual Holding Company. The bank has four wholly owned subsidiaries: Hills & Mills Securities Corporation and North Main Securities Corporation, which were established to buy, hold, and sell investment securities, and Spindle Realty LLC and Taunton River Realty LLC, which were both formed to acquire, hold, and sell property obtained through foreclosure.

The bank maintains 13 full-service branches, including the main office, and additionally operates four loan production offices (LPOs). The main office and branches are in the Providence-Warwick, RI-MA Metropolitan Statistical Area (Providence MSA). Of the 13 branches, 12 are in Bristol County, MA, and 1 is in Bristol County, RI, in the town of Bristol. Of the 12 branches in Massachusetts, 6 are in Fall River, 2 are in New Bedford, and 1 each are in Fairhaven, North Dartmouth, Somerset, and Swansea. The bank's LPOs are located in Cranston, RI, and the Massachusetts municipalities of Hyannis, Wrentham, and Woburn. Of the 13 branches, 3 are in low-income tracts, 3 are in moderate-income tracts, 5 are in middle-income tracts, and 2 are in upper-income tracts. The branches located in low- and moderate-income tracts are in Fall River and New Bedford.

BankFive did not open or close any branches during the evaluation period. The bank opened three LPOs since the last examination. In 2019, the bank opened an LPO in a middle-income tract in Woburn. In 2020, the bank opened an LPO in an upper-income tract in Wrentham. In 2021, the bank opened an LPO in a low-income tract in Hyannis.

The bank offers a wide variety of personal and business products and services. Personal loan and deposit products include checking and savings accounts, certificates of deposit, home mortgages, home equity loans, home energy loans, automobile loans, boat loans, and personal loans. Business loan and deposit products include money market accounts, checking accounts, U.S. Small Business Administration (SBA) loans, express business loans, lines of credit, commercial mortgages, equipment loans, and business energy loans. The bank also offers personal financial planning that includes investment management, and retirement, annuity, and education planning.

The bank maintains a website at www.bankfive.com and online deposit platform Bank5 Connect. The website provides information about personal and business products and services, access to online banking, branch locations and hours, financial literacy resources, and the bank's charitable foundation.

As of December 31, 2021, the bank's assets totaled $1.4 billion, loans totaled $1.1 billion, and deposits totaled $1.2 billion. Since June 30, 2018, assets increased by 58.3 percent, loans increased by 50.2 percent, and deposits increased by 55.3 percent. The $533.1 million net increase in assets is primarily attributed to the $345.0 million increase of the bank's loan portfolio.

Table 1 provides details of the bank's loan portfolio, as of December 31, 2021.

Table 1 Loan Distribution as of December 31, 2021		
Loan Type	**Dollar Amount $(000s)**	**Percent of Total Loans (%)**
Construction and Land Development	40,702	3.7
Revolving 1-4 Family Residential	42,504	3.9
Secured by Farmland	66	0.0
1-4 Family Residential	441,245	40.5
Multifamily (5 or more) Residential	63,406	5.8
Commercial RE	325,919	29.9
Total Real Estate Loans	**913,842**	**83.9**
Commercial and Industrial	121,440	11.1
Agricultural and Other Loans to Farmers	35,612	3.3
Consumer	18,698	1.7
Other Loans	-	-
Less unearned income	-	-
Total Loans	**1,089,592**	**100.0**

Call Report as of December 31, 2021
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

BankFive is primarily a residential lender. Residential loans, which include closed-end and revolving 1-4 family loans, as well as loans secured by multifamily properties, accounted for 50.2 percent of the bank's loan portfolio. Commercial loans, which include loans secured by commercial real estate and commercial and industrial loans, totaled 41.0 percent of the loan portfolio.

The bank operates in a competitive banking environment. The Federal Deposit Insurance Corporation's Deposit Market Share Report indicates that 18 institutions offered deposit services within the assessment area, as of June 30, 2021. The bank ranked 8th out of 18 institutions, with a 6.1 percent market share. The top three depository institutions were Bank of America, N.A., Citizens Bank, N.A., and Bristol County Savings Bank.

The bank also operates in a competitive environment for home mortgage loans, competing against national banks, mortgage companies, community banks, and credit unions. HMDA aggregate data from 2019 showed 436 lenders had originated or purchased a home mortgage loan in the bank's assessment area, out of which BankFive ranked 20th. In 2020, the bank ranked 11th out of 428 lenders. The top lenders in the bank's assessment area in 2020 were Residential Mortgage Services, Rocket Mortgage, LLC, Citizens Bank, N.A., and BayCoast Bank.

Although the bank is not a CRA small business loan reporter, CRA small business aggregate loan data provides information on the competition for small business loans in the assessment area. CRA small business loan aggregate data only includes entities that are required to report their CRA small business lending. In 2019, there were 104 lenders which reported originating or purchasing a CRA small business loan in the assessment area, while in 2020 there were 125 lenders. The top three lenders in 2020 were American Express, NB, Bank of America, N.A., and Citizens Bank, N.A.

Considering the bank's financial capacity, local economic conditions, assessment area demographics, and the competitive market in which it operates, the bank has demonstrated an ability to meet the credit needs of the assessment area. There are no legal or financial impediments that would impact the bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

BankFive has defined its assessment area as Bristol County, MA; Bristol County, RI; and Newport County, RI. These three whole counties include 160 census tracts, across 29 contiguous towns and cities, all located within the Providence MSA.

The following lists towns and cities by county: Bristol County, MA, includes Attleboro, Fall River, New Bedford, Taunton, Acushnet, Berkley, Dartmouth, Dighton, Easton, Fairhaven, Freetown, Mansfield, North Attleboro, Norton, Raynham, Rehoboth, Seekonk, Somerset, Swansea, and Westport. Bristol County, RI, includes Barrington, Bristol, and Warren. Newport County, RI, includes Newport, Jamestown, Little Compton, Middletown, Portsmouth, and Tiverton.

The assessment area delineation has changed since the prior examination. Specifically, the bank has expanded the assessment area to include all of Bristol County, MA and has removed the towns of Lakeville, Marion, Mattapoisett, and Rochester, all of which are in Plymouth County, MA.

Table 2 displays the relevant assessment area demographics.

