PUBLIC DISCLOSURE

August 13, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Fall River Five Cents Savings Bank
RSSD #833404

79 North Main Street
Fall River, MA 02720

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

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

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

Fall River Five Cents Savings Bank dba BankFive (BankFive or the bank) demonstrates an excellent responsiveness to the credit needs of its assessment area. The major components supporting this rating include:

Lending Test

- A majority of loans and other lending related activities are in the bank's assessment area.

- The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.

- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.

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

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

Community Development Test

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

SCOPE OF EXAMINATION

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

The evaluation of the bank's lending performance was based on residential mortgage and small business loans originated from January 1, 2015 to December 31, 2017. The bank's lending performance in 2016 and 2017 is featured in the lending tables, unless otherwise noted. More emphasis was placed on home mortgage loans compared to small business loans for each performance criterion based on origination volume during the evaluation period. Home mortgage lending data were obtained from Loan Application Registers (LARs) maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs record data for home purchase loans, home improvement loans, and refinance loans for one-to-four family and multifamily (five or more unit) properties. Residential market and demographic data were derived from the 2010 U.S. Census data for comparison purposes with the bank's 2015 and 2016 HMDA loan data. The bank's home mortgage lending performance for 2017 was compared to demographics from the 2015 American Community Survey (ACS) data based on the FFIEC's policy regarding the implementation of the ACS. The bank's residential mortgage lending is also compared to aggregate lending data, which was obtained from data reported to the FFIEC, as required by the HMDA. Aggregate data consist of lending information from all HMDA reporters that originated or purchased a home mortgage loan in the assessment area.

Small business loans include commercial real estate loans and commercial and industrial loans with original loan amounts of $1 million or less. For consistency with the home mortgage lending analysis, the bank's small business lending data for 2016 and 2017 are featured in the lending tables, unless otherwise noted. Small business loan data was obtained from the bank and compared to relative demographic information obtained from Dun & Bradstreet, Inc., Short Hills, New Jersey (D&B). The analysis does not include a comparison to aggregate data as the bank is not currently required to collect and report small business loans. While both the number and dollar volume of the bank's residential and small business loans were reviewed, the number of originations was weighted more heavily than the dollar volume as the number of loans originated is more indicative of loan demand.

The Community Development Test included a review of community development loans, qualified investments, and community development services from May 12, 2015 through August 13, 2018. The Community Development Test is evaluated in the context of the community needs and the

1 "Intermediate small institution" means a bank or savings association with assets of at least $313 million as of December 31 of both of the prior two calendar years and less than $1.252 billion as of December 31 of either of the prior two calendar years.

capacity of the bank to meet them. Third-party community organizations were contacted to provide additional insight into the credit and community development needs of the assessment area.

BankFive was last examined by the Federal Reserve Bank of Boston for compliance with the CRA on May 11, 2015 using intermediate small institution examination procedures and received an overall rating of "Outstanding." Both the Lending Test and the Community Development Test were rated "Outstanding."

DESCRIPTION OF INSTITUTION

BankFive is headquartered at 79 North Main Street, Fall River, MA. BankFive is a state-chartered stock savings bank established in 1855, and became a member of the Federal Reserve System in August, 2014. BankFive is a wholly-owned subsidiary of BankFive Corporation, a mid-tier stock holding company which is wholly-owned by BankFive, MHC. 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 City Realty LLC and Taunton River Realty LLC, which were both formed to acquire, hold, and sell property obtained through foreclosure.

In addition to the main office, the bank has 12 full-service branches and one loan production office. All 13 branches and the loan production office are located in the Providence-Warwick, RI-MA Metropolitan Statistical Area (Providence MSA). Of the 13 branches, 12 are located in Bristol County, MA, and 1 is located 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 in Fairhaven, North Dartmouth, Somerset, and Swansea. The loan production office is located in Cranston, RI, and serves the region south of Providence, RI. The bank closed the loan production office in Taunton, MA in June, 2018. Of the 13 branches, 3 are located in low-income tracts, 3 are in moderate-income tracts, 5 are in middle-income tracts, and 2 are in upper-income tracts. The branches located in low- and moderate-income tracts are located in Fall River and New Bedford.

