

PUBLIC DISCLOSURE

June 3, 2024

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 following table indicates the performance level of Fall River Five Cents Savings Bank (BankFive or the bank) with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	Fall River Five Cents Savings Bank		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

**The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*

The major components supporting the ratings in the table above include:

Lending Test

- Excellent responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area.
- An adequate percentage of its loans are made in the bank's assessment area.
- An excellent geographic distribution of loans, particularly to low- or moderate-income geographies, in the bank's assessment area.
- An excellent distribution, particularly in the bank's assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- An excellent record of serving the credit needs of highly economically disadvantaged areas in the bank's assessment area, low-income individuals, or businesses (including farms), with gross annual revenues of \$1 million or less, consistent with safe and sound operations.
- Extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.
- The bank is a leader in making community development loans.

Investment Test

- An excellent level of qualified investments, particularly those that are not routinely provided by private investors, often in a leadership position.
- Extensive use of innovative or complex qualified investments.

- Excellent responsiveness to credit and community development needs.

Service Test

- The bank's service delivery systems are accessible to geographies and individuals of different income levels in its assessment area.
- To the extent changes have been made, the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals.
- The bank's services (including, where appropriate, business hours) are tailored to the convenience and needs of its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals.
- The bank is a leader in providing community development services.

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, 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.

BankFive 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, including Traditional 7(a), SBA Express and SBA 504 loans, as well as BankFive's 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 13 full-service branches, including the main office, and operates five loan production offices (LPOs) throughout the South Coast of Massachusetts and Rhode Island. 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, Hyannis, MA, Wrentham, MA, Westport, MA, and Lynnfield, MA. The bank's LPOs are open mainly by appointment, and several have been relocated over the review period. The bank also operates an internet bank, Bank5 Connect, which currently offers deposit accounts to customers not residing in the bank's geographic footprint.

As of March 31, 2024, the bank's assets totaled \$1.8 billion, loans totaled \$1.4 billion, and deposits totaled \$1.3 billion. Since the previous CRA evaluation conducted on March 14, 2022, the bank's assets increased 26.5 percent from \$1.4 billion. Both loans and deposits have experienced growth since the previous evaluation when deposits totaled \$1.2 billion, and loans totaled \$1.1 billion. Loan growth was experienced in both the residential and the commercial business lines.

Table 1 shows the bank’s loan portfolio composition, by dollar, as of March 31, 2024.

Table 1 Loan Distribution as of March 31, 2024		
Loan Type	Dollar Amount \$(000)	Percent of Total Loans (%)
Residential RE	752,518	52.4
Commercial*	630,173	43.9
Agriculture	30,269	2.1
Consumer	23,166	1.6
Total Loans	1,436,126	100.0

Call Report as of March 31, 2024

**May include construction, land development, and other land loans reported on the HMDA LAR*

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The bank is primarily a residential lender with residential real estate loans accounting for 52.4 percent of the portfolio. 1-4 family loans account for approximately 46.6 percent of the total residential real estate portfolio and multi-family loans account for 5.8 percent. Commercial loans account for 43.9 percent of the portfolio. Commercial real estate loans represent approximately 30.5 percent of the commercial portfolio, commercial and industrial loans account for 9.4 percent, and construction loans represent approximately 3.9 percent. The loan portfolio has remained relatively stable since the previous examination when residential real estate lending represented approximately 50.2 percent, and commercial lending totaled approximately 44.7 percent of the portfolio.

The bank operates in a highly competitive market for deposits amongst numerous national, regional, and community banks. According to the June 30, 2023, Federal Deposit Insurance Corporation Deposit Market Share Report, there are 25 institutions operating 361 branch offices in the bank’s assessment area. The bank ranked 11th in terms of deposit market share with 2.2 percent of the deposits. The top-ranking institutions for deposits are Citizen’s Bank N.A., Bank of America, N.A., and The Washington Trust Company.

In addition to competing with depository institutions with branches in the assessment area, the bank faces further competition for residential mortgage loans from credit unions and mortgage companies. In 2022, there were 499 originators and/or purchasers of residential mortgage loans in the assessment area; in 2023, there were 475 originators and/or purchasers. During the review period, the top residential mortgage lenders were Citizens Bank, N.A., Navigant Credit Union, Pawtucket Credit Union, Rocket Mortgage, LLC, and BayCoast Bank. Regarding small business lending, the bank operates in a competitive geographic area. In 2022, there were 153 institutions that originated a small business loan in the assessment area and 126 institutions did so in 2023. The top small business lenders in both years were American Express Bank and JPMorgan Chase 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. BankFive’s CRA performance was last evaluated by the Federal Reserve Bank of Boston on

March 14, 2022, under the FFIEC Examination Procedures for Intermediate Small Institutions and was rated Outstanding.

BankFive has defined one assessment area for CRA purposes. The assessment area consists of the entire Providence MSA, which encompasses the whole state of Rhode Island and Bristol County, MA. The bank expanded its assessment area since the previous CRA examination. Previously, the bank defined its assessment area as Bristol County, MA; Bristol County, RI; and Newport County, RI. These three whole counties included 160 census tracts. As of August 30, 2023, the bank added three more Rhode Island counties to its assessment area: Kent County, Washington County, and Providence County. Adding these three counties significantly increased the size of the assessment area to now include 381 total census tracts. Of note, the assessment area now includes the City of Providence, RI, which is the largest municipality by population in Rhode Island, and one of the largest metropolitan areas in New England. Providence County alone is comprised of 145 census tracts.

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 2 displays the MFI used to classify borrowers within the MSA/MD portion of the assessment area and the non-MSA portion of the state.

Table 2		
Median Family Income		
MSA/MD	2022	2023
Providence-Warwick RI-MA MSA	\$99,600	\$108,300
Massachusetts MFI*	\$119,400	\$130,000
<i>FFIEC median family income estimates</i>		
<i>*Represents non-MSA portions of the state</i>		

The MFI for the Providence MSA was \$99,600 in 2022, and \$108,300 in 2023. Low-income earners would be those families with incomes under \$49,800 in that year, and moderate-income would make under \$79,680. In 2023, low-income families were those earning under \$54,150, and moderate-income families would make under \$86,640. In 2023, the median family income increased to \$108,300, an increase of approximately 8.7 percent.

