

PUBLIC DISCLOSURE

March 14, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BankFive

Certificate Number: 23286

79 North Main Street
Fall River, Massachusetts 02722

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

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

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INSTITUTION RATING

This document is an evaluation of the CRA performance of BankFive (the bank) prepared by the Division, the institution's supervisory agency as of March 14, 2022. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

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

Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank's combined lending inside the assessment area is considered poor. The performance related to home mortgage loan originations impacts this criteria as less than a majority of the bank's home mortgage activity were originated inside the assessment area. Additionally, home mortgage lending contributed more emphasis to the overall conclusions due to the larger volume of loans. While concentration of home mortgage loans was low, the bank's small business loan origination activity is considered satisfactory as a majority of these loans were inside the assessment area.
- The geographic distribution of home mortgage and small business loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects excellent penetration of loans among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating. BankFive has an adequate record relative to fair lending policies and practices and a reasonable percentage of applications received from ethnic and racial minority applicants in the assessment area.

The Community Development Test is rated Outstanding.

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

DESCRIPTION OF INSTITUTION

Background

BankFive, originally chartered in 1855 as Fall River Five Cents Savings Banks, is currently headquartered at 79 North Main Street in Fall River, Massachusetts. The Division last evaluated BankFive's CRA performance as of August 13, 2018. The bank received an Outstanding rating on the Lending Test and Community Development Test for an overall Outstanding rating, based on Intermediate Small Institution CRA Examination Procedures.

Operations

BankFive operates a total of 13 branches throughout Southeastern Massachusetts and Rhode Island and are located in Bristol County Massachusetts, Bristol County Rhode Island and Newport County Rhode Island. The bank also maintains 4 loan production offices, with locations outside its CRA assessment area in Hyannis, Wrentham, and Woburn, Massachusetts and one location in Cranston, Rhode Island.

The bank offers a wide range of lending products, including residential real estate, commercial real estate, commercial and industrial, agricultural, home equity loans and lines of credit, construction loans, and commercial and personal loans. In addition, BankFive offers special lending programs for first-time home buyers and veterans. The bank also offers Small Business Administration (SBA) loans to qualifying business owners. BankFive offers standard personal and business deposit products, access to alternative banking services such as remote deposit capture, and 24-hour online and mobile banking for customers and business. Video banking is offered Monday-Friday from 9:00 a.m to 5:00 p.m. Customers can speak face-to-faces with a BankFive representative and also utilize this service for hands on help with online banking or the BankFive mobile app.

Ability and Capacity

BankFive's assets totaled \$1.4 billion as of December 31, 2021, and included total loans of \$1.1 billion, total securities of \$291 million and total deposits of \$1.2 billion. Loans secured by residential real estate represent the majority of the loan portfolio, followed by commercial and industrial loans. Both loan categories increased since the prior evaluation. Loans to 1-4 Family residential real estate increased from \$296 million to \$483 million. Loans to Commercial and industrial loans increased from \$186.6 million to \$325.9 million. This increase in 1-4 Family residential loans is attributable to the significant number of refinance activity generated during the Covid 19 Pandemic. Additionally, PPP loans originated in 2020 and 2021 combined with the bank's continued focus in its commercial lending division contributed to the commercial and industrial loan increase. Examiners also noted that consumer loans increased from \$13 million at the prior evaluation to approximately \$18.5 million. However, consumer loans continue to represent a small percentage of the portfolio. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 12/31/2021		
Loan Category	\$(000s)	%
Construction and Land Development	40,702	4.5%
Secured by Farmland	66	0.0%
1-4 Family Residential	483,749	52.9%
Multi-family (5 or more) Residential	63,406	6.9%
Commercial Real Estate	325,919	35.7%
Total Real Estate Loans	913,842	83.9%
Commercial and Industrial	121,440	11.1%
Agricultural	35,612	3.3%
Consumer	182	0.0%
Other	18,516	1.7%
Less: Unearned Income	0	0.0%
Total Loans	1,089,592	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. The bank designated an assessment area in the Providence-Warwick, RI-MA MSA that includes counties of Bristol, MA, Bristol, RI and Newport, RI. The following sections discuss the demographic and economic information for the assessment area. The assessment area includes 160 census tracts.

Economic and Demographic Data

The bank adjusted the assessment area since the last examination. The CRA Assessment Area originally contained Newport County and Bristol County, RI and partial counties of Bristol County, MA and Plymouth County, MA. The change to the Assessment Area added the remaining six towns from Bristol County MA to the Assessment Area, while removing the four towns from Plymouth County MA. This change was appropriate as the majority of bank activity was concentrated in Bristol County MA and Bristol and Newport County, RI.