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

The bank is a participating statewide lender in the Mass Save HEAT Loan (HEAT) program. Mass Save is a collaborative of Massachusetts' natural gas and electric utilities and energy efficiency service providers that help residents, businesses, and communities to make energy efficient upgrades through a range of services, rebates, incentives, training, and information. Through the HEAT program, the bank offers interest-free loans, ranging from $2,000 to $25,000, for the installation of qualified energy efficient improvements in both owner-occupied and non-owner occupied one-to-four family residences. Based on HMDA reporting requirements, HEAT loans were reported on the HMDA LARs.

In 2016, the bank became a participating statewide lender in the Mass Solar Loan (solar) program offered by the Massachusetts Clean Energy Center (MassCEC). MassCEC is a state economic development agency dedicated to accelerating the growth of the clean energy sector across the state. Through the solar program, participating lenders offer low-interest loans ranging from $3,000 to $50,000 for Massachusetts residents and residential property owners. Based on HMDA reporting requirements, solar loans were reported on the HMDA LARs.

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

As of June 30, 2018, the bank's assets total $913.9 million, loans total $694.5 million, and deposits total $789.0 million. Since March 31, 2015, assets increased by 14.2 percent, loans increased by 27.5 percent, and deposits increased by 15.0 percent. The $113.6 million net increase in total assets is primarily attributed to the $149.9 million increase of the bank's loan portfolio.

Table 1
Loan Distribution as of June 30, 2018

Loan Type	**Dollar Amount $(000s)**	**Percent of Total Loans** (%)
Construction and Land Development	28,444	4.1
Revolving 1-4 Family Residential	27,032	3.9
1-4 Family Residential	247,741	35.7
Multi-Family (5 or more) Residential	46,453	6.7
Commercial RE	182,306	26.2
Farmland	231	0.0
Total Real Estate Loans	**532,207**	**76.6**
Commercial and Industrial	111,032	16.0
Agricultural and Other Loans to Farmers	38,595	5.6
Consumer	12,684	1.8
Other	12	0.0
Less unearned income	-	-
Total Loans	**694,530**	**100.0**

Consolidated Report of Condition and Income (Call Report) as of 6/30/2018

As shown in Table 1, the bank's loan portfolio is comprised primarily of real estate secured loans at 76.6 percent. From March 31, 2015 to June 30, 2018, the bank's total loans have increased by $149.9 million, or 27.5 percent. The $149.9 million increase in the loan portfolio can be primarily attributed to a $50.5 million increase in closed-end first lien one-to-four family residential loans, a $47.7 million increase in commercial and industrial loans, and a $27.5 million increase in other commercial real estate loans. The only notable decrease in the loan portfolio since the last examination was an $8.9 million decrease in multifamily residential loans.

In terms of loan concentration, residential loans account for 46.3 percent of the portfolio and commercial loans account for 42.2 percent. Residential loans include one-to-four family open- and closed-end loans, and multifamily residential properties. Commercial loans include nonfarm nonresidential owner-occupied loans, other nonfarm nonresidential, and commercial and industrial loans. One-to-four family residential, a category that includes both first and junior liens, accounts for the largest share of the loan portfolio, at 39.6 percent. Commercial real estate loans are split between nonfarm nonresidential owner-occupied, at 13.3 percent, and other nonfarm nonresidential loans, at 13.0 percent. Commercial and industrial loans account for 16.0 percent of the portfolio.

According to the FDIC Deposit Market Share Report, as of June 30, 2017, there were approximately 11 financial institutions offering deposit services within the cities and towns that comprise the Massachusetts portion of the assessment area. Competition for deposits includes large national banks and community banks. Santander Bank, N.A., ranked 1st for deposit market share at 16.1 percent followed closely by BayCoast Bank and Bank of America, N.A., at 14.0 percent each. BankFive ranked 5th overall with a deposit market share of 10.7 percent. Within the City of Fall River, where the bank has 6 of its 13 branches, BankFive ranked 1st, with a 30.0 percent market share, followed by BayCoast Bank, which has 5 branches in the city, at 22.3 percent. Within the City of New Bedford, which contains a high concentration of low- and moderate-income tracts, the bank ranked 6th of 8 financial institutions, with a 7.0 percent market share. In the RI portion of the assessment area, which includes Newport County and Bristol County, the bank ranked 9th out of 10 institutions for 0.4 percent deposit market share. In these counties, BankNewport ranked 1st with 35.6 percent, and Citizens Bank, N.A., ranked 2nd with 27.5 percent.