Table 3 below details pertinent demographic data related to the bank’s assessment area.

Table 3 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	47	12.3	37,040	9.2	9,475	25.6	91,943	22.8	
Moderate-income	69	18.1	68,704	17.1	9,990	14.5	65,079	16.2	
Middle-income	150	39.4	160,858	39.9	8,898	5.5	82,805	20.6	
Upper-income	109	28.6	135,718	33.7	3,522	2.6	162,966	40.5	
Unknown-income	6	1.6	473	0.1	191	40.4	0	0	
Total Assessment Area	381	100.0	402,793	100.0	32,076	8.0	402,793	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied		Rental		Vacant			
		#	%	%	#	%	#	%	
Low-income	72,156	16,042	4.1	22.2	48,371	67	7,743	10.7	
Moderate-income	126,584	47,982	12.2	37.9	65,050	51.4	13,552	10.7	
Middle-income	290,693	174,826	44.4	60.1	88,274	30.4	27,593	9.5	
Upper-income	214,707	154,893	39.3	72.1	38,575	18	21,239	9.9	
Unknown-income	1,192	131	0	11	951	79.8	110	9.2	
Total Assessment Area	705,332	393,874	100.0	55.8	241,221	34.2	70,237	10.0	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported			
		#	%	#	%	#	%	#	%
Low-income	6,120	8.6	5,477	8.5	603	10.5	40	7.2	
Moderate-income	9,500	13.4	8,730	13.5	713	12.5	57	10.3	
Middle-income	30,049	42.4	27,149	42	2,636	46.1	264	47.7	
Upper-income	25,110	35.4	23,176	35.8	1,742	30.5	192	34.7	
Unknown-income	161	0.2	135	0.2	25	0.4	1	0.2	
Total Assessment Area	70,940	100.0	64,667	100.0	5,719	100.0	554	100.0	
Percentage of Total Businesses:				91.2		8.1		0.8	

2023 FFIEC Census Data and 2023 Dun & Bradstreet, Short Hills, NJ (D&B).
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

There are 381 census tracts in the assessment area: 47, or 12.3 percent, are low-income, 69, or 18.1 percent, are moderate-income, 150, or 39.4 percent, are middle-income, 109, or 28.6 percent, are upper-income, and 6, or 1.6 percent, are unknown. The City of Fall River, where the bank is headquartered, and the City of New Bedford in Bristol County, MA contain large concentrations of low- and moderate-income census tracts. The City of Providence, RI has the largest concentration of low- and moderate-income tracts in the assessment area. Other notable concentrations of low- and moderate-income tracts in the Rhode Island portion of the assessment area are in Pawtucket, Woonsocket, and Central Falls.

Population

The total population residing in the assessment area is 1,676,579: 10.6 percent reside in low-income census tracts, 17.6 percent reside in moderate-income census tracts, 40.3 percent reside in middle-income census tracts, 31.3 percent reside in upper-income census tracts, and 0.2 percent reside in tracts where income is unknown. There are 635,095 households and 402,793

families in the assessment area. Of the 402,793 families in the assessment area, 22.8 percent are low-income, 16.2 percent are moderate-income, 20.6 percent are middle-income, and 40.5 percent are upper income. Approximately 8.0 percent of families have incomes below the poverty level.

Housing

Of the 705,332 housing units in the assessment area, 55.8 percent are owner-occupied, 34.2 percent are rental units, and 10.0 percent are vacant. According to the Census data the median home value in the assessment area was \$290,459. Table 4 illustrates more recent data on the median sales price of 1-4 family homes by county and for Rhode Island.

Table 4 Median Sales Price		
County	2022	2023
Newport County RI	\$612,450	\$665,000
Washington County RI	\$537,000	\$550,000
Bristol County RI	\$525,000	\$599,950
Providence County RI	\$355,000	\$375,000
Kent County RI	\$340,000	\$380,000
State of Rhode Island	\$381,000	\$410,000
Bristol County MA	\$435,000	\$455,750

Source: The Warren Group, Boston, MA

The median sales price for a 1-4 family home in Rhode Island increased from \$381,000 in 2022 to \$410,000 in 2023. There is a wide disparity in home prices in the Rhode Island portion of the assessment area, ranging from a high of \$665,000 in Newport County in 2023, to a low of \$340,000 in Kent County in 2022. In the Massachusetts portion of the assessment area, the median sales price increased from \$435,000 in 2022, to \$455,750 in 2023. The rising cost of housing throughout the assessment area creates affordability challenges, especially for low- and moderate-income individuals and families.

Business Characteristics

Based on 2023 data, there are 70,940 businesses in the assessment area, of which 8.6 percent are located in low-income census tracts, 13.4 percent are located in moderate-income census tracts, 42.4 percent are located in middle-income census tracts, and 35.4 percent are located in upper-income census tracts. The majority of businesses in the assessment area, 91.2 percent are small businesses with gross annual revenues (GAR) under \$1 million.

Employment Statistics

Based on the Census data the unemployment rate in the assessment area was 5.5 percent. According to the Bureau of Labor Statistics, the unemployment rate in the assessment area decreased during the review period. The unemployment rate in the Rhode Island portion of the assessment area was 3.4 percent in 2022, and 3.2 percent in 2023. The unemployment rate in Massachusetts portion of the assessment area was 4.5 percent in 2022, and 4.1 percent in 2023.

SCOPE OF EXAMINATION

BankFive's CRA performance review was conducted using the FFIEC Examination Procedures for Large Institutions.¹ These procedures evaluate banks under three tests: the Lending Test, the Investment Test, and the Service Test.

The Lending Test evaluates the bank's lending performance pursuant to the following criteria: lending activity, assessment area concentration of loans, geographic distribution of loans, borrower's profile, responsiveness of credit needs, product innovation, and community development lending activity. The Investment Test evaluates the bank's performance pursuant to the following criteria: investment and grant activity, responsiveness to credit and community development needs, and community development initiatives. The Service Test evaluates the bank's performance pursuant to the following criteria: accessibility of delivery systems, changes in branch locations, reasonableness of business hours and services, and community development services.