Table 2
Assessment Area Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	22	13.8	14,515	8.4	4,596	31.7	37,683	21.8
Moderate-income	35	21.9	29,131	16.9	5,000	17.2	28,151	16.3
Middle-income	44	27.5	49,519	28.7	3,126	6.3	32,327	18.7
Upper-income	57	35.6	79,448	46.0	2,763	3.5	74,452	43.1
Unknown-income	2	1.3	0	0.0	0	0.0	0	0.0
Total Assessment Area	**160**	**100.0**	**172,613**	**100.0**	**15,485**	**9.0**	**172,613**	**100.0**

	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	31,499	4,986	3.0	15.8	22,164	70.4	4,349	13.8
Moderate-income	57,058	19,813	11.9	34.7	31,528	55.3	5,717	10.0
Middle-income	83,906	53,923	32.3	64.3	23,401	27.9	6,582	7.8
Upper-income	121,180	88,139	52.8	72.7	22,213	18.3	10,828	8.9
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	**293,643**	**166,861**	**100.0**	**56.8**	**99,306**	**33.8**	**27,476**	**9.4**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	2,846	9.1	2,539	8.9	285	11.9	22	12.0
Moderate-income	4,101	13.2	3,799	13.3	281	11.8	21	11.5
Middle-income	9,142	29.4	8,341	29.2	749	31.4	52	28.4
Upper-income	15,028	48.3	13,870	48.6	1,070	44.9	88	48.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**31,117**	**100.0**	**28,549**	**100.0**	**2,385**	**100.0**	**183**	**100.0**
	Percentage of Total Businesses:			**91.7**		**7.7**		**0.6**

2015 ACS Data and 2020 D&B data.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The assessment area contains 160 census tracts, of which 22, or 13.8 percent, are low-income tracts, 35, or 21.9 percent, are moderate-income tracts, 44, or 27.5 percent, are middle-income tracts, 57, or 35.6 percent, are upper-income tracts, and 2, or 1.3 percent, are tracts with an unknown-income. Of the 22 low-income tracts, 14 are in New Bedford and 6 are in Fall River, while Taunton and Newport each contain 1. Of the 35 moderate-income tracts, 14 are in Fall River, 11 are in New Bedford, while Taunton and Attleboro each contain 3 and North Attleboro, Newport, Bristol, and Warren each contain 1.

Housing

The assessment area includes 293,643 housing units, of which 10.7 percent are in low-income tracts and 19.4 percent are in moderate-income tracts. Of the total housing units, 56.8 percent are owner-occupied, 33.8 percent are rental, and 9.4 percent are vacant. Based on 2015 ACS data, the median housing value in the assessment area in 2015 was $283,603. Within the bank's assessment area, the 2015 median housing value in low-income tracts was $203,371, in moderate-income tracts was $219,396, in middle-income tracts was $253,439, and in upper-income tracts was $335,778.

Housing prices have increased since 2015 in the assessment area. More recent data obtained from The Warren Group, Boston, MA, shows that the median housing sales price in Bristol County, MA in 2019 was $300,000, and in 2020 was $336,000; in Bristol County, RI, the median housing sales price in 2019 was $349,900, and in 2020 was $380,000; and in Newport County, RI, the median housing sales price in 2019 was $390,000, and in 2020 was $450,000.

Business Characteristics

Based on 2020 D&B data, there were 31,117 businesses in the assessment area, of which 2,846, or 9.1 percent, were in low-income tracts, 4,101, or 13.2 percent, were in moderate-income tracts, 9,142, or 29.4 percent, were in middle-income tracts, and 15,028, or 48.3 percent, were in upper-income tracts. Of the businesses in the assessment area, 28,549, or 91.7 percent, had gross annual revenues (GARs) of less than or equal to $1 million, 2,385, or 7.7 percent, had GARs above $1 million, and 183, or 0.6 percent, had unknown revenues. The top industries in the Providence MSA include healthcare, manufacturing, and services. Top employers include the Southcoast Wound Care, St Anne's Hospital, LeachGarner, People Inc, and Plainridge Park Casino.

Population

The total population in the assessment area is 684,602 based on the 2015 ACS. Of this total population, 9.4 percent reside in low-income tracts, 17.4 percent reside in moderate-income tracts, 28.4 percent reside in middle-income tracts, and 44.9 percent reside in upper-income tracts. The assessment area contains 172,613 families, of which 21.8 percent are low-income, 16.3 percent are moderate-income, 18.7 percent are middle-income, and 43.1 percent are upper income. The percentage of families below the poverty level is 9.0 percent.

Income

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. Table 3 displays the MFI incomes for the assessment area.

Table 3 Median Family Income Comparison					
Year	MSA/MD/Town/County/State	MFI	Year	MSA/MD/Town/County/State	MFI
2019	Providence- Warwick, RI-MA MSA	$85,100	2020	Providence- Warwick, RI-MA MSA	$89,000
2019	Commonwealth of Massachusetts	$102,600	2020	Commonwealth of Massachusetts	$109,900

FFIEC median family income estimates.

Table 3 shows the MFIs for the Providence MSA and the Commonwealth of Massachusetts. The MFI in the Providence MSA is below that of the Commonwealth of Massachusetts for both 2019 and 2020. The Providence MSA MFI increased slightly from $85,100 in 2019 to $89,000 in 2020. For the Commonwealth of Massachusetts, the MFI increased from $102,600 in 2019 to $109,900 in 2020.

Employment Statistics

The unemployment rate in the Providence MSA in December 2019 was 3.3 percent. In 2020, the unemployment rate drastically increased due to economic shutdowns precipitated by the COVID-19 pandemic, reaching a high of 18.1 percent in April 2020. Since then, the unemployment rate has trended downwards, reflecting improved economic conditions. The unemployment rate in December 2020 was 7.7 percent, and in December 2021 was 3.7 percent.

Community Contact

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available. Two community contacts were conducted in conjunction with this examination.

Examiners met with an organization that facilitates economic development through loans and assistance to small businesses and entrepreneurs in the area. The contact stated that there is a shortage of funding in RI compared to MA to support economically disadvantaged communities in the area. The contact noted that awareness of non-profit community-based organizations and the programs and assistance that can be offered is often a challenge; however, most referrals come from local financial institutions. Additionally, the COVID-19 pandemic resulted in an increase in the need for assistance, through SBA's Paycheck Protection Program (PPP) loans and in start-up capital for new businesses.

The second contact was conducted with an organization that creates and maintains affordable housing in the area. The contact stated that affordable housing is a key community development need; much of the housing in the area is owner-occupied single-family homes, and affordable housing projects are often expensive. The contact stated that financial institutions have decreased the amount of financial education offered to customers and the public due to the COVID-19 pandemic. Banks could be more involved through providing fraud protection, financial literacy, and first-time homebuyer classes. Overall, the contact mentioned that local community banks are being responsive to the needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

BankFive's performance under the Lending Test is rated Satisfactory.

The following information further details the data compiled and reviewed, as well as conclusions on the bank's performance.

Loan-to-Deposit Ratio

This performance criterion determines the percentage of the bank's deposit base that is reinvested in the form of loans and evaluates its appropriateness. BankFive's LTD ratio is reasonable (considering seasonable variations and taking into account lending related activities) given the bank's size, financial condition, and assessment area credit needs.