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

DESCRIPTION OF ASSESSMENT AREA

The assessment area is comprised of 27 contiguous cities and towns in Massachusetts and Rhode Island that account for portions of the Providence MSA and the Boston, MA Metropolitan Division (Boston MD). The cities and towns in the Providence MSA are located in a portion of Bristol County, MA, and include all the towns in Bristol and Newport Counties in Rhode Island. The cities and towns included from Bristol County, MA are Acushnet, Berkley, Dartmouth, Dighton, Fairhaven, Fall River, Freetown, New Bedford, Rehoboth, Seekonk, Somerset, Swansea, Taunton, and Westport. The towns from the Boston MD, all of which are in Plymouth County, are Lakeville, Marion, Mattapoisett, and Rochester. The towns of Jamestown, Middletown, and Newport, RI, all located in Newport County, RI, are new additions to the assessment area since the last examination.

The bank’s assessment area is primarily comprised of the Providence MSA, which is a multistate MSA comprising the entire state of Rhode Island and Bristol County, MA. As such, and because the bank does not maintain branches outside of the Providence MSA, a separate analysis was not conducted and separate ratings were not assigned for each Massachusetts and Rhode Island. Instead, the bank’s performance was evaluated, and a rating assigned, based on an analysis of the bank’s activities compared to aggregate and demographic data inside the bank’s defined assessment area.

Tables 2 and 3 below display the demographic data used for comparison purposes for each year in the Lending Test tables. Table 2 is applicable to 2016 lending data, and Table 3 is applicable to 2017 lending data.

Table 2
Assessment Area Demographics (2016)

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	22	16.2	16,720	11.5	4,828	28.9	34,144	23.5
Moderate-income	30	22.1	24,824	17.1	3,985	16.1	24,323	16.7
Middle-income	51	37.5	58,856	40.5	2,805	4.8	30,114	20.7
Upper-income	33	24.3	44,924	30.9	1,098	2.4	56,743	39.0
Total Assessment Area	**136**	**100.0**	**145,324**	**100.0**	**12,716**	**8.8**	**145,324**	**100.0**

	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	35,343	7,350	5.3	20.8	23,065	65.3	4,928	13.9
Moderate-income	46,014	18,399	13.3	40.0	23,327	50.7	4,288	9.3
Middle-income	96,438	62,274	45.0	64.6	24,483	25.4	9,681	10.0
Upper-income	68,105	50,457	36.4	74.1	11,000	16.2	6,648	9.8
Total Assessment Area	**245,900**	**138,480**	**100.0**	**56.3**	**81,875**	**33.3**	**25,545**	**10.4**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	2,961	12.2	2,603	11.8	326	17.1	32	18.2
Moderate-income	3,101	12.8	2,838	12.8	252	13.2	11	6.3
Middle-income	9,660	39.9	8,839	40.0	750	39.3	71	40.3
Upper-income	8,467	35.0	7,825	35.4	580	30.4	62	35.2
Total Assessment Area	**24,189**	**100.0**	**22,105**	**100.0**	**1,908**	**100.0**	**176**	**100.0**
	Percentage of Total Businesses:			**91.4**		**7.9**		**0.7**