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

The Lending Test evaluated the bank's residential mortgage and small business loans originated from January 1, 2021, to December 31, 2023. Based on the number of loans originated during the review period, residential mortgage loans were weighted more than small business loans. While both the number and dollar volume of the bank's loans were reviewed, the number of originations was weighted more heavily as the number of loans is more indicative of loan demand. For presentation purposes, only 2022 and 2023 lending is shown in the tables in this evaluation; however, 2021 data was analyzed and supports overall conclusions presented. Community development loans originated from March 14, 2022, through the current examination dated June 3, 2024, were also considered.

Home mortgage lending data reviewed during the evaluation was obtained from Loan Application Registers (LARs), maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). Residential loans with a purpose of "other" and/or "not applicable" were excluded from the analysis. The bank's residential lending activity was compared to the aggregate of all lenders operating within the assessment area. Aggregate data was obtained from the Consumer Financial Protection Bureau (CFPB) and consists of lending information from all HMDA reporters that originated or purchased residential mortgage loans in the assessment area. "Other" and "not applicable" loans have also been excluded from the aggregate data.

The bank was not required to collect and report small business loan data during the review period. Under the FFIEC Examination Procedures for Large Institutions, Large Institutions are subject to CRA loan data collection, but cannot be examined under the procedures, until they collect at least one full year of data. BankFive did not meet the asset size threshold of a Large Bank until 2024. However, the bank collected small business loan data for all full years in the review period. Therefore, the small business data collected by the bank was utilized in this evaluation. Small business loans include commercial real estate loans and commercial and industrial loans with original loan amounts of \$1 million or less. The bank's small business

¹ Large Institutions are banks with assets of at least \$1.564 billion as of December 31 of both of the prior two calendar years.

lending performance was compared to aggregate small business data obtained from the FFIEC and business demographics obtained from Dun & Bradstreet, Short Hills, NJ (D&B).

Community Contacts

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.

A community contact was conducted with an organization whose mission is to help low- and moderate-income families and individuals throughout southeastern Massachusetts prosper through affordable housing and financial literacy. The contact noted housing affordability challenges and indicated there is a need for more flexible home buyer programs. Specifically, the contact stated the need for programs with higher income level thresholds to accommodate middle-income borrowers who struggle with housing affordability because their income is too high to qualify for the special programs designed to assist lower-income borrowers. In addition to loan programs, the contact noted the need for financial literacy training and first-time home buyer education. The contact noted many clients come from Fall River and New Bedford.

An additional community contact was conducted with an officer of a financial institution whose mission is to provide financial and training assistance to organizations that are working to improve the lives of underserved communities in Rhode Island. The contact identified numerous needs of low- and moderate-income individuals and families in Rhode Island, including financial literacy and education, particularly for rapidly growing non-English speaking immigrant and refugee populations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

BankFive's performance under the Lending Test is rated Outstanding. Lending levels reflected excellent responsiveness to the credit needs in the assessment area. An adequate percentage of loans were made in the assessment area. There was an excellent distribution of loans in the assessment area as well as an excellent distribution of loans among individuals of different income levels and businesses of different sizes. The bank has an excellent record of serving the credit needs of highly economically disadvantaged areas in the bank's assessment area, low-income individuals, or businesses with GARs of \$1 million or less. The bank extensively used innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies. The bank is a leader in making community development loans.

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

Lending Activity

The bank demonstrates excellent responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in its assessment area.

The bank extended 1,275 HMDA and small business loans within the assessment area. The volume is considered significant for an institution of the bank’s size and capacity. The bank’s market ranks further demonstrate its commitment to lend. In 2022, the bank ranked 21st of 499 lenders in home mortgage lending in the assessment area with 621 HMDA reportable loans. The bank ranked 22nd of 475 lenders in 2023 with 422 reportable loans. For market rank, both the bank and aggregate totals include “other” purpose loans which includes both closed-end and open-end lines of credit. As detailed in the Scope of Examination section, the bank was not required to report small business loans during the review period. However, the bank did collect this information and extended 122 small business loans in the assessment area in 2022. The bank would have ranked 32nd of 153 reporters in 2022. With 110 loans in 2023, the bank would have ranked 35th of 126 total reporters that originated a small business loan in the assessment area.

Distribution of Lending within the Assessment Area

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 for 2022 and 2023. An adequate percentage of the bank’s loans are made inside its assessment area.

Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase	389	41.1	145838	32.4	558	58.9	303849	67.6
Home Improvement	235	72.3	26,829	64.3	90	27.7	14,927	35.7
Multi-Family Housing	41	87.2	35,435	83.0	6	12.8	7,236	17.0
Refinancing	238	57.2	54,091	37.5	178	42.8	90,181	62.5
Residential Total	903	52.0	262,193	38.6	832	48.0	416,193	61.4
Total Small Business	232	69.0	50,054	56.5	104	31.0	38,529	43.5
TOTAL LOANS	1135	54.8	312247	40.7	936	45.2	454722	59.3

Source: HMDA and small business data for 2022 and 2023.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The bank originated a majority of its loans inside the assessment area. In total, 52.0 percent of residential and 69.0 percent of small business loans were made inside the assessment area. A lower percentage of residential and small business lending by dollar volume was made within the assessment area, but number is weighted more heavily as it directly correlates with customers served.

Residential Lending

The bank made 903 residential loans (52.0 percent) inside the assessment area in 2022 and 2023. A majority of loans were made within the assessment in both years. In terms of product type, home improvement and multifamily loans were heavily concentrated within the assessment area. A lower percentage of home purchase loans were extended within the assessment area as compared to the other loan types. Lending outside the assessment area was driven by the bank’s

LPOs, two of which are located outside of the Providence MSA. While there is lending occurring outside the assessment area, the volume of lending within the assessment area demonstrates the bank is meeting the credit needs within the assessment area.

Small Business Lending

In general, a higher portion of small business-related loans were extended within the bank's assessment area. As displayed, the bank made 232 or 69.0 percent of small business loans in the assessment area in 2022 and 2023. There were no significant fluctuations in small business lending within the assessment area by year.