These census tracts reflect the following income designations according to the 2015 ACS U.S. Census:

- 22 low-income tracts,
- 35 moderate-income tracts,
- 44 middle-income tracts,
- 57 upper income tracts, and
- 2 tracts without an income designation.

The concentrations of low- and moderate -income census tracts dispersed throughout the assessment area are located in Attleboro, Taunton, New Bedford, Fairhaven, Fall River and Newport, RI. There are no underserved or distressed nonmetropolitan middle-income geographies or designated disaster areas within the bank’s assessment area.

Demographic Information of the Assessment Area						
Assessment Area: BankFive						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	160	13.8	21.9	27.5	35.6	1.2
Population by Geography	684,602	9.4	17.4	28.4	44.9	0.0
Housing Units by Geography	293,643	10.7	19.4	28.6	41.3	0.0
Owner-Occupied Units by Geography	166,861	3.0	11.9	32.3	52.8	0.0
Occupied Rental Units by Geography	99,306	22.3	31.7	23.6	22.4	0.0
Vacant Units by Geography	27,476	15.8	20.8	24.0	39.4	0.0
Businesses by Geography	50,712	9.3	12.7	29.3	48.8	0.0
Farms by Geography	1,526	3.7	8.3	23.5	64.5	0.0
Family Distribution by Income Level	172,613	21.8	16.3	18.7	43.1	0.0
Household Distribution by Income Level	266,167	25.2	14.3	15.8	44.7	0.0
Median Family Income MSA - 12700 Barnstable Town, MA MSA		\$80,751	Median Housing Value			\$285,201
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$73,950	Median Gross Rent			\$882
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$73,950	Families Below Poverty Level			9.0%
Median Family Income Non-MSAs – MA		\$89,768				
<i>Source: 2010 U.S. Census, 2020 D&B Data, and FFIEC Estimated Median Family Income;</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2010 US Census data, the percentage of families below the poverty level in the assessment area is 9.0 percent. This may limit these families from qualifying for a home mortgage loan, which limits lending opportunities. In addition, 14.9 percent of the owner-occupied units are located in low- and moderate-income census tracts. The low owner-occupancy rates, particularly in low-income census tracts at 3.0 percent, indicates limited owner-occupied home mortgage lending opportunities in those census tracts. The percentage of vacant properties in low and moderate-income census tracts, however, demonstrates opportunities for rehabilitating and renovating properties in the assessment area.

Examiners used the FFIEC- updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle-and upper-income categories. These categories are based on the 2019 and 2020 FFIEC-updated median family income for each MD in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Providence-Warwick, RI-MA MSA Median Family Income (39300)				
2019 (\$85,100)	<\$42,550	\$42,550 to <\$68,080	\$68,080 to <\$102,120	≥\$102,120
2020 (\$89,000)	<\$44,500	\$44,500 to <\$71,200	\$71,200 to <\$106,800	≥\$106,800
<i>Source: FFIEC</i>				

Competition

The bank operates in a highly competitive market for home mortgage loans. In 2020, 445 lenders originated 35,364 home mortgage loans in the assessment area. The bank is ranked 8th in the market. The top 5 lenders in the market include Rocket Mortgage; Citizens Bank, NA.; United Shore Financial Services; Residential Mortgage Services; and Baycoast Mortgage Company.

Community Contact

As part of the evaluation process, examiners contact third parties who are active in community affairs to assist in assessing the credit and community development needs of the bank's assessment area. Information collected from contact with community organizations aids in determining how well local institutions respond to community needs.

The examination team reached out to a community organization serving the City of Taunton, to obtain context on the assessment area. The contact focuses on developing the community through housing assistance and rehabilitation, small business technical assistance, and downtown revitalization. The contact also participates in a consortium improving housing in Bristol and Plymouth County communities.

The contact noted the most pressing need is the housing crisis. Homeless or near-homeless populations struggle to find acceptable housing that is up to sanitary code for federal funding. This situation impacts not only low- and moderate-income families, but even middle-income families find it difficult to obtain acceptable housing. The contact noted that transitional housing projects in Bristol County are very beneficial for very low-income families and help stabilize their housing if even for a limited time. Support for projects and programs like these meet a clear need. The contact also mentioned that some financial institutions have implemented gap financing for rehabilitation projects, working in tandem with local municipal initiatives to ensure adequate housing for families.