2010 U.S. Census Data and 2016 D&B data
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Table 3 Assessment Area Demographics (2017)								
Income Categories	**Tract Distribution**		**Families by Tract Income**		**Families < Poverty Level as % of Families by Tract**		**Families by Family Income**	
	#	%	#	%	#	%	#	%
Low-income	22	16.2	14,515	10.3	4,596	31.7	33,604	23.8
Moderate-income	31	22.8	26,199	18.5	4,564	17.4	24,748	17.5
Middle-income	45	33.1	50,208	35.5	3,056	6.1	26,996	19.1
Upper-income	38	27.9	50,453	35.7	1,832	3.6	56,027	39.6
Total Assessment Area	**136**	**100.0**	**141,375**	**100.0**	**14,048**	**9.9**	**141,375**	**100.0**
	Housing Units by Tract	**Housing Types by Tract**						
		Owner-Occupied			**Rental**		**Vacant**	
		#	%	%	#	%	#	%
Low-income	31,499	4,986	3.7	15.8	22,164	70.4	4,349	13.8
Moderate-income	51,495	17,974	13.3	34.9	28,564	55.5	4,957	9.6
Middle-income	84,680	54,964	40.5	64.9	21,919	25.9	7,797	9.2
Upper-income	80,419	57,689	42.5	71.7	13,631	16.9	9,099	11.3
Total Assessment Area	**248,093**	**135,613**	**100.0**	**54.7**	**86,278**	**34.8**	**26,202**	**10.6**
	Total Businesses by Tract		**Businesses by Tract & Revenue Size**					
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**	
	#	%	#	%	#	%	#	%
Low-income	2,645	10.9	2,315	10.5	300	15.7	30	17.0
Moderate-income	3,274	13.5	3,019	13.7	243	12.7	12	6.8
Middle-income	8,441	34.9	7,637	34.5	741	38.8	63	35.8
Upper-income	9,829	40.6	9,134	41.3	624	32.7	71	40.3
Total Assessment Area	**24,189**	**100.0**	**22,105**	**100.0**	**1,908**	**100.0**	**176**	**100.0**
	Percentage of Total Businesses:			**91.4**		**7.9**		**0.7**

2015 ACS and 2017 D&B data
Total percentages shown may vary by 0.1 percent due to automated rounding differences

As shown in the tables above, the assessment area consists of 136 census tracts. As of 2016, 16.2 percent of the tracts were low-income, 22.1 percent were moderate-income, 37.5 percent were middle-income, and 24.3 percent were upper-income. As of 2017, 16.2 percent are low-income, 22.8 percent are moderate-income, 33.1 percent are middle-income, and 27.9 percent are upper-income.

The low- and moderate-income tracts were located in the following cities and towns in 2016: New Bedford (10 low- and 14 moderate-income tracts), Fall River (9 low- and 9 moderate-income tracts), Taunton (2 low- and 2 moderate-income tracts), Newport (1 low- and 1 moderate-income tract), and one moderate-income tract each in Fairhaven, Warren, Bristol, and Tiverton. The composition of low- and moderate-income tracts changed as of 2017: New Bedford (14 low- and 11 moderate-income tracts), Fall River (6 low- and 14 moderate-income tracts), and Taunton (1 low- and 3 moderate-income tracts). As of 2017, Newport still has 1 low- and 1 moderate-income tract, and Warren and Bristol still have 1 moderate-income tract each. Fairhaven and Tiverton no longer contain moderate-income tracts.

Housing

As of 2016, the assessment area included 245,900 housing units, of which 14.4 percent were located in low-income tracts, 18.7 percent were in moderate-income tracts, 39.2 percent were in middle-income tracts, and 27.7 percent were in upper-income tracts. Of the housing units, 56.3 percent were owner-occupied, 33.3 percent were rental units, and 10.4 percent were vacant. As of 2017 the number of housing units increased to 248,093, although the percentage of housing units in low-income tracts decreased to 12.7 percent, the percentage of housing units in moderate-income tracts increased to 20.8 percent. The percentage of owner-occupied, rental, and vacant units remained stable from 2016 to 2017.

As of 2016, of the 138,480 owner-occupied housing units, 5.3 percent by number were located in low-income tracts and 13.3 percent were in moderate-income tracts. As of 2017, the percentage of owner-occupied housing units by number in low-income tracts decreased to 3.7 percent and the percentage by number in moderate-income tracts did not change. As of 2016, 20.8 percent of housing units in low-income tracts and 40.0 percent of housing units in moderate-income tracts were owner-occupied. However, as of 2017, the percentage of owner-occupancy in low- and moderate-income tracts decreased to 15.8 percent and 34.9 percent, respectively. The decreasing number of owner-occupied housing units and decreasing owner-occupancy rates in low- and moderate-income tracts suggest a limited opportunity to originate home mortgage loans in these tracts.

Paired with the decreasing number of owner-occupied units and owner-occupancy rates in low- and moderate-income tracts, the prevalence of households residing in rental units in these tracts has increased from 2016 to 2017. As of 2016, 65.3 percent of households residing in low-income tracts and 50.7 percent of households in moderate-income tracts were living in rental units. As of 2017, 70.4 percent of households in low-income tracts and 55.5 percent of households in moderate-income tracts were living in rental units. The increase in households residing in rental units in moderate-income tracts may be attributed to a 22.5 percent increase in the number of rental units in these tracts from 2016 to 2017. Due to the increased percentage of rental units in low- and moderate-income tracts in the assessment from 2016 to 2017, the opportunity to originate home mortgage loans in these tracts may be limited.