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, particularly to low- and moderate-income geographies, in its assessment area.

Residential Lending

Table 6 provides a comparison of the bank's residential lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank's geographic distribution of residential loans is excellent.

Table 6 Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography													
Geographic Income Level	Bank And Aggregate Loans By Year											Owner Occupied Units %	
	2022					2023							
	Bank		Agg	Bank		Agg	Bank		Agg	Bank			Agg
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
Home Purchase Loans													
Low	14	6.6	6.2	4,378	5.4	5.4	18	10.2	6.2	7,048	11.0	5.7	4.1
Moderate	45	21.1	16.5	11,913	14.6	14.1	39	22.2	15.4	12,713	19.9	13.4	12.2
Middle	77	36.2	44.0	25,486	31.1	39.8	60	34.1	44.4	20,073	31.4	40.2	44.4
Upper	77	36.2	33.3	40,052	48.9	40.7	58	33.0	33.9	23,851	37.3	40.6	39.3
Unknown	0	0.0	0.1	0	0.0	0.1	1	0.6	0.1	324	0.5	0.1	0.0
Total	213	100.0	100.0	81,829	100.0	100.0	176	100.0	100.0	64,009	100.0	100.0	100.0
Refinance Loans													
Low	4	2.5	4.7	989	2.5	4.0	7	9.2	4.9	1,523	10.6	4.5	4.1
Moderate	29	17.9	13.4	5,578	14.0	11.3	18	23.7	13.1	3,261	22.8	16.2	12.2
Middle	55	34.0	44.4	10,577	26.6	39.8	23	30.3	46.2	4,512	31.5	39.3	44.4
Upper	74	45.7	37.4	22,634	56.9	44.8	28	36.8	35.7	5,017	35.1	40.0	39.3
Unknown	0	0.0	0.1	0	0.0	0.0	0	0.0	0.1	0	0.0	0.1	0.0
Total	162	100.0	100.0	39,778	100.0	100.0	76	100.0	100.0	14,313	100.0	100.0	100.0
Home Improvement Loans													
Low	7	4.9	2.9	715	4.0	2.3	1	1.1	3.5	219	2.5	2.8	4.1
Moderate	19	13.3	9.8	1,354	7.5	7.4	18	19.6	11.1	1,529	17.4	8.0	12.2
Middle	57	39.9	42.1	4,501	24.9	35.8	32	34.8	44.0	2,748	31.3	40.5	44.4
Upper	60	42.0	45.1	11,486	63.6	54.4	41	44.6	41.4	4,277	48.8	48.7	39.3
Unknown	0	0.0	0.0	0	0.0	0.1	0	0.0	0.0	0	0.0	0.0	0.0
Total	143	100.0	100.0	18,056	100.0	100.0	92	100.0	100.0	8,773	100.0	100.0	100.0
Multifamily Loans													
Low	9	33.3	29.3	13,730	51.7	18.7	8	57.1	34.0	3,060	34.4	14.9	20.6
Moderate	13	48.1	28.8	7,897	29.7	24.1	1	7.1	25.9	20	0.2	24.8	22.7
Middle	3	11.1	31.3	1,084	4.1	42.1	3	21.4	28.6	1,480	16.7	38.7	38.9
Upper	2	7.4	10.6	3,840	14.5	15.2	2	14.3	11.4	4,324	48.7	21.6	17.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.5
Total	27	100.0	100.0	26,551	100.0	100.0	14	100.0	100.0	8,884	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	34	6.2	5.2	19,812	11.9	5.9	34	9.5	5.4	11,850	12.3	5.7	4.1
Moderate	106	19.4	14.1	26,742	16.1	13.6	76	21.2	13.9	17,523	18.3	14.1	12.2
Middle	192	35.2	43.7	41,648	25.1	39.7	118	33.0	44.7	28,813	30.0	40.0	44.4
Upper	213	39.1	36.8	78,012	46.9	40.7	129	36.0	36.0	37,469	39.0	40.1	39.3
Unknown	0	0.0	0.1	0	0.0	0.0	1	0.3	0.1	324	0.3	0.1	0.0
Total	545	100.0	100.0	166,214	100.0	100.0	358	100.0	100.0	95,979	100.0	100.0	100.0

Source: 2023 FFIEC Census Data, 2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

BankFive extended 545 HMDA loans inside the assessment area in 2022, and 34 of those loans (6.2 percent) were made in low-income census tracts. The bank’s percentage of lending within low-income census tracts exceeded the aggregate (5.2 percent). The bank’s performance is notable given the more limited opportunity for home mortgage lending in low-income census tracts considering just 4.1 percentage of owner-occupied units are located in those tracts. The bank extended 106 loans, or 19.4 percent, within moderate-income census tracts, which was well above the 14.1 percent extended by the aggregate. This performance is particularly noteworthy given that the bank even further exceeded the percentage of owner-occupied units located in moderate-income tracts (12.2 percent). The bank made an additional 192 loans, 35.2 percent, in middle-income census tracts, and 213 loans, 39.1 percent, in upper-income census tracts.

In 2023, the bank again made 34 loans in low-income census tracts, representing 9.5 percent of the bank’s loans in that year. The bank’s lending in low-income tracts significantly exceeded the 5.4 percent extended by the aggregate, as well as the percentage of owner-occupied units located in those census tracts (4.1 percent). The bank extended 76 loans (21.2 percent) in the assessment area’s moderate-income census tracts, which was well above the 13.9 percent extended by the

aggregate. The bank extended loans throughout the assessment area with 118 loans in middle-income census tracts and 129 loans in upper-income census tracts.

The bank’s percentage of lending by dollar volume in low- and moderate-income census tracts also exceeded the aggregate percentages in both years, by significant margins. This is indicative of the bank’s commitment to invest in low- and moderate-income areas. The bank was able to extend all categories of home mortgage loan (home purchase, refinance, home improvement, and multi-family) across census tract income levels within the assessment area. Of the 34 loans the bank extended in low-income census tracts in 2022, 14, or 41.2 percent, were home purchase loans. In 2023, 18, or 52.9 percent, were home purchase loans. Home purchase loans also accounted for most of the bank’s residential lending activity in moderate-income census tracts which demonstrates support of homeownership for this population. The bank made the majority of its multifamily loans in low- and moderate-income geographies.