The contact felt a few local institutions are very involved in the community, through innovative grants, retail services and branch presence and would welcome more participation. The contact encourages institutions to reach out to community organizations in the area not just to donate, but to develop initiatives to maximize community impact.

A second community contact was conducted with an economic development corporation whose mission is to empower entrepreneurs, strengthen local economies and create jobs by financing all type of small businesses in Massachusetts and Rhode Island.

The organization receives most of its clients through referrals from banks that are unable to extend loans to small businesses based on their risk portfolio or entrepreneurs credit history. While many local institutions are involved with the economic development corporation, the contact is seeking addition opportunities to partner with institutions and create a pathway for those who cannot be served through traditional financing.

Credit and Community Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and flexible small business lending programs represent primary credit needs for the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated August 13, 2018, to the current evaluation dated March 14, 2022. The Massachusetts Division of Banks (Division) conducted this evaluation concurrently with the Federal Reserve Bank of Boston using the Interagency Intermediate Small Institution Examination Procedures to evaluate Bank Five's CRA performance. These procedures include two tests: the Lending Test and the Community Development Test.

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

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints and record related to fair lending practices

The Community Development Test considered the following factors.

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

Activities Reviewed

Examiners reviewed the lending activity and determined the Bank's major product lines are home mortgage and small business loans. This conclusion considered the Bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

The Bank's record of originating home mortgage loans contributed more weight to the overall conclusions due to the larger loan volume when compared to small business lending during the most recent calendar year. Also, no other loan types, such as small farm loans or consumer loans, represent

a major product line. Therefore, they provided no material support for conclusions or ratings and are not presented.

This evaluation considered all home mortgage loans reported on the bank's 2019 and 2020 Application Registers (LARs). Aggregate data for 2019 and 2020 includes the lending activity of all institutions subject to HMDA reporting within the Bank's assessment area.

Small business loans were also reviewed for the same period. As an Intermediate Small Institution, the Bank has the option of collecting and reporting small business lending data. The Bank opted to collect, but not report, the data for its own purposes. As the Bank is not required to report small business loan data, small business aggregate data was not used for formal comparison purposes. Instead, the Bank's performance was compared to applicable businesses demographic data.

For the Lending Test, examiners analyzed the number and dollar volume of loans. Although this evaluation presents the number and dollar volume, examiners emphasized performance by number of loans as it is a better indicator of the number of businesses and individuals served. The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger loan volume when compared to small business lending during the evaluation period.

For the Community Development Test, examiners reviewed community development loans, qualified investments, and community development services since the prior CRA evaluation date of August 13, 2018.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

BankFive demonstrated Satisfactory performance under the Lending Test. Loan to Deposit Ratio, Assessment Area Concentration, Geographic Distribution, and Borrower Profile performance support this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 87.9 percent over the past 14 calendar quarters from September 30, 2018 to December 31, 2021. The ratio ranged from a low of 81.1 percent as of March 31, 2021, to a high of 93.6 percent as of March 31, 2020. The ratio peaked in 2020 and has been gradually declining since. The 2020 peak is attributable to PPP lending and the bank's business strategy, as loan growth outpaced deposit growth. However, in 2021, lending slowed while deposits grew, allowing deposit growth to outpace loan growth, contributing to a declining ratio.

Bank Five maintained a ratio similar to comparable institutions, as shown in the following table. Examiners selected comparable institutions based on asset size, lending focus, and assessment area.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2021 \$(000s)	Average Net LTD Ratio (%)
Institution Name		
BankFive	1,446,964	88.2
Bluestone Bank	1,326,102	82.3
North Easton Savings Bank	1,397,507	80.9
<i>Source: Reports of Condition and Income 9/30/2018 through 12/31/2021</i>		

Assessment Area Concentration

This performance criterion evaluates the concentration of loans originated by the bank within its assessment area. Overall, less than a majority of loans were originated inside the assessment area. This performance is considered poor.

During the evaluation period, the bank originated a total of 3,621 loans, of which 3,305 were residential mortgage loans, and 286 were small business loans. In total, the bank originated 1,412 loans, or 39.0 percent, inside the assessment area.

Residential Lending

As shown in the table below, a substantial majority of home mortgage loans were extended to borrowers who reside outside the bank's assessment area and is attributed to a number of factors.