According to the 2010 U.S. Census, the median home value in the assessment area was $317,681, which was slightly higher than the median home value in Bristol County, MA, at $306,600, but lower than both Bristol and Newport counties in Rhode Island and lower than the median home value in the Commonwealth of Massachusetts, at $352,300. According to the 2015 ACS, the median home value in the assessment area decreased to $280,212, while remaining slightly higher than the median home values in Bristol County, MA, and lower than both Bristol and Newport Counties in Rhode Island, and lower than the Commonwealth of Massachusetts. According to recent data from The Warren Group, Boston, MA from January, 2018 through June, 2018, the median sales price in Bristol County, MA was $270,000 and the median sales prices in Bristol and Newport Counties, Rhode Island, were $340,000 and $400,000, respectively. As of the same time period, the median sales price in Fall River and New Bedford were $229,450 and $215,000, respectively.

Business Characteristics

According to 2016 D&B data, there were 24,189 businesses in assessment area, of which 12.2 percent were located in low-income tracts, 12.8 percent were in moderate-income tracts, 39.9 percent were in middle-income tracts, and 35.0 percent were in upper-income tracts. Of all businesses, 91.4 percent had gross annual revenues (GARs) of $1 million or less. As of 2017, 10.9 percent of businesses are in low-income tracts, 13.5 percent are in moderate-income tracts, 34.9 percent are in middle-income tracts, and 40.6 percent are in upper-income tracts. The percentage of businesses with GARs of $1 million or less remained unchanged.

According to the Massachusetts Executive Office of Labor and Workforce Development, the largest employers in the Providence MSA include a number of businesses in Attleboro and Fall River. The largest employers in this area, by number of employees, include Hormel Foods Corporation, Sensata Technologies Inc., LeachGarner, and Sturdy Memorial Hospital in Attleboro and Southcoast Hospitals Group, St. Anne's Hospital, Taco Inc., and Catholic Memorial Home in Fall River. Based on the same source, the largest employers in the New Bedford MA Metropolitan NECTA include Titleist & FootJoy Worldwide in Fairhaven, Joseph Abboud in New Bedford, and Hawthorn Medical Associates in North Dartmouth.

Population

As of 2016, the assessment area was comprised of 556,819 individuals, of whom 12.6 percent resided in low-income tracts, 18.1 percent resided in moderate-income tracts, 39.2 percent resided in middle-income tracts, and 30.1 percent resided in upper-income tracts. As of 2017, the population of the assessment area increased to 559,397, of which 11.5 percent reside in low-income tracts, 19.1 percent reside in moderate-income tracts, 34.8 percent reside in middle-income tracts, and 34.6 percent reside in upper-income tracts. Despite an overall increase in population from the 2016 to 2017, a lesser percentage of the population lives in low-income tracts.

As of 2016, the population of the assessment area included 145,324 families, of which 23.5 percent were low-income, 16.7 percent were moderate-income, 20.7 percent were middle-income, and 39.0 percent were upper-income. Of all families in the assessment area, 8.8 percent, were below the poverty level, which equaled the percentage in Bristol County, MA, but exceeded the percentage in Bristol and Newport Counties in Rhode Island. Of all families in the assessment area, Fall River accounts for 26.8 percent of low-income families and New Bedford accounts for 28.0 percent of all low-income families. Of the families in Fall River, 41.3 percent are low-income and 19.1 percent are moderate-income. Of the families in New Bedford, 40.5 percent are low-income and 19.6 percent are moderate-income. As of 2017, the percentage of low-income families in both cities remained stable, however, the percentage of moderate-income families increased to 21.0 percent in Fall River and to 22.1 percent in New Bedford.