The bank's LTD ratio figures are calculated from the bank's quarterly FFIEC Call Reports. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits.

For the 14 quarters from September 30, 2018, to December 31, 2021, BankFive's LTD ratio averaged 88.2 percent. The ratio showed a relatively consistent trend over the evaluation period; the ratio reached a high of 94.7 percent on June 30, 2019, and a low of 81.1 percent on March 31, 2021.

Table 4 provides a comparison of the bank's average LTD ratio over the past 14 quarters under evaluation to similarly sized institutions operating within the assessment area. The bank's average LTD ratio of 88.2 percent is slightly higher than the average LTD ratios of three similarly situated institutions.

Table 4
Loan-to-Deposit Ratio Comparison

Institutions	Total Assets* $(000's)	Average LTD Ratio** (%)
BankFive	**1,446,964**	**88.2**
Centreville Bank	1,917,548	82.8
North Easton Savings Bank	1,397,507	80.7
Bluestone Bank	1,326,102	80.5

**Call Report as of December 31, 2021*
***Call Reports from September 30, 2018, to December 31, 2021*

Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment area. Table 5 presents the bank's levels of lending inside and outside the assessment area using 2018, 2019 and 2020 home mortgage and small business loan data. As shown below, a majority of loans, at 58.1 percent, are outside the bank's assessment area.

Table 5 Lending Inside and Outside Assessment Area								
Loan Types	Inside				Outside			
	#	%	$(000s)	%	#	%	$(000s)	%
Home Purchase - Conventional	421	38.8	117,478	29.3	664	61.2	283,577	70.7
Home Purchase - FHA	54	60.0	14,603	54.0	36	40.0	12,442	46.0
Home Improvement	70	84.3	4,413	61.8	13	15.7	2,727	38.2
Multifamily Housing	43	74.1	22,564	66.6	15	25.9	11,332	33.4
Refinancing	821	34.1	204,802	25.2	1,589	65.9	606,700	74.8
Home Purchase - VA	7	63.6	2,022	59.8	4	36.4	1,359	40.2
Total HMDA	**1,416**	**37.9**	**365,882**	**28.5**	**2,321**	**62.1**	**918,137**	**71.5**
Total Small Business	**326**	**78.2**	**55,287**	**80.8**	**91**	**21.8**	**13,144**	**19.2**
TOTAL LOANS	**1,742**	**41.9**	**421,169**	**31.1**	**2,412**	**58.1**	**931,281**	**68.9**

HMDA and small business loans for 2018, 2019 and 2020. Small business loan data is bank provided.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Home Mortgage Lending

From January 1, 2018, to December 31, 2020, BankFive originated a total of 3,737 HMDA loans, of which 1,416, or 37.9 percent, were inside the assessment area. By dollar volume, the bank originated 28.5 percent of its HMDA loans inside the assessment area.

Refinance loans made up the highest concentration of BankFive's HMDA lending, at 64.5 percent of total HMDA loans, followed by conventional home purchase loans, at 29.0 percent of total HMDA loans. A majority of both refinance loans and conventional home purchase loans were originated outside the assessment area at 65.9 percent and 61.2 percent respectively. The bank originated a majority of its home improvement loans, multifamily loans, Veterans Administration (VA) home purchase loans, and Federal Housing Administration (FHA) home purchase loans inside the assessment area. Of these product types, home improvement loans had the greatest concentration inside the assessment area, at 84.3 percent.

Much of this residential lending outside the assessment area was driven by the bank's LPOs located in Woburn, Hyannis, Wrentham, and Cranston, RI; these four municipalities are located outside the bank's assessment area. In addition, the low-interest rate environment in 2020 led to an increase in refinance activity, a majority of which was outside the assessment area.

Although the percentage of HMDA loans inside the assessment area is less than a majority, BankFive demonstrated a high level of lending activity compared to peers within the assessment area. Furthermore, even as the assessment area concentration of HMDA loans showed a decreasing trend in the years analyzed, the bank increased its lending activity inside the assessment area year over year. In 2018, when the assessment area concentration of HMDA loans was at 60.5 percent, the bank was ranked 21st out of 413 lenders in number of HMDA loans inside the assessment area. In 2019, as the assessment area concentration decreased to 42.9 percent, the bank maintained its level of activity and was ranked 20th out 436 lenders. In 2020, as the assessment area concentration decreased to 31.9 percent, the bank's ranking improved to 11th out 428 lenders. This level of lending activity shows that the bank continued to meet the credit needs of its assessment area even as its percentage of lending inside the assessment area decreased. This is further evidenced by the performance under the *Borrower Profile* and

Geographic Distribution of Loans sections described in this evaluation.

Small Business Lending

In contrast to its home mortgage lending, the bank originated a majority of its small business loans inside the assessment area. BankFive originated a total of 417 small business loans, of which 326, or 78.2 percent, were inside the assessment area by number, and 80.8 percent by dollar volume. Small business loans were primarily concentrated in and around the cities of Fall River and New Bedford.

<u>Borrower Profile</u>

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes is excellent give the demographics of the bank's assessment area.

Home Mortgage Lending

Table 6 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and aggregate data. Emphasis was placed on the number rather than the dollar amount of loans as this is a better indicator of consumers served. The table further outlines the bank's performance by loan type. The bank's performance in home mortgage lending to individuals of different income levels, including low- and moderate-income borrowers, is excellent.