Primarily, the unexpected market changes brought on by the COVID 19 Pandemic resulted in lending opportunities outside the assessment area. Additionally, the Bank received recognition on a bank advertising platform which resulted in unanticipated online refinance activity outside the assessment area. Also contributing to these percentages is the success of the bank’s 4 loan production which are outside of the assessment area, 2 of which were opened during the examination period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home										
2019	407	44.4	510	55.6	917	98,935	30.4	226,070	69.6	325,005
2020	775	32.0	1,643	68.0	2,418	218,475	26.0	623,455	74.0	841,930
Subtotal	1,182	35.4	2,153	64.6	3,335	317,410	27.2	849,525	72.8	1,166,935
Small										
2019	119	80.0	30	20	149	24,169	88.0	3,309	12.0	27,478
2020	111	81.0	26	19.0	137	18,670	83.0	3,849	17.0	22,519
Subtotal	230	80.4	56	19.6	286	42,839	85.7	7,158	14.3	49,997
Total	1,412	39.0	2,209	61.0	3,621	360,249	30.0	856,683	70.0	1,216,932

Source: 2019 and 2020 HMDA and Small Business Data

While the overall percentage of home mortgage loans inside the assessment area is considered poor, this does not suggest a lack of commitment to address assessment area credit needs. The bank’s strong market share presence with home mortgage originations demonstrates willingness and responsiveness inside this assessment area. In 2019, the bank ranked 13th out of 412 reporters. In 2020, the bank’s ranking increased to 8th out of 445 reporters. As noted above, 2020 represents the lowest percentage of all years at 32.0 lending inside the assessment area. Meanwhile the bank still captured a favorable market performance ranking.

Small Business Lending

Overall, 80.4 percent of the bank’s small business loans were inside the assessment area. This represents an adequate percentage of small business lending.

Geographic Distribution

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Performance conclusions are supported by a positive market share ranking and comparisons to the aggregate and demographic data.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Lending to low – and moderate- income geographies exceeded the aggregate data and demographics in 2019 and 2020. At the previous evaluation, the bank received an excellent performance rating in geographic distribution and ranked 5th in lending to low and moderate-income

areas. According to the current evaluation, in 2019, the performance in low and moderate-income tracts has increased to 3rd place and BankFive is positioned as the top state-chartered bank among its peers. In 2020, the Bank maintains a similar market ranking.

The bank’s excellent performance in originating home mortgage loans in low and moderate-income tracts can be attributed to its physical presence in the cities of Fall River and New Bedford, which contain the highest concentrations of low and moderate-income census tracts within the assessment area.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.0	4.1	47	11.5	12,205	12.3
2020	3.0	2.9	41	5.3	13,565	6.2
Moderate						
2019	11.9	12.3	111	27.3	21,135	21.4
2020	11.9	10.6	130	16.7	32,000	14.6
Middle						
2019	32.3	30.3	137	33.7	28,465	28.8
2020	32.3	30.1	265	34.2	67,365	30.8
Upper						
2019	52.8	53.3	112	27.5	37,130	37.5
2020	52.8	56.3	339	43.7	105,545	48.3
Totals						
2019	100.0	100	407	100	98,935	100.0
2020	100.0	100	775	100.0	218,475	100.0
<i>Source: 2010 U.S. Census; 2019 and 2020 HMDA Reported Data; 2019 and 2020 HMDA Aggregate Data; "--" data not available</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion. Examiner conclusions were based on comparisons to the demographics. The Bank’s small business lending in 2019 and 2020 is above the percentage of businesses in the assessment area’s low-income tracts. There is a slight decrease in overall small business loan volume in 2020 and low-income geographies show a smaller percentage of loans. The Bank attributes the change in volume due to the Paycheck Protection Program, a small business loan, being available to businesses in low-income areas. These loans receive consideration under the Community Development Test. The following tables show the Bank’s performance in 2019 and 2020.