As of 2016, of the 220,355 households in the assessment area, 27.4 percent were low-income, 14.3 percent were moderate-income, 16.6 percent were middle-income, and 41.7 percent were upper-income. Of all households in the assessment area, Fall River and New Bedford accounted for 26.4 percent and 26.6 percent of low-income households, respectively. Of the households in Fall River, 41.8 percent were low-income and 18.2 percent were moderate-income. Of the households in New Bedford, 41.5 percent were low-income and 15.1 percent were moderate-income. As of 2017, the percentage of low-income households in the assessment area remained stable and the percentage of moderate-income households increased to 15.0 percent. For the same year, the percentage of low- and moderate-income households in Fall River remained stable, however, the percentage of low-income households in New Bedford decreased to 39.4 percent and the percentage of moderate-income families increased to 18.7 percent.

Income

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. The following table displays the MFIs for the assessment area and larger geographic areas that include portions of the assessment area.

Table 4
Median Family Income Comparison

Year	*MSA/MD/Town/County/State*	*MFI*	*Year*	*MSA/MD/Town/County/State*	*MFI*
2016	Assessment Area	$68,814	2017	Assessment Area	$72,282
2016	Fall River	$44,388	2017	Fall River	$44,139
2016	New Bedford	$45,287	2017	New Bedford	$46,136
2016	Bristol County, RI	$87,781	2017	Bristol County, RI	$95,291
2016	Newport County, RI	$82,477	2017	Newport County, RI	$91,137
2016	Massachusetts	$81,165	2017	Massachusetts	$87,085

2010 U.S. Census, 2015 ACS, and FFIEC.

As of 2016, the MFI for the assessment area was $68,814, which was lower than the MFIs for Bristol County, RI, Newport County, RI, and the Commonwealth of Massachusetts. The MFIs for Fall River and New Bedford were notably lower than the MFI for the assessment area. In 2017, all MFIs in Table 4 increased with the exception of Fall River, which decreased slightly.

Employment Statistics

According to the 2010 U.S. Census, the unemployment rate for the assessment area was 8.1 percent, which was higher than the Commonwealth of Massachusetts at 7.3 percent, and both Bristol and Newport counties in Rhode Island at 6.0 percent and 4.9 percent, respectively, and the state of Rhode Island at 7.9 percent. Based on the same source, the unemployment rate in Fall River was 13.2 percent and was 10.1 percent in New Bedford. According to the 2015 ACS, the unemployment rate increased to 8.8 percent in the assessment area, remained stable for Fall River, and increased to 11.2 percent in New Bedford. According to the June 2018 release by the U.S. Bureau of Labor Statistics, the average non-seasonally adjusted unemployment rate for the cities and towns that comprise the assessment area is 3.8 percent. Compared to the 2015 ACS, unemployment rates have decreased, most notably in Fall River and New Bedford, where as of June, 2018, the unemployment rates are 6.0 percent and 6.4 percent, respectively.

Community Contacts

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing, credit, and community development 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 the president and chief executive officer (CEO) of an organization that works to mobilize partners and resources to help fund and provide support services for residents in the Southcoast region of Massachusetts. The contact has been with the organization for over 18 years and has served as the CEO for 12 years. Most of the organization's resources and volunteers focus on supporting services provided to New Bedford residents, given the city's population density and the need for services. The contact explained that the region lacks capable organizations and services that promote asset building activities such as building a savings account, obtaining job certifications and/or educational degrees, and workforce training. The contact stated that financial literacy is useful; however, without a solid financial and educational foundation, the knowledge cannot be put to use. When examiners asked if the contact would consider any financial institutions as a leader in the community development field, the contact stated that BankFive has been a particularly responsive partner in terms of providing funds and services that align with the organization's mission, such as hunger relief and homelessness.

A community contact was conducted with the president and a certified housing counselor for a housing assistance organization that serves Norfolk, Plymouth, and Bristol Counties in Massachusetts. The organization's mission is to help low- and moderate-income families prosper by meeting their housing and financial needs and goals. The contact explained that financial literacy and budget counseling are crucial to support low- and moderate-income families; however, it proves difficult to get individuals to attend the sessions. The contact indicated that most low-income and first-time homebuyers are generally looking to purchase homes in areas such as Taunton, Brockton, and Fall River, as home prices in the South Shore are becoming unaffordable.

Two community contacts were conducted during CRA examinations of different institutions that serve the same communities as the bank. These contacts were used in this evaluation given their relevance to understanding the communities' needs. One community contact was conducted with the executive director of an organization that serves new and existing small businesses in New Bedford through lending programs, establishing partners in planning initiatives, and managing development opportunities. The contact explained that the organization struggles with availability of funds to lend, and contends there is a need for small dollar loans, such as lines of credit and SBA micro loans.