Table 6 - HMDA Distribution by Borrower Income															
PRODUCT TYPE	Borrower Income Levels	Families by Family Income	Bank & Aggregate Lending Comparison												
			2019						2020						
			Count			Dollar			Count			Dollar			
			Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
		%	#	%	%	$ (000s)	$ %	$ %	#	%	%	$ (000s)	$ %	$ %	
HOME PURCHASE	Low	21.8%	10	5.9%	3.4%	$1,538	3.5%	1.9%	6	3.2%	3.7%	$958	1.6%	1.2%	
	Moderate	16.3%	48	28.4%	20.4%	$10,010	22.9%	15.0%	40	21.3%	22.4%	$9,264	15.4%	10.8%	
	Middle	18.7%	45	26.6%	25.7%	$11,099	25.4%	23.7%	53	28.2%	26.1%	$15,166	25.2%	15.3%	
	Upper	43.1%	54	32.0%	35.3%	$18,188	41.6%	44.3%	78	41.5%	35.5%	$29,248	48.6%	28.2%	
	Unknown	0.0%	12	7.1%	15.2%	$2,921	6.7%	15.0%	11	5.9%	12.3%	$5,572	9.3%	44.5%	
	Total	*100.0%*	*169*	*100.0%*	*100.0%*	*$43,756*	*100.0%*	*100.0%*	*188*	*100.0%*	*100.0%*	*$60,208*	*100.0%*	*100.0%*	
REFINANCE	Low	21.8%	10	6.0%	4.5%	$1,235	2.9%	2.3%	33	5.9%	3.2%	$4,509	3.1%	1.6%	
	Moderate	16.3%	35	21.0%	15.0%	$5,195	12.0%	10.5%	114	20.5%	14.2%	$22,195	15.2%	9.3%	
	Middle	18.7%	48	28.7%	22.9%	$10,089	23.3%	20.0%	168	30.2%	23.4%	$39,800	27.3%	18.7%	
	Upper	43.1%	68	40.7%	41.4%	$18,838	43.6%	48.6%	238	42.7%	44.4%	$72,612	49.9%	46.6%	
	Unknown	0.0%	6	3.6%	16.3%	$7,870	18.2%	18.6%	4	0.7%	14.8%	$6,460	4.4%	23.9%	
	Total	*100.0%*	*167*	*100.0%*	*100.0%*	*$43,227*	*100.0%*	*100.0%*	*557*	*100.0%*	*100.0%*	*$145,576*	*100.0%*	*100.0%*	
HOME IMPROVEMENT	Low	21.8%	3	10.3%	6.1%	$150	5.3%	3.9%	0	0.0%	5.7%	$0	0.0%	4.3%	
	Moderate	16.3%	6	20.7%	15.4%	$310	11.0%	13.0%	3	33.3%	14.0%	$70	16.1%	10.6%	
	Middle	18.7%	6	20.7%	24.7%	$157	5.6%	21.7%	2	22.2%	24.9%	$70	16.1%	21.3%	
	Upper	43.1%	9	31.0%	50.9%	$623	22.1%	55.7%	4	44.4%	52.7%	$295	67.8%	58.1%	
	Unknown	0.0%	5	17.2%	2.8%	$1,574	55.9%	5.7%	0	0.0%	2.8%	$0	0.0%	5.7%	
	Total	*100.0%*	*29*	*100.0%*	*100.0%*	*$2,814*	*100.0%*	*100.0%*	*9*	*100.0%*	*100.0%*	*$435*	*100.0%*	*100.0%*	
MULTIFAMILY	Low	21.8%	0	0.0%	0.6%	$0	0.0%	0.1%	0	0.0%	0.0%	$0	0.0%	0.0%	
	Moderate	16.3%	0	0.0%	2.2%	$0	0.0%	0.2%	0	0.0%	2.0%	$0	0.0%	0.5%	
	Middle	18.7%	1	5.9%	1.1%	$289	3.7%	0.2%	0	0.0%	0.5%	$0	0.0%	0.1%	
	Upper	43.1%	1	5.9%	1.7%	$269	3.5%	0.4%	1	6.7%	2.5%	$572	5.1%	1.0%	
	Unknown	0.0%	15	88.2%	94.4%	$7,212	92.8%	99.2%	14	93.3%	95.0%	$10,655	94.9%	98.4%	
	Total	*100.0%*	*17*	*100.0%*	*100.0%*	*$7,770*	*100.0%*	*100.0%*	*15*	*100.0%*	*100.0%*	*$11,227*	*100.0%*	*100.0%*	
HMDA TOTAL	Low	21.8%	23	6.0%	4.1%	$2,923	3.0%	2.1%	39	5.1%	3.4%	$5,467	2.5%	1.4%	
	Moderate	16.3%	89	23.3%	17.4%	$15,515	15.9%	12.3%	157	20.4%	16.5%	$31,529	14.5%	9.7%	
	Middle	18.7%	100	26.2%	24.1%	$21,634	22.2%	21.0%	223	29.0%	24.1%	$55,036	25.3%	17.0%	
	Upper	43.1%	132	34.6%	39.0%	$37,918	38.9%	44.7%	321	41.7%	42.0%	$102,727	47.2%	38.5%	
	Unknown	0.0%	38	9.9%	15.5%	$19,577	20.1%	19.9%	29	3.8%	14.0%	$22,687	10.4%	33.4%	
	Total	*100.0%*	*382*	*100.0%*	*100.0%*	*$97,567*	*100.0%*	*100.0%*	*769*	*100.0%*	*100.0%*	*$217,446*	*100.0%*	*100.0%*	

2015 ACS, 2019 & 2020 Aggregate HMDA Data, and 2019 & 2020 HMDA LARs.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.
Aggregate percentages include all loans required to be reported by lenders comprising the aggregate except for "other" loans, which may cause a slight difference from publicly available data. Aggregate percentages may include loan types not required to be reported by the bank.

In 2019, the bank's HMDA lending to low-income borrowers was at 6.0 percent, outperforming the aggregate, at 4.1 percent, but well below the percentage of low-income families, at 21.8 percent. For the same year, the bank originated 23.3 percent of its loans to moderate-income borrowers, which is above the aggregate, at 17.4 percent, and the percentage of moderate-income families, at 16.3 percent. The bank originated 26.2 percent of loans to middle-income borrowers, which is higher than the aggregate, at 24.1 percent, and the percentage of families, at 18.7 percent. BankFive originated 34.6 percent of loans to upper-income borrowers, which is lower than the aggregate, at 39.0 percent, and the percentage of families, at 43.1 percent. The bank originated 9.9 percent of loans to borrowers with an unknown income, which is lower than the aggregate, at 15.5 percent.

In 2020, BankFive originated 5.1 percent of loans to low-income borrowers, which was above the aggregate, at 3.4 percent, but below the percentage of low-income families, at 21.8 percent. The bank's lending to moderate-income borrowers for 2020 was 20.4 percent, which was higher than the aggregate, at 16.5 percent, and above the percentage of moderate-income families, at 16.3 percent. BankFive originated 29.0 percent of loans to middle-income borrowers, which is higher than the aggregate, at 24.1 percent, and the percentage of families, at 18.7 percent. The bank originated 41.7 percent of loans to upper-income borrowers, which is slightly lower than the aggregate, at 42.0 percent, and the percentage of families, at 43.1 percent. BankFive originated 3.8 percent of loans to borrowers with an unknown income, which is lower than the aggregate, at 14.0 percent.

The bank's lending to low-income borrowers was well below the percentage of families for both years. This is not unexpected due to the relatively high housing values as compared to the incomes for low-income families, which makes it difficult to qualify for mortgage financing for these borrowers. Moderate-income borrowers also face challenges in obtaining mortgages due to rising housing values. Despite these challenges, BankFive was able to lend to moderate-income borrowers at a rate higher than the aggregate and the percentage of families for both 2019 and 2020.

In 2019, of all lenders that originated or purchased a HMDA-reportable loan in the assessment area, BankFive ranked 9th of 145 lenders for lending to low-income borrowers and 10th of 225 lenders for lending to moderate-income borrowers. In 2020, the bank's ranking improved to 8th of 153 lenders for low-income borrowers and to 8th of 241 lenders for moderate-income borrowers. These rankings further illustrate the bank's excellent performance under this criterion.