The bank’s residential lending reflects excellent penetration throughout the assessment area. There were no conspicuous gaps in residential loan penetration in low- or moderate-income tracts unexplained by performance context.

Small Business Lending

Table 7 provides a comparison of the bank’s small business lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank’s geographic distribution of small business loans is excellent.

Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Low	11	9.0	8.5	2,294	7.8	7.7	20	18.2	8.5	3,624	17.6	7.4	8.6
Moderate	35	28.7	14.0	7,336	24.9	11.9	23	20.9	14.1	5,380	26.1	12.0	13.4
Middle	33	27.0	42.1	10,885	37.0	43.9	38	34.5	41.5	5,358	26.0	46.2	42.4
Upper	43	35.2	34.8	8,892	30.2	36.1	29	26.4	35.4	6,285	30.4	34.1	35.4
Unknown	0	0.0	0.1	0	0.0	0.2	0	0.0	0.1	0	0.0	0.2	0.2
Tract-Unk	0	0.0	0.4	0	0.0	0.2	0	0.0	0.4	0	0.0	0.1	
Total	122	100.0	100.0	29,407	100.0	100.0	110	100.0	100.0	20,647	100.0	100.0	100.0

Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

BankFive made 11 small business loans, 9.0 percent, in low-income census tracts in 2022, exceeding the aggregate’s 8.5 percent. The bank far exceeded the aggregate in lending in moderate-income census tracts in 2022, with 28.7 percent of its loans originated in those tracts compared to 14.0 percent for the aggregate. The bank’s percentage of lending in moderate-income census tracts also far exceeded the percentage of businesses located in those tracts.

In 2023, the bank made 20 small business loans, or 18.2 percent, in low-income census tracts, which significantly outperformed the aggregate’s 8.5 percent. Within moderate-income census tracts, the bank extended 23 small business loans, or 20.9 percent, which was higher than the aggregate’s 14.1 percent. The bank’s percentage of lending in moderate-income census tracts in 2023 again far exceeded the percentage of businesses located in those tracts.

Given this is the bank's first examination as a Large Institution and its recent entry to the Providence market, the bank's ability to compete and exceed the performance of the aggregate group of small business lenders is significant. The bank's percentage of lending by dollar volume in low- and moderate-income census tracts also exceeded the percentages achieved by the aggregate in both years. Again, this demonstrates the bank's commitment to lending in low- and moderate-income geographies. Considering both the expanded assessment area and significant competition in the market from larger lenders, the bank's distribution of loans throughout the assessment area, particularly within low- and moderate-income census tracts, is excellent.

Borrowers' Profile

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The bank demonstrates an excellent distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

Residential Lending

Table 8 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 demographic data. The table further outlines the bank's performance by loan type in comparison to the aggregate group. The bank's performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is excellent.

Table 8													
Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of the Borrower													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	\$%	#	%	%	\$(000)	%	\$%	
Home Purchase Loans													
Low	11	5.2	3.9	1,684	2.1	2.0	5	2.8	3.1	634	1.0	1.4	22.8
Moderate	49	23.0	20.2	12,780	15.6	14.3	37	21.0	16.9	10,071	15.7	11.9	16.2
Middle	52	24.4	26.9	17,669	21.6	24.4	55	31.3	28.2	19,244	30.1	25.3	20.6
Upper	82	38.5	33.7	44,057	53.8	43.3	67	38.1	36.0	30,683	47.9	44.5	40.5
Unknown	19	8.9	15.4	5,639	6.9	16.0	12	6.8	15.8	3,377	5.3	16.9	0.0
Total	213	100.0	100.0	81,829	100.0	100.0	176	100.0	100.0	64,009	100.0	100.0	100.0
Refinance Loans													
Low	13	8.0	9.5	1,465	3.7	5.7	10	13.2	10.5	896	6.3	5.5	22.8
Moderate	36	22.2	23.6	6,824	17.2	18.3	20	26.3	21.4	2,681	18.7	15.1	16.2
Middle	43	26.5	25.9	9,545	24.0	23.6	21	27.6	24.9	4,421	30.9	20.1	20.6
Upper	65	40.1	31.3	20,508	51.6	39.9	24	31.6	31.3	5,870	41.0	35.5	40.5
Unknown	5	3.1	9.6	1,436	3.6	12.5	1	1.3	11.8	445	3.1	23.7	0.0
Total	162	100.0	100.0	39,778	100.0	100.0	76	100.0	100.0	14,313	100.0	100.0	100.0
Home Improvement Loans													
Low	11	7.7	6.4	432	2.4	4.3	5	5.4	8.1	264	3.0	4.9	22.8
Moderate	33	23.1	18.0	1,877	10.4	12.9	26	28.3	20.9	1,719	19.6	14.6	16.2
Middle	38	26.6	27.4	3,606	20.0	22.2	27	29.3	27.3	2,522	28.7	23.3	20.6
Upper	59	41.3	46.5	12,031	66.6	57.8	31	33.7	41.7	3,814	43.5	53.7	40.5
Unknown	2	1.4	1.8	110	0.6	2.8	3	3.3	2.0	454	5.2	3.5	0.0
Total	143	100.0	100.0	18,056	100.0	100.0	92	100.0	100.0	8,773	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	35	6.8	6.3	3,581	2.2	3.0	20	5.8%	6.2	1,794	1.9	2.4	22.8
Moderate	118	22.8	20.7	21,481	12.9	14.0	83	24.1%	19.0	14,471	15.1	11.9	16.2
Middle	133	25.7	26.3	30,820	18.5	21.6	103	29.9%	27.0	26,187	27.3	22.2	20.6
Upper	206	39.8	34.9	76,596	46.1	39.5	122	35.5%	35.5	40,367	42.1	40.5	40.5
Unknown	26	5.0	11.8	33,736	20.3	21.9	16	4.7%	12.3	13,160	13.7	23.0	0.0
Total	518	100.0	100.0	166,214	100.0	100.0	344	100.0	100.0	95,979	100.0	100.0	100.0

Source: 2023 FFIEC Census Data

2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.