The other community contact was conducted with the executive director of an organization that is responsible for the administration of the U.S. Department of Housing and Urban Development (HUD) Community Planning and Development Programs. These programs assist local government in achieving locally responsive programs and improve low- and moderate-income residences. The contact indicated that there is a growing need to address the homelessness and housing programs in the SouthCoast region. The contact indicated there is a need for more home ownership education opportunities as Fall River was hit particularly hard by the foreclosure crisis. The contact also indicated there is a low educational attainment rate and there is a need for more resources dedicated to the education system. The contact indicated that in order for the region to prosper, there is a need for more small business friendly and low-income and first time homebuyer loan products.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

BankFive's CRA rating is Outstanding. Examiners based the overall rating on the Outstanding ratings for both the Lending Test and the Community Development Test.

LENDING TEST

Assessment Area Concentration

This performance 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 from 2015 to 2017. As shown below, a majority of loans and other lending related activities are located in the bank's assessment area.

Table 5
Lending Inside and Outside the Assessment Area

Loan Type	Inside				Outside				Total	
	#	%	$ (000's)	%	#	%	$ (000's)	%	#	$ (000's)
Home Purchase	243	58.3	52,853	42.2	174	41.7	72,279	57.8	417	125,132
Home Improvement	374	47.0	15,894	56.5	421	53.0	12,214	43.5	795	28,108
Multifamily Housing	39	86.7	10,940	81.4	6	13.3	2,499	18.6	45	13,439
Refinancing	263	75.8	48,152	55.8	84	24.2	38,079	44.2	347	86,231
Residential Total	**919**	**57.3**	**127,839**	**50.5**	**685**	**42.7**	**125,071**	**49.5**	**1,604**	**252,910**
Small Business Total	**244**	**70.7**	**38,337**	**57.9**	**101**	**29.3**	**27,886**	**42.1**	**345**	**66,223**
Grand Total	**1,163**	**59.7**	**166,176**	**52.1**	**786**	**40.3**	**152,957**	**47.9**	**1,949**	**319,133**

2015-2017 HMDA data & bank provided small business data

During the evaluation period, the bank originated a total of 1,949 loans, of which 1,604 were residential mortgage loans, and 345 small business loans. In total, the bank originated 1,163 loans, or 59.7 percent, inside the assessment area.

Residential Lending

Overall, the bank originated 919 residential mortgage loans, or 57.3 percent, inside the assessment area. Of the residential mortgage loans originated inside the assessment area during the evaluation period, 253 loans were originated in 2015; 351 were originated in 2016; and 315 were originated in 2017. Of all residential loans originated inside the assessment area, home improvement loans accounted for the largest share by loan type (374 loans), followed by refinancing (263 loans). Of the 685 residential mortgage loans originated outside the assessment area, home improvement loans accounted for the largest share by loan type (421 loans).

The relatively high number of home improvement loans as well as the volume of loans originated outside the assessment area can be attributed to the bank being a statewide lender for HEAT loans and solar loans. By using the reported census tract for unsecured home improvement loans on the

HMDA LAR, examiners estimated the volume of HEAT and solar loans originated inside the assessment area during the evaluation period, which demonstrated an increasing number of loans outside of the assessment area. In 2015, the bank originated 134 unsecured home improvement loans, of which 69 loans, or 51.5 percent, were inside the assessment area. In 2016, the number of unsecured home improvement loans increased to 205 as the bank became a statewide lender for solar loans at the beginning of the year. Of the 205 unsecured loans, 85 loans, or 41.5 percent, were inside the assessment area. In 2017, the bank originated 258 unsecured home improvement loans of which 92 loans, or 35.7 percent, were inside the assessment area.

The bank also purchases loans from a number of financial institutions that operate primarily outside the assessment area. From 2015 through 2017, the bank reported 138 purchased loans on its HMDA LARs. Of the 138 purchased loans reported on the bank's 2015, 2016, and 2017 HMDA LARs, only 2 were inside the assessment area. The purchasing of loans from financial institutions operating primarily outside the bank's assessment area has resulted in a decreased percentage of loans originated or purchased from inside the assessment area.