The bank's success in originating home mortgage loans to low- and moderate-income borrowers can be partially attributed to its home mortgage loan products that are responsive to the needs of low- and moderate-income borrowers. These products include VA, FHA, Freddie Mac Home Possible, MassHousing, Rhode Island Housing, Buy Cities, Federal Home Loan Bank (FHLB) Equity Builder, and Fannie Mae HomeReady loans. Each of these products have their own eligibility requirements, but in general are targeted to borrowers with low- or moderate-income income levels, who live in low- or moderate-income areas, and/or who are first-time homebuyers. These products offer a variety of favorable terms to qualified borrowers including below-market interest rates, down-payment assistance, flexible underwriting requirements, and/or discounted mortgage insurance premiums.

There was a large increase in refinance loans from 167 loans in 2019, to 557 loans in 2020, as consumers took advantage of the low-interest rate environment. Refinance loans made up 72.4 percent of the bank's HMDA lending in 2020, and the performance within this product category was consistent with the overall HMDA performance under this criterion. For 2020 in this loan category, the bank originated 5.9 percent of its refinance loans to low-income borrowers, which is higher than the aggregate, at 3.2 percent, and lower than the demographics, at 21.8 percent. BankFive originated 20.5 percent of its refinance loans to moderate-income borrowers, which is higher than the aggregate, at 14.2 percent, and the demographics, at 16.3 percent.

The bank's performance in the other home mortgage product categories is consistent with the overall HMDA performance under this criterion. BankFive's 2018 HMDA lending performance was slightly better than the performance in the years included in Table 6. The bank originated 7.2 percent of loans to low-income borrowers, and 30.4 percent of loans to moderate-income borrowers in 2018.

Small Business Lending

The bank's small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Emphasis was placed on the number of loans rather than the dollar amount when compared to business demographics. Table 7 details the bank's lending to small businesses according to revenue size. The bank's performance in lending to businesses with GARs of $1 million or less is reasonable.

Table 7
Distribution of Small Business Loans By Gross Annual Revenue of Business

Gross Annual Revenues	2019 Total Businesses %	2019 Bank				2020 Total Businesses %	2020 Bank			
		#	%	$(000s)	$%		#	%	$(000s)	$%
$1 Million or Less	91.6%	59	52.7%	$7,547	37.5%	91.7%	52	48.6%	$6,276	35.0%
Over $1 Million	7.9%	42	37.5%	$10,404	51.7%	7.7%	41	38.3%	$8,929	49.8%
Rev. Not Known	0.5%	11	9.8%	$2,173	10.8%	0.6%	14	13.1%	$2,729	15.2%
Total	*100.0%*	*112*	*100.0%*	*$20,124*	*100.0%*	*100.0%*	*107*	*100.0%*	*$17,934*	*100.0%*

D&B 2019 and 2020. Small business data for 2019 and 2020 is bank provided.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2019, the bank originated 52.7 percent of loans to businesses with GARs of $1 million or less, as compared to the percentage of businesses, at 91.6 percent. In 2020, the bank originated 48.6 percent of loans to businesses with GARs of $1 million or less, as compared to the percentage of businesses, at 91.7 percent. Although not included in the table, the bank's 2018 performance was similar to the performance in 2019 and 2020. In 2018, the bank originated 45.8 percent of small business loans to businesses with GARs of $1 million or less. As a certified SBA lender, the bank offers a variety of SBA loan products to small businesses including Express, 7(a), and 504 loans.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The bank demonstrates an excellent geographic distribution of loans given its assessment area.

Home Mortgage Lending

Table 8 provides a comparison of the bank's home mortgage lending by census tract income level to the aggregate lending data and demographics of the assessment area. The analysis focuses on the number rather than dollar amount of loans. The bank demonstrates an excellent geographic distribution of home mortgage loans given its assessment area.

Table 8 - HMDA Distribution by Census Tract Income

PRODUCT TYPE	Tract Income Levels	Owner Occupied Units	Bank & Aggregate Lending Comparison												
			2019						2020						
			Count			Dollar			Count			Dollar			
			Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
		%	#	%	%	$ (000s)	$ %	$ %	#	%	%	$ (000s)	$ %	$ %	
HOME PURCHASE	Low	3.0%	23	13.6%	6.0%	$4,496	10.3%	4.5%	12	6.4%	5.2%	$2,551	4.2%	2.6%	
	Moderate	11.9%	51	30.2%	15.5%	$10,464	23.9%	12.1%	27	14.4%	14.5%	$6,507	10.8%	10.1%	
	Middle	32.3%	44	26.0%	31.0%	$11,831	27.0%	28.1%	75	39.9%	32.4%	$23,439	38.9%	43.1%	
	Upper	52.8%	51	30.2%	47.6%	$16,965	38.8%	55.3%	74	39.4%	47.9%	$27,711	46.0%	44.1%	
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	
	Total	*100.0%*	*169*	*100.0%*	*100.0%*	*$43,756*	*100.0%*	*100.0%*	*188*	*100.0%*	*100.0%*	*$60,208*	*100.0%*	*100.0%*	
REFINANCE	Low	3.0%	11	6.6%	2.3%	$1,585	3.7%	1.5%	20	3.6%	1.7%	$4,072	2.8%	2.6%	
	Moderate	11.9%	43	25.7%	9.7%	$8,404	19.4%	7.3%	96	17.2%	8.8%	$21,657	14.9%	6.0%	
	Middle	32.3%	62	37.1%	30.3%	$13,506	31.2%	26.7%	182	32.7%	29.2%	$43,357	29.8%	23.4%	
	Upper	52.8%	51	30.5%	57.8%	$19,732	45.6%	64.4%	259	46.5%	60.3%	$76,490	52.5%	68.0%	
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	
	Total	*100.0%*	*167*	*100.0%*	*100.0%*	*$43,227*	*100.0%*	*100.0%*	*557*	*100.0%*	*100.0%*	*$145,576*	*100.0%*	*100.0%*	
HOME IMPROVEMENT	Low	3.0%	1	3.4%	1.9%	$25	0.9%	1.5%	0	0.0%	1.9%	$0	0.0%	1.7%	
	Moderate	11.9%	6	20.7%	9.1%	$346	12.3%	8.0%	1	11.1%	8.3%	$150	34.5%	7.0%	
	Middle	32.3%	17	58.6%	27.9%	$2,296	81.6%	23.7%	5	55.6%	30.0%	$215	49.4%	27.3%	
	Upper	52.8%	5	17.2%	61.0%	$147	5.2%	66.8%	3	33.3%	59.7%	$70	16.1%	64.0%	
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	
	Total	*100.0%*	*29*	*100.0%*	*100.0%*	*$2,814*	*100.0%*	*100.0%*	*9*	*100.0%*	*100.0%*	*$435*	*100.0%*	*100.0%*	
MULTIFAMILY*	Low	27.1%	10	58.8%	37.6%	$5,919	76.2%	9.6%	9	60.0%	35.6%	$6,896	61.4%	18.6%	
	Moderate	28.0%	6	35.3%	33.1%	$1,656	21.3%	24.9%	5	33.3%	36.1%	$3,519	31.3%	37.4%	
	Middle	22.6%	1	5.9%	20.8%	$195	2.5%	42.8%	0	0.0%	14.4%	$0	0.0%	26.8%	
	Upper	22.2%	0	0.0%	8.4%	$0	0.0%	22.7%	1	6.7%	13.9%	$812	7.2%	17.2%	
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	
	Total	*100.0%*	*17*	*100.0%*	*100.0%*	*$7,770*	*100.0%*	*100.0%*	*15*	*100.0%*	*100.0%*	*$11,227*	*100.0%*	*100.0%*	
HMDA TOTAL	Low	3.0%	45	11.8%	4.2%	$12,025	12.3%	3.3%	41	5.3%	2.9%	$13,519	6.2%	2.9%	
	Moderate	11.9%	106	27.7%	12.4%	$20,870	21.4%	10.4%	129	16.8%	10.5%	$31,833	14.6%	8.3%	
	Middle	32.3%	124	32.5%	30.4%	$27,828	28.5%	28.0%	262	34.1%	30.1%	$67,011	30.8%	31.4%	
	Upper	52.8%	107	28.0%	53.0%	$36,844	37.8%	58.3%	337	43.8%	56.5%	$105,083	48.3%	57.4%	
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	
	Total	*100.0%*	*382*	*100.0%*	*100.0%*	*$97,567*	*100.0%*	*100.0%*	*769*	*100.0%*	*100.0%*	*$217,446*	*100.0%*	*100.0%*	