BankFive extended 35 loans, or 6.8 percent, to low-income borrowers in 2022. The bank's percentage of loans to low-income borrowers was above the aggregate (6.3 percent), but lower than the percentage of low-income families living in the assessment area (22.8 percent). However, the bank is not expected to match the percentage of low-income families as many families with low-income may not qualify for a home mortgage loan. The limited housing stock, along with rising housing costs and rental occupancy rates, indicate that many low- and moderate-income residents face significant challenges to home ownership. As discussed previously, 34.2 percent of the housing units in the assessment area are occupied rental units. These challenges were also noted by the community contacts, who identified rising costs of home mortgage prices and rents, as well as the availability of suitable housing stock, as barriers to home ownership. One community contact emphasized that both moderate- and middle-income borrowers are also facing these challenges, which makes the bank's lending performance to borrowers of all income levels in the assessment area particularly notable.

The bank extended 118 loans, or 22.8 percent, to moderate-income borrowers in 2022, which was above the percentage extended by the aggregate (20.7 percent), and the percentage of moderate-income families in the assessment area (16.2 percent). The bank made 133 loans to middle-income borrowers in that year (25.7 percent), which was below the aggregate (26.3 percent) but above the percentage of middle-income families (20.6 percent). As cited by a community contact, middle-income families also face challenges in the current market. The bank

made an additional 206 loans (39.8 percent) to upper-income borrowers, and 26 loans (5.0 percent) to borrowers where the income was unknown.

In 2023, the bank made 20 loans, or 5.8 percent of its total loans, to low-income borrowers, which was in line with the aggregate but trailed the percentage of low-income families in the assessment area. The bank had a stronger performance in lending to low-income borrowers than its overall performance based on market ranks. The bank extended an additional 103 loans, or 29.9, percent to middle-income borrowers, which was slightly above the aggregate's percentage. Recognizing the challenges even middle-income borrowers face, the bank's ability to outperform the aggregate particularly in the home purchase lending is notable. The bank made 122 loans, or 35.5 percent, to upper-income borrowers, matching the aggregate's percentage.

Market ranks further demonstrate the bank's strong commitment to lend to borrowers of all incomes, particularly low- and moderate-income borrowers. In 2022, BankFive ranked 15th in lending to low-income borrowers out of 179 reporters in the assessment area, and 22nd of 291 reporters in lending to moderate-income borrowers. In 2023, the bank ranked 17th in the assessment area for lending to low-income borrowers, which is higher than its overall market rank of 22nd. With regard to moderate income-income borrowers, in 2023, the bank extended 83 loans (24.1 percent) which outperformed the aggregate (19.0 percent). The bank ranked 14th of 246 reporters in extending loans to moderate-income borrowers in the assessment area, once more exceeding its overall market rank.

The bank's performance was relatively consistent across product categories,² although a slight decrease in the number and percentage of home purchase loans to low-income borrowers was noted in 2023. This decrease is likely attributable to the increased cost in housing and rising interest rate environment.

Part of the bank's success in meeting the credit needs of low- and moderate-income individuals and communities derives from its programs and product offerings. As discussed, the cost of housing can cause affordability challenges for low-, moderate-, and middle-income borrowers seeking traditional financing with large down payment requirements. A community contact specifically cited the need for flexible programs to alleviate such strains on borrowers. BankFive offers an expansive list of innovative and flexible programs to help support more affordable homeownership throughout the assessment area. The following is a sample of the programs that have been widely used by the bank:

- Federal Housing Administration (FHA): The FHA provides mortgage insurance to facilitate lenders accommodating low-down payments from borrowers. The bank originated 180 loans through the program over during the review period.
- MassHousing & MassHousing Purchase and Rehabilitation: As a fully delegated MassHousing lender, the bank offers financing up to 97 percent of the purchase price. Mortgage insurance, provided by MassHousing, also protects the homeowner by granting mortgage payment protection during times of potential unemployment. The Purchase and Rehabilitation program allows a homebuyer to purchase and renovate a property and borrow up to 97 percent of the renovated value. The bank has originated 40 loans through

² Multifamily loans were excluded because income data for such loans is unknown (because it is required to be reported as "not applicable" for HMDA purposes), which precludes meaningful analysis.

these programs during the review period.

- Freddie Mac Home Possible: This program offers underwriting flexibility to qualified borrowers in designated low-income, minority, and disaster-impacted communities. The bank originated 17 loans through the program over the review period.
- RI Housing: RI Housing is a quasi-public agency created to provide financing and resources to offer housing options to Rhode Islanders. The program offers down payment and closing cost assistance to RI home buyers. The bank originated 4 loans through the program in 2022, and was able to extend an additional 28 loans in 2023.
- Fannie Mae (FNMA) HomeReady: The HomeReady program offers underwriting flexibility to qualified borrowers in designated low-income, minority, and disaster-impacted communities. The bank has extended 21 loans through the program during the review period.
- MassDREAMS (Delivering Real Equity and Mortgage Stability) Grant Program: MassDREAMS is a federally funded grant program designed to provide down payment and closing cost grants to eligible first-time homebuyers who currently reside in one of the 29 communities that were disproportionately impacted by the COVID-19 pandemic. The bank extended 28 loans through the program while it ran from October 2022 to December 2023.
- Massachusetts Housing Partnership (MHP) ONE Mortgage: One Mortgage loans are offered to low- and moderate-income first-time homebuyers by and lowering the monthly costs of homeownership. The program was new in 2023 and the bank was able to extend 23 loans in that year.
- Lift Up Homeownership: Lift Up is a pilot grant program grant offered through the bank's partnership with the Federal Home Loan Bank (FHLB) that provides down payment and closing cost-assistance for people of color with incomes up to 120 percent of the area median income. The program was new as of July 2023 and the bank was able to extend 3 loans.

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. Table 9 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 adequate.