2019 Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	9.2	30	25.2	5,391	25.2
Moderate	13.2	15	12.6	1,332	6.2
Middle	29.3	50	42.0	8,665	40.5
Upper	48.4	24	20.2	6,009	28.1
Total	100.0	119	100.0	21,397	100.0
<i>Source: 2019 D&B Data, Bank Records</i>					

2020 Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	9.2	17	15.3	3,738	20.0
Moderate	13.2	18	16.2	2,220	11.9
Middle	29.3	44	39.6	6,560	35.1
Upper	48.4	32	28.8	6,152	32.9
Total	100.0	111	100.0	18,670	100.0

Source: 2020 D&B Data, Bank Records

Borrower Profile

The distribution of borrowers reflects excellent distribution among individuals of different income levels and businesses of different sizes in the assessment area. The Bank's comparison to the aggregate and positive market share supports the performance in home mortgage lending. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and number of small business loans to businesses with GARs of \$1 million or less.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	21.8	4.2	27	6.6	3,055	3.1
2020	21.8	4.1	39	5.0	5,505	2.5
Moderate						
2019	16.3	17.1	94	23.1	15,720	15.9
2020	16.3	16.2	159	20.5	31,725	14.5
Middle						
2019	18.7	23.9	109	26.7	22,065	22.3
2020	18.7	23.7	224	28.9	55,320	25.3
Upper						
2019	43.1	39.1	139	34.1	38,455	38.9
2020	43.1	41.6	324	41.8	103,200	47.2
Income Not Available						
2019	0.0	15.7	38	9.3	19,640	19.9
2020	0.0	14.4	29	3.7	22,725	10.4
Total						
2019	100.0	100.0	407	100.0	98,935	100.0
2020	100.0	100.0	775	100.0	218,475	100.0

Source: 2010 U.S. Census; 2019 and 2020 HMDA Reported Data; 2019 and 2020 HMDA Aggregate Data; "--" data not available

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent. The bank's home mortgage lending to low- and moderate-income borrowers in 2019 and 2020 was above the aggregate performance. This level of lending is excellent considering the median housing price is high and makes home-ownership difficult for low- and moderate-income borrowers to qualify for a mortgage.

The Bank’s market share performance positioned among the top 10 reporters in both 2019 and 2020 further supports this conclusion.

Small Business Loans

The distribution of small business loans reflects excellent penetration of loans to businesses with GARs of \$1 million or less. The following table shows in 2019, 49.6 percent of the small business loans were originated to businesses with GARs of \$1 million or less. In 2020, lending figures show a slight decrease in loans to this revenue group at 47.0 percent and is mainly due to lending opportunities with the Paycheck Protection Program. The percentages compare favorably to the percent of businesses in this revenue category.

2019 - Distribution of Small Business Loans by Gross Annual Revenue Category			
Gross Revenue Level	% of Businesses	#	%
< \$1,000,000	91.6	59	49.6
> \$1,000,000	7.9	42	35.2
Revenue Not Available	0.5	18	15.2
Total	100.0	119	100.0

Source: 2019 D&B Data, Bank Records

2020 - Distribution of Small Business Loans by Gross Annual Revenue Category			
Gross Revenue Level	% of Businesses	#	%
< \$1,000,000	91.7	52	47.0
> \$1,000,000	7.7	41	37.0
Revenue Not Available	0.6	18	16.0
Total	100.0	111	100.0

Source: 2020 D&B Data, Bank Records

Response to Complaints and Fair Lending Policies and Procedures

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

The Division of Banks provides comments regarding the institution’s fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Minority Application Flow

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

According to 2015 ACS data, the bank’s assessment area contains a population of 684,602 individuals, of which 14.9 percent are minorities. The assessment area’s minority population is 3.2 percent Black/African American, 2.0 percent Asian/Pacific Islander, 0.1 percent American Indian, 6.2 percent Hispanic or Latino, and 3.4 percent Other.

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

MINORITY APPLICATION FLOW						
RACE	Bank 2019 HMDA		2019 Aggregate Data	Bank 2020 HMDA		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	3	0.3	0.2
Asian	12	2.1	1.7	18	1.9	1.9
Black/ African American	8	1.4	3.9	16	1.7	3.9
Hawaiian/Pacific Islander	0	0.0	0.2	0	0.0	0.1
2 or more Minority	1	0.2	0.1	0	0.0	0.1
Joint Race (White/Minority)	5	0.9	1.1	7	0.8	1.2
Total Racial Minority	26	4.7	7.2	44	4.8	7.4
White	473	85.2	72.6	805	87.7	72.1
Race Not Available	56	10.1	20.2	69	7.5	20.5
Total	555	100.0	100.0	918	100.0	100.0
ETHNICITY						
Hispanic or Latino	13	2.3	3.4	29	3.2	3.2
Joint (Hisp/Lat /Not Hisp/Lat)	3	0.5	0.9	5	0.5	1.1
Total Ethnic Minority	16	2.7	4.3	34	3.7	4.3
Not Hispanic or Latino	480	86.5	75.1	800	87.2	74.1
Ethnicity Not Available	59	10.8	20.6	84	9.1	21.6
Total	555	100.0	100.0	918	100.0	100.0