2015 ACS, 2019 & 2020 Aggregate HMDA Data, and 2019 & 2020 HMDA LARs.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.
**Distribution of multifamily units by census tract income*
***Aggregate percentages include all loans required to be reported by lenders comprising the aggregate except for "other" loans which may cause a slight difference from publicly available data. Aggregate percentages may include loan types not required to be reported by the bank.*

In 2019, BankFive's lending in low-income tracts was at 11.8 percent, which was well above the aggregate, at 4.2 percent, and well above the percentage of owner-occupied units, at 3.0 percent. For the same year, the bank originated 27.7 percent of its loans in moderate-income tracts, which was significantly above the aggregate, at 12.4 percent, and significantly above the percentage of owner-occupied units, at 11.9 percent. In middle-income tracts, the bank originated 32.5 percent of loans, which is higher than the aggregate, at 30.4 percent, and slightly higher than the percentage of owner-occupied units, at 32.3 percent. The bank originated 28.0 percent of loans in upper-income tracts, which is lower than the aggregate, at 53.0 percent, and percentage of owner-occupied units, at 52.8 percent.

In 2020, the bank's performance fell to 5.3 percent of loans originated in low-income tracts, but was above the aggregate, at 2.9 percent, and the percentage of owner-occupied units, at 3.0 percent. The bank's lending in moderate-income tracts was at 16.8 percent, which was higher than the aggregate, at 10.5 percent, and the percentage of owner-occupied units, at 11.9 percent. In middle-income tracts, the bank originated 34.1 percent of loans, which is higher than the aggregate, at 30.1 percent, and the percentage of owner-occupied units, at 32.3 percent. The bank originated 43.8 percent of loans in upper-income tracts, which is lower than the aggregate, at 56.5 percent, and the percentage of owner-occupied units, at 52.8 percent.

In 2019, of all lenders that originated or purchased a HMDA-reportable loan in the assessment area, BankFive ranked 4th of 128 institutions for lending in low-income tracts, and 5th of 216 institutions for lending in moderate-income tracts. In 2020, the bank's ranking was 5th of 140 institutions in low-income tracts and 7th of 256 institutions in moderate-income tracts.

The bank's excellent performance under this criterion can be attributed to its branch presence in Fall River and New Bedford; a majority of the low- and moderate-income census tracts in the assessment area are in these cities. The bank maintains six branches in Fall River and two branches in New Bedford. In addition, as mentioned under the *Borrower Profile* section, the bank's home mortgage products are responsive to the needs of individuals that reside in these low- and moderate-income tracts.

The bank had an increase in refinance loans from 2019 to 2020, and these loans made up a majority of the bank's HMDA lending for the latter year. BankFive's performance in extending refinance loans to low- and moderate-income tracts in 2020 is consistent with the overall HMDA performance under this criterion; the bank originated 3.6 percent of refinance loans in low-income tracts, which is higher than the aggregate, at 1.7 percent, and the percentage of owner-occupied units, at 3.0 percent, and originated 17.2 percent of refinance loans to moderate-income tracts, which is higher than the aggregate, at 8.8 percent, and the demographics, at 11.9 percent.

The bank's performance is consistent across the other product categories with the exception of multifamily loans. In 2019, the bank originated 58.8 percent of multifamily loans in low-income tracts and 35.3 percent moderate-income tracts. In 2020, the percentage was also high at 60.0 percent of multifamily loans originated in low-income tracts, and 33.3 percent in moderate-income tracts. Although multifamily loans make up only a small percentage of the bank's total HMDA volume, this level of lending further supports the bank's excellent performance. Many of these multifamily loans have below-market rents, which help promote affordable housing and are also considered under the Community Development Test as permitted under the CRA regulation.

There were no conspicuous gaps in loans in low- or moderate-income tracts unexplained by performance context. In low- and moderate-income tracts in which the bank did not originate or purchase a HMDA loan, the low level of owner-occupied housing limits opportunities for home mortgage lending. Owner-occupied units as a percentage of housing units are 15.8 percent in low-income tracts and 34.7 percent in moderate-income tracts, as compared to 64.3 percent in middle-income tracts, and 72.7 percent in upper-income tracts.

The bank's lending performance in 2018 was similar to the years described above. The bank originated 12.8 percent of loans to low-income tracts and 20.8 percent of loans to moderate-income tracts.

Small Business Lending

Table 9 represents the distribution of small business loans by census tract income level. Emphasis was placed on the number of loans rather than the dollar amount when compared to demographics. The bank demonstrates an excellent geographic distribution of small business loans given its assessment area.