Table 9													
Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses													
Bank And Aggregate Loans By Year													
	2022						2023						Total Businesses %
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#	\$(000)	%	%	#	%	#	\$(000)	%	%	
By Revenue													
\$1 Million or Less	55	45.1	50.7	10,741	36.5	33.8	57	51.8	53.5	4,504	21.8	32.4	91.2
Over \$1 Million	40	32.8		16,060	54.6		50	45.5		15,969	77.3		8.1
Revenue Unknown	27	22.1		2,606	8.9		3	2.7		174	0.8		0.8
Total	122	100.0		29,407	100.0		110	100.0		20,647	100.0		100.0

Source: 2023 FFIEC Census Data, 2023 D&B Data, 2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

In 2022, the bank extended 55 loans, or 45.1 percent, to businesses with revenues under \$1 million. The bank fell slightly below the percentage of loans made by the aggregate, at 50.7 percent. In 2023, the bank made 57 loans, or 51.8 percent, to businesses in this size category. The bank’s percentage in 2023 was more in line with the percentage achieved by the aggregate, at 53.5 percent. The bank’s performance demonstrates its ability to meet the needs of small businesses in the assessment area and the ability to compete with other large institutions in its new asset size category.

The bank also makes extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of small businesses. The following exemplifies products offered by the bank:

- SBA Express: The SBA Express loan is similar to the 7(a) loan but allows for streamlined approval time. The bank closed 139 SBA Express loans during the review period.
- SBA 504: An SBA 504 loan is a small business loan funded by Certified Development Companies and third-party lenders and backed by the SBA. These loans are designed to promote business growth and job creation. The bank closed 21 SBA 504 loans.
- FHLB Jobs for New England program (JNE): The JNE program provides discounted advances to members to facilitate small business loans in New England that create and/or retain jobs. The bank made 8 loans through the JNE program during the review period.
- Entrepreneurship for All (EforAll): EforAll is a nonprofit organization that partners with communities nationwide to help under-represented individuals successfully start and grow a business through intensive business training, mentorship, and an extended professional support network. BankFive closed 2 loans through programs offered by the organization during the review period.

Community Development Lending Activities

The bank’s community development lending activities are evaluated pursuant to the following criteria: 1) The number and amount of community development loans in the institution’s assessment area; 2) the extent to which community development lending opportunities have been made available to the institution; 3) the responsiveness to the opportunities for community development lending; 4) the extent of leadership the institution has demonstrated in community development lending; and 5) the innovativeness or complexity involved.

The bank demonstrates it is a leader in making community development loans. The bank originated 32 qualified community development loans, totaling \$41.7 million, during the review period. Table 10 summarizes the bank’s community development lending.

Table 10 Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
3/14/2022- 12/31/2022	12	8,579	0	0	4	9,756	1	9,500	17	27,835
2023	8	2,914	0	0	4	8,928	0	0	12	11,842
YTD 2024	2	920	0	0	1	1,100	0	0	3	2,020
Total	22	12,413	0	0	9	19,784	1	9,500	32	41,697

Source: Internal Bank Data

A sampling of the bank’s community development lending activity during the review period is provided below:

- The bank extended 4 SBA 504 loans in Massachusetts in 2022, each for amounts greater than \$1 million, for a grand total of approximately \$9.8 million. Loans to businesses, in an amount greater than \$1 million, when made as part of the SBA’s 504 Certified Development Company program, are qualified community development loans as they provide financing to small businesses that promotes business growth and job creation.
- The bank made several loans to borrowers to purchase or refinance properties in low- and moderate-income tracts. Rent for units at these properties is below market rate, providing low- or moderate-income individuals with opportunities for affordable housing. Affordable housing is a need specifically identified by a community contact.
- The bank made a \$1.4 million loan in 2023 in Woonsocket, RI, through the JNE program. The loan will enable the borrower to create 45 new jobs and retain 25 jobs for low- and moderate-income workers.

INVESTMENT TEST

BankFive’s performance under the Investment Test is rated Outstanding. The Investment Test evaluates the institution’s record of meeting the credit needs of its assessment area through its use of qualified investments that benefit the assessment area or a broader statewide or regional area that includes the institution’s assessment area was considered. The institution’s investment performance is evaluated pursuant to the following criteria: 1) the amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

The bank has an excellent level of qualified investments, particularly those that are not routinely provided by private investors, often in a leadership position. The bank makes extensive use of innovative or complex qualified investments. The bank exhibits excellent responsiveness to credit and community development needs.

The bank’s overall investments during the review period totaled \$40,734,016, including

\$39,213,925 in equity investments and \$1,520,091 in donations and grants.

Equity Investments

The outstanding value of qualified equity investments during the examination totaled \$39,213,925, including \$11,785,854 in new equity investments. Both the new equity investments and the prior period investments that are qualified from the previous review period include SBA loan pools, municipal bonds, and bonds for construction of local buildings with a community development focus.

New Equity Investments

The bank made 16 new equity investments during the review period, totaling \$11,785,854, which benefited the assessment area and the broader statewide or regional area. The following are examples of these investments:

- The bank invested in Small Business Investment Companies (SBICs). SBICs are privately owned and managed investment funds that make equity and debt investments in qualifying small businesses. During the current review period, the bank purchased 8 SBIC investments, totaling \$6.3 million, and continues to hold 6 prior period investments with a total book value of \$4.1 million. These investments promote economic development, a need specifically identified by one community contact.
- The bank invested in SBA 504 and 7(a) loan pools, which help fund and promote economic development. During the current review period, the bank purchased 4 of these investments, totaling \$4.1 million, and continues to hold 29 prior period investments with a total book value of \$7.2 million.

Prior Period Equity Investments

The outstanding book value of the 48 qualified equity investments made during previous review periods totals \$27,428,070, examples of which include:

- \$8.6 million in book value for municipal bonds in Massachusetts, including those of several Gateway Cities.
- \$4.5 million in book value for the construction of a new charter school that primarily serves children from low- and moderate-income families.

Grants and Donations

BankFive made a total of 198 qualified donations, totaling \$1,520,091, during the review period, an increase from approximately \$1.3 million at the previous evaluation. In 2011, the bank established The BankFive Foundation Fund. The fund is designed to bring about positive change and create a meaningful impact on the lives of individuals and communities in need. Some areas of focus include financial literacy, a need also identified through a community contact, as well as health and human services and initiatives specifically assisting low- and moderate-income individuals. The bank's grants and donations are considered highly responsive the needs of its assessment area.