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

In 2019, the bank received 555 HMDA reportable loan applications within its assessment area. Of these applications, 26 or 4.7 percent were received from minority applicants, 19 or 73.1 percent of which resulted in originations. The aggregate received 7.2 percent of its applications from minority consumers, of which 56.6 percent of which were originated. For the same time period, the bank received 16 or 2.7 percent of all applications from ethnic groups of Hispanic origin within its assessment area, of which 12 or 75.0 percent were originated, compared to an aggregate ethnic minority application rate of 4.3 percent with a 53.1 percent origination rate.

In 2020, the bank received 918 HMDA reportable loan applications within its assessment area. Of these applications, 44 or 4.8 percent were received from minority applicants, 37 or 84.1 percent of which resulted in originations. The aggregate received 7.4 percent of its applications from minority consumers, of which 59.7 percent of which were originated. For the same time period, the bank received 34 or 3.7 percent of all applications from ethnic groups of Hispanic origin within its assessment area, of which 28 or 82.4 percent were originated, compared to an aggregate ethnic minority application rate of 4.3 percent with a 57.2 percent origination rate. This represents an improvement from the previous year's ethnic minority application flow.

The bank's lending in 2019 and 2020 reflect a reasonable racial minority application flow.

COMMUNITY DEVELOPMENT TEST

BankFive demonstrates excellent responsiveness to the assessment area's community development needs through qualified community development loans, qualified donations, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area. Community Development activities were considered during the period of April 13, 2018 through March 14, 2022.

Community Development Loans

The bank originated 1,187 community development loans totaling approximately \$57.5 million during the evaluation period. Of these loans, 1,085 totaling \$87,458 were originated in 2020 and 2021 as part of the SBA Paycheck Protection Program (PPP) in response to the COVID-19 pandemic. In addition, since the bank was responsive to assessment area needs, examiners considered CD loans outside of the assessment area.

The bank's CD loan ratios exceeded those of comparable institutions, even when excluding BankFive's PPP loans. Additionally, the bank's CD loan activity increased from the previous evaluation period, during which the bank made 34 CD loans totaling \$6.9 million. The increase is attributed to enhanced identification, documentation, and tracking of community development loan types.

During the evaluation period, the bank originated approximately 59 loans totaling \$22.3 million to multi-family properties for the purposes of construction, renovation and purchases. These loans produced over 350 units of affordable housing in the assessment area.

From 2018-2021, the bank originated approximately 12 loans totaling \$14.4 million under the Jobs for New England loan program offered in partnership with the FHLB. The program supports small businesses in New England that create or retain jobs, expands woman-and minority-owned institutions, and contributes to the region's economic development. Through subsidized borrowing advances from FHLB, BankFive provides below market interest rates to qualified small business owners.

BankFive is an approved SBA lender and offers 504 and 7(a) program loans. These programs offer financing to qualified small businesses that may not be eligible for traditional bank financing. During the evaluation period, the bank originated approximately 24 SBA loans totaling \$12.2 million.

Qualified Investments

BankFive made 385 qualified investments totaling approximately \$40.2 million. This total includes 52 qualified equity investments of \$38.5 million and 281 donations totaling \$1.7 million. Of the investments, 26 totaling 27.4 million are new since the last examination. Equity investment activity increased since the previous evaluation where the bank made \$32 million. The bank's investment activity supported economic development, affordable housing initiatives and community development organizations that assist low- and moderate-income individuals. The bank's donations assisted some of the lowest income individuals and areas of its assessment area. BankFive's investment activity, by number and dollar exceeds that of similarly situated institutions.

Community Development Services

During the evaluation period, BankFive employees, officers and directors provided 1,559 hours to 36 community development organizations in the form of employee involvement, educational seminars, and other services. There were approximately 863 instances. This represents an increase in activity from the previous examination of a total of 163 instances to 12 different organizations. BankFive ranked above its peers who received a Satisfactory under the Community Development Test.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to the area's community development needs considering the amount and combination of these activities, along with their qualitative aspects.

GLOSSARY

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

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

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

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

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

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

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

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

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

funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

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

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or

- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

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

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

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

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

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

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

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

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

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

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

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

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

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

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

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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

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

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

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, require all financial institution to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

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

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (79 North Main Street Fall River, Massachusetts 02722)."

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

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

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