Table 9 - Geographic Distribution of Small Business Loans											
PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison									
		2019 Total Businesses	2019 Bank				2020 Total Businesses	2020 Bank			
			Count		Dollar			Count		Dollar	
		%	#	%	$ (000s)	$ %	%	#	%	$ (000s)	$ %
SMALL BUSINESSES	Low	9.2%	24	21.4%	$4,188	20.8%	9.1%	16	15.0%	$3,322	18.5%
	Moderate	13.2%	15	13.4%	$1,332	6.6%	13.2%	18	16.8%	$2,220	12.4%
	Middle	29.3%	47	42.0%	$8,558	42.5%	29.4%	43	40.2%	$6,435	35.9%
	Upper	48.4%	26	23.2%	$6,046	30.0%	48.3%	30	28.0%	$5,957	33.2%
	Unknown	0.0%	0	0.0%	$0	0.0%	0.0%	0	0.0%	$0	0.0%
	Total	*100.0%*	*112*	*100.0%*	*$20,124*	*100.0%*	*100.0%*	*107*	*100.0%*	*$17,934*	*100.0%*

D&B 2019 and 2020. Small business data for 2019 and 2020 is bank provided.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2019, the bank originated 21.4 percent of loans in low-income tracts, which was higher than the percentage of businesses in low-income tracts, at 9.2 percent. For the same year, the bank originated 13.4 percent of loans in moderate-income tracts, which was slightly higher than the percentage of businesses, at 13.2 percent. The bank originated 42.0 percent of loans in middle-income tracts, which is higher than the demographics, at 29.3 percent. The bank originated 23.2 percent of loans in upper-income tracts, which is lower compared to the demographics, at 48.4 percent.

BankFive's small business lending performance in 2020 was similar to the prior year. The bank originated 15.0 percent of loans in low-income tracts, which was higher than the percentage of businesses, at 9.1 percent. The bank originated 16.8 percent of loans in moderate-income tracts, exceeding the percentage of small businesses, at 13.2 percent. For the same year, BankFive originated 40.2 percent of loans to middle-income tracts, which is higher than the percentage of small businesses, at 29.4 percent. The bank originated 28.0 percent of loans in upper-income tracts, which is lower than the percentage of small businesses, at 48.3 percent.

There were no conspicuous gaps in the distribution of small business loans unexplained by performance context. The bank's small business loans are concentrated in and around the cities of Fall River and New Bedford, where the majority of the bank's 13 branches are located; six of the bank's branches are in Fall River, and two are in New Bedford.

The bank's small business lending performance in 2018 was similar to the performance in the years described above. In 2018, the bank had originated 15.0 percent of its small business loans in low-income tracts, and 15.9 percent of loans in moderate-income tracts.

<u>Response to Complaints</u>

There have been no complaints regarding the bank's CRA performance since the previous CRA examination.

CONCLUSIONS: LENDING TEST

The bank's performance in meeting credit needs in the assessment area is demonstrated by the reasonable average LTD ratio, the excellent penetration of loans among individuals and businesses of different income levels, and the excellent geographic distribution of loans throughout the assessment area. Although the bank has originated a majority of its loans outside the assessment area, the performance context shows that this has not diminished the level of lending activity inside the assessment area nor the responsiveness to the credit needs of the entire community. Given economic, demographic, and competitive conditions in the assessment area, the bank's lending levels reflect an adequate level of responsiveness and is therefore rated Satisfactory.

COMMUNITY DEVELOPMENT TEST

BankFive's performance under the Community Development Test is rated Outstanding. The bank's community development performance demonstrates excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

During the evaluation period, the bank extended 1,193 community development loans, totaling $155.5 million. This is a significant increase from last examination, when the bank originated 34 community development loans, totaling $6.9 million.

Most of the bank's community development loans during the evaluation period were through the bank's participation in the PPP. PPP loans are administered by the SBA as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and are designed to help small businesses retain workers and staff during the economic crisis due to the COVID-19 pandemic. These loans were considered highly responsive to the needs of small businesses during the COVID-19 pandemic.

BankFive made a total of 1,092 PPP loans, totaling $97.0 million, during the evaluation period. The bank extended 467 PPP loans, totaling $40.9 million, in low- and moderate-income census tracts in the assessment area, contributing to the stabilization of those tracts during the crisis, and the remaining PPP loans promoted economic development by financing small businesses and supporting job retention for low- or moderate-income persons.

In addition to the PPP loans, the bank extended 101 community development loans, totaling $58.5 million. As the bank had been responsive to the credit needs of its assessment area, this total includes eight loans, totaling $12.9 million, that were originated in the greater statewide/regional area that includes the bank's assessment area. Below are some examples of the community development loans.

- During the evaluation period, the bank originated 59 multifamily affordable housing loans, totaling $22.3 million. The multifamily affordable housing loans, which were also reported on the 2018-2021 HMDA LARs, are qualified as community development loans based on verified rents below the median family rents, as published by the US Department of Housing and Urban Development. A majority of these loans were originated in low- or moderate-income tracts in Fall River and New Bedford.

- During the evaluation period, the bank originated 10 SBA 504 loans, totaling $10.5 million. These loans promote economic development to small businesses, a community development need that was identified by the community contact. These loans impacted the assessment area or a greater/statewide regional area that includes the assessment area.

- In 2019, the bank originated a loan for $7.2 million dollars to fund improvements to a charter school located in a moderate-income tract in Fall River. A majority of the students served by the charter school are low- or moderate-income.

- In 2019, the bank originated two loans, totaling $4.0 million, for the rehabilitation and improvement of two mixed-use buildings located in downtown Fall River. This large-scale project was also funded by sources including federal and state historic tax credits, the Community Scale Housing Initiative, Community Preservation Act, Housing Development Incentive Program, and the Fall River Housing Initiative. These loans promote revitalization and stabilization in a low-income tract.

The bank's equity investments totaled $38.5 million, and include 26 equity investments, totaling $27.4 million, that were purchased during the current evaluation period, and 26 prior period equity investments with book values totaling $11.1 million. The dollar amount of equity investments has increased from the prior examination when equity investments totaled $31.2 million.

The following are examples of the bank's equity investments.

- The bank invested in Small Business Investment Companies (SBICs), which are privately owned and managed investment funds that make equity and debt investments in qualifying small businesses. These investments promote economic development, a need identified by the community contact. During the current evaluation period, the bank purchased four SBIC investments, totaling $6.6 million, and continues to hold six prior period investments with a total book value of $2.1 million.

- The bank invested in SBA Participation Certificates, which help fund the SBA 504 loan program and promote economic development. During the current evaluation period, the bank purchased eight of these investments, totaling $4.5 million, and continues to hold 18 prior period investments with a total book value of $4.5 million.

- BankFive purchased a total of nine municipal bonds for $8.7 million from Massachusetts Gateway Cities during the current evaluation period, helping revitalize and stabilize these municipalities. The 26 Gateway Cities are midsized urban centers with high poverty rates, low educational attainment, population loss, and economic development challenges. These bonds were used for a variety of purposes including construction and improvement to transportation infrastructure, water treatment plants and sewer systems, public safety buildings, and public schools that serve majority low- or moderate-income students. Gateway Cities positively impacted by the bank's investments include Fall River, New Bedford, Attleboro, Taunton, Lowell, and Worcester.