The following is a sample of the organizations that benefited from the bank and its foundation's contributions:

- **Food Pantries** – During the review period, the bank donated to numerous food pantries that serve low-income residents including Seven Hills Food Pantry, My Brother's Keeper, 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.
- **Teach for America** – Teach for America is a nonprofit organization that recruits recent college graduates to teach for two years in low-income communities to help further the mission of educational equity and excellence.
- **EforAll** – 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.

SERVICE TEST

BankFive's performance under the Service Test is rated Outstanding. The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

Retail Banking Services

Retail banking services evaluates the availability and effectiveness of an institution's systems for delivering retail banking services, pursuant to the following criteria: 1) the current distribution of the institution's branches among low-, moderate-, middle-, and upper-income geographies; 2) in the context of its current distribution of branches, the record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals; 3) the availability and effectiveness of alternative systems for delivering retail banking services in low- and moderate-income geographies and to low- and moderate-income individuals; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

Table 11 displays the distribution of the bank’s current branch network compared to the percentage of census tracts within the assessment area as well as the percentage of the population that resides in those tracts.

Table 11 Distribution of Branch Offices by Income Category				
Census Tract Income Category	Assessment Area Demographics		Bank Offices by Tract Location	
	Total Census Tracts	Total Population		
	% of #	% of #	#	%
Low	12.3%	10.5%	4	30.8%
Moderate	18.1%	17.7%	2	15.4%
Middle	39.4%	40.3%	3	23.0%
Upper	28.6%	31.3%	4	30.8%
Unknown	1.6%	0.2%	0	0.0%
Total	100.0%	100.0%	13	100.0%

Source: 2020 US Census data

The bank demonstrates its service delivery systems are accessible to geographies and individuals of different income levels in its assessment area. Further, the bank’s services (including, where appropriate, business hours) are tailored to the convenience and needs of its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. The bank maintained four branch offices, or 30.8 percent, in low-income census tracts, which is well above the percentage of low-income census tracts in the assessment area and the percentage of the population that resides in those tracts. The bank also maintains two branches within moderate-income census tracts.

To the extent changes have been made, the bank’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Of note, the bank recently invested in a \$2.5 million renovation of a branch located in a moderate-income census tract in New Bedford. According to a bank spokesperson, changes to the space include a modernized lobby, training room, conference room, and additional private offices. Additionally, the spokesperson explained that enhancements to branch services include improved assistance in opening a checking or savings account, applying for a mortgage, and applying for a personal loan and everyday banking. The location features a drive-up ATM, walk-up cash dispenser, safe deposit boxes, a dedicated mortgage originator, and employees that are fluent in Spanish and Portuguese.

The bank demonstrates its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. The bank maintains a website which 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. The website provides information in English, Spanish and Portuguese. Proving financial literacy and education for non-English speaking populations was a need identified by a community contact.

Community Development Services

Community development services are evaluated pursuant to the following criteria: 1) The extent to which the institution provides community development services; and 2) the innovativeness and responsiveness of community development services.

The bank demonstrates it is a leader in providing community development services.

Employee Services

Management and staff are actively involved with several community organizations that provide services to low- and moderate-income individuals, with 46 employees participating on the boards of 73 organizations. The following provides examples of the bank's community development service activity:

- **Citizens for Citizens** – Located in Fall River, the mission of Citizens for Citizens is to advocate on behalf of low-income residents and address the causes and effects of poverty through the provision of direct and integrated services. A bank senior vice president is a board member.
- **United Way of Greater New Bedford** – A majority of individuals served by the organization are low- or moderate-income. Several bank employees including a bank first vice president, senior vice president, and vice president serve on the organization's board and committees.
- **Housing Partnership of Southern Massachusetts** – The organization works with communities to create innovative policy and financing solutions to provide affordable homes. Several bank employees serve on the board of this organization including a bank first vice president and two vice presidents.
- **Women's Fund of Rhode Island** – The Women's Fund of Rhode Island invests in women and girls through research, advocacy, grant making. Grants included a racial justice component, and all are relevant to concurrent health and racial disparities. A commercial lender is a committee member of this organization.
- **Southeastern Economic Development Corporation (SEED)** – This organization is an economic and community development agency established for the purpose of stimulating the economy in its service area. SEED specifically focuses on job creation by financing businesses in Massachusetts and Rhode Island and is particularly active in Fall River and New Bedford. A bank executive vice president is a board member, and a bank vice president is a committee member.

Educational Programs and Seminars

In addition to the community development services, bank employees routinely participated in financial literacy, first-time home buyer events, and small business seminars. There were 126 instances of employees providing financial expertise during small business trainings, 162 instances of employees providing financial expertise to individuals, and 17 first time home buyer seminars. Providing financial literacy training was a need specifically highlighted by a community contact. The following is a sample of some of the organizations bank employees have participated in financial literacy workshops or events with:

- **Credit for Life:** Through Credit for Life fairs, students learn budgeting and money management skills. Bank staff participated in program events throughout the assessment area during the review period including in Fall River, Somerset, Taunton, Dartmouth and New Bedford.
- **Junior Achievement of Southern Mass, Inc:** Junior Achievement's purpose is to inspire and prepare young people to succeed in a global economy. Junior Achievement is the nation's largest organization dedicated to giving young people the knowledge and skills they need to own their economic success. Bank staff participated in the various events through the program during the review period including events in Fall River and Dartmouth.
- **Little Flower Home:** The mission of the Little Flower Home is to provide safe and temporary residences for homeless, pregnant mothers and their children, and to assist and support them in their efforts to secure permanent living arrangements. Bank staff conducted financial literacy training during several events in Providence RI.
- **EforAll – South Coast:** EforAll – South Coast helps entrepreneurs start and grow a business through intensive business training, mentorship and an extended professional support network.
- **One SouthCoast Chamber:** Established in 1885, the One SouthCoast Chamber serves ten communities in the SouthCoast of Massachusetts. The organization participates in initiatives that positively impact business members and the quality of life in the SouthCoast region.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was 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).

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders 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