- The bank invested in Mass Development bonds for the construction of a charter school located in a moderate-income tract in Fall River. A majority of the students served are low- or moderate-income. One bond was purchased in 2021 for $3.3 million, and one bond was purchased during the prior period and has a book value of $1.6 million.

BankFive made a total of 236 qualified donations totaling $1.3 million during the evaluation period. By dollar amount, this is a significant increase in donations from the last exam when donations totaled approximately $632,000. A majority of the donations went to organizations that provide community services to low- and moderate-income individuals.

The following is a sample of organizations that received qualified donations from the bank.

- **Argosy Collegiate Charter School –** Located in Fall River, a majority of the students that attend this charter school are low- or moderate-income. Along with donations, BankFive has originated a loan and purchased Mass Development Bonds that help fund construction and improvements at the school, illustrating the bank's responsiveness to the educational needs in a Gateway City.

- **Entrepreneurship for All –** This organization promotes inclusive entrepreneurship with a focus on closing the opportunity inequality gap in economically challenged cities, including Fall River and New Bedford. Programs offered include business accelerator classes, co-working space, pitch contests, and virtual workshops. Several of the programs are offered in Spanish to meet the needs of Spanish speakers in these cities.

- **Food Pantries –** During the evaluation period, the bank donated to multiple food pantries including Sister Rose's House, Our Daily Bread Food and Resource Center, Greater Fall River Community Pantry, Mercy Meals and More Inc, Family Pantry of Cape Cod, East Bay Food Pantry, and Citizens for Citizens Inc.

- **The United Way of Greater New Bedford –** The United Way of Greater New Bedford supports multiple health and human resource organizations that provide services and programs for individuals and families living in New Bedford and the surrounding municipalities. Organizations provide services targeting, but not limited to, transportation needs, hunger, and homelessness. A majority of individuals served by the organization are low- or moderate-income.

- **Veterans Transition House –** Based in New Bedford, this organization provides homeless veterans with housing, substance abuse treatment, education and vocational services, and mental health services.

- **Waterfront Historic Area League of New Bedford (WHALE) –** The mission of WHALE is to foster historic preservation and continued use of the city's architectural heritage so to enhance community and economic vitality of New Bedford. According to the 2015 ACS, 25 of the 31 tracts, or 80.7 percent, in New Bedford are low- and moderate-income, and the bank's donations to this organization helped revitalize and stabilize these low- and moderate-income tracts.

Along with providing financial support to local organizations, bank employees have lent their financial expertise to organizations in the assessment area. Bank employees engaged in community development services through participation on boards and committees of community development organizations. During the evaluation period, 54 bank employees provided 562 instances of community development services through membership and/or committee or board participation for different organizations in the assessment area. Examples of notable participation in community organizations follow:

- **Southeastern Economic Development Corporation (SEED) –** This organization is an economic and community development agency established for the purpose of stimulating the economy in the area in which it serves. SEED focuses on job creation by financing businesses in Massachusetts and Rhode Island. The organization is particularly active in the Fall River and New Bedford areas. Several bank officers have been active with the organization and the senior vice president of commercial lending is a director.

- **The United Way of Greater Fall River –** The organization provides and funds numerous organizations that support community services that include employment and job skills training, social services, and poverty alleviation. Several bank officers actively provide financial expertise to the organization and a vice president in commercial lending serves on the board of directors.

- **Pro-Home Inc. –** Pro-Home, Inc. is a nonprofit organization established for the "production and protection of affordable housing." Pro-Home, Inc. believes that every person has a right to safe, affordable housing, and that housing is the cornerstone to a healthy community. A vice president at the bank has served as a director with the organization for several years.

In addition to the community development services, bank employees participated in financial literacy and first-time home buyer events in the greater Fall River and New Bedford area, which benefit low- and moderate-income individuals and students. Examples of notable financial literacy events and seminars include:

- **First-time homebuyer classes –** Bank employees participated in 15 public first-time homebuyer classes in conjunction with several organizations primarily serving low- and moderate-income persons and areas. Topics included budgeting, credit, financing, buying a home, insurance, home inspections, closing, and tenancy.

- **Greater Fall River Food Pantry –** Bank employees participated in 15 financial literacy workshops with the Greater Fall River Food Pantry. Established in 1991, The Greater Fall River Community Food Pantry exists to assist local community members in Fall River, Somerset, Swansea, Little Compton, Tiverton, Westport, Freetown, and Assonet with access to sustainable and healthy food.

- **Credit for Life Fairs –** These fairs provide an educational exercise for high school students to develop financial management skills by experiencing the reality of paying bills, budgeting, making major purchases, unexpected life events, insurance, and retirement. The bank participated in 14 fairs at high schools in Fall River and New Bedford. The majority of students at each school qualify for the USDA's National Lunch Program.

- **Junior Achievement of Southern Massachusetts (JA)** – Bank employees volunteered for 52 financial literacy classes at schools in Fall River, New Bedford, and Taunton, where a majority of students qualify for free or reduced-price meals under the National Lunch Program. JA's elementary school program includes, depending on the grade, topics such as money management, taxes, the economy, weighing needs versus wants, the job market, how to conduct a business, and the importance of savings.

Lastly, the bank was responsive to customer needs during the COVID-19 pandemic. In addition to the PPP lending mentioned above, the bank created a small-dollar consumer loan product to assist customers impacted by the pandemic. This unsecured loan had a below-market interest rate and deferred payments for the first six months. A total of 10 loans were originated in 2020 and 2021. In addition, the bank granted loan forbearances under the CARES Act and waived certain deposit fees to assist customers.

CONCLUSIONS: COMMUNITY DEVELOPMENT TEST

BankFive demonstrated excellent responsiveness to community development needs in the assessment area considering the bank capacity and available opportunities. The bank used community development loans, donations, equity investments, and services to meet the needs of its assessment area. In addition, the bank originated a significant volume of PPP loans which greatly assisted businesses during the COVID-19 pandemic. Therefore, the bank's Community Development Test rating is Outstanding.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Concurrent with this CRA evaluation, a review of the bank's compliance with consumer protection laws and regulations was conducted, and no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs were identified.

APPENDIX

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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the FDIC have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

(i) Low- or moderate-income geographies;
(ii) Designated disaster areas; or
(iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, the FDIC, and the OCC, based on:
 a. Rates of poverty, unemployment, and population loss; or
 b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan 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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

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 who 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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

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

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

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

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

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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

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

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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

Rated area: A rated area is a state or 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.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate 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.

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12