Small Business Lending

Overall, 70.6 percent of the bank's small business loans were inside the assessment area. The percentage of small business loans inside the assessment area increased each year during the evaluation period and as of 2017, the bank originated 76.3 percent inside the assessment area.

<u>Borrower's Profile</u>

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes when compared to area demographics and aggregate performance.

Residential Lending

Table 6 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area. The table further outlines the bank's performance by loan type in comparison to the aggregate.

Table 6
Borrower Distribution of HMDA Loans

Product Type	Borrower Income Levels	Families by Family Income %	Bank & Aggregate Lending Comparison 2016 Count Bank #	Bank %	Agg %	Dollar Bank $(000s)	Bank $ %	Agg $ %	Families by Family Income %	Bank & Aggregate Lending Comparison 2017 Count Bank #	Bank %	Agg %	Dollar Bank $(000s)	Bank $ %	Agg $ %
HOME PURCHASE	Low	23.5%	2	2.6%	3.7%	$173	1.0%	2.0%	23.8%	5	4.6%	2.7%	$662	2.8%	1.3%
	Moderate	16.7%	11	14.1%	17.9%	$1,560	8.7%	13.1%	17.5%	24	22.2%	17.7%	$4,189	17.8%	12.8%
	Middle	20.7%	20	25.6%	24.2%	$3,925	21.8%	21.7%	19.1%	28	25.9%	25.1%	$6,073	25.8%	22.4%
	Upper	39.0%	35	44.9%	37.7%	$9,661	53.6%	48.0%	39.6%	37	34.3%	38.2%	$10,001	42.4%	48.3%
	Unknown	0.0%	10	12.8%	16.5%	$2,698	15.0%	15.3%	0.0%	14	13.0%	16.2%	$2,637	11.2%	15.2%
	Total	*100.0%*	*78*	*100.0%*	*100.0%*	*$18,017*	*100.0%*	*100.0%*	*100.0%*	*108*	*100.0%*	*100.0%*	*$23,562*	*100.0%*	*100.0%*
REFINANCE	Low	23.5%	4	3.5%	3.8%	$493	2.3%	1.9%	23.8%	9	14.3%	5.1%	$611	5.4%	2.8%
	Moderate	16.7%	24	20.9%	12.4%	$3,274	15.0%	8.6%	17.5%	13	20.6%	14.8%	$1,704	15.1%	10.5%
	Middle	20.7%	32	27.8%	22.5%	$5,854	26.8%	18.7%	19.1%	14	22.2%	24.9%	$2,582	22.9%	21.7%
	Upper	39.0%	54	47.0%	44.9%	$12,042	55.2%	53.3%	39.6%	25	39.7%	42.1%	$5,848	51.8%	50.4%
	Unknown	0.0%	1	0.9%	16.4%	$144	0.7%	17.5%	0.0%	2	3.2%	13.1%	$550	4.9%	14.6%
	Total	*100.0%*	*115*	*100.0%*	*100.0%*	*$21,807*	*100.0%*	*100.0%*	*100.0%*	*63*	*100.0%*	*100.0%*	*$11,295*	*100.0%*	*100.0%*
HOME IMPROVEMENT	Low	23.5%	12	8.3%	4.9%	$364	4.9%	2.1%	23.8%	10	7.6%	5.6%	$269	5.7%	2.7%
	Moderate	16.7%	28	19.4%	15.8%	$744	9.9%	12.1%	17.5%	32	24.2%	15.4%	$674	14.2%	10.2%
	Middle	20.7%	53	36.8%	23.0%	$2,453	32.8%	20.2%	19.1%	32	24.2%	24.9%	$810	17.1%	22.5%
	Upper	39.0%	50	34.7%	50.4%	$3,878	51.8%	58.5%	39.6%	55	41.7%	48.0%	$2,495	52.5%	56.4%
	Unknown	0.0%	1	0.7%	6.0%	$50	0.7%	7.0%	0.0%	3	2.3%	6.1%	$501	10.5%	8.2%
	Total	*100.0%*	*144*	*100.0%*	*100.0%*	*$7,489*	*100.0%*	*100.0%*	*100.0%*	*132*	*100.0%*	*100.0%*	*$4,749*	*100.0%*	*100.0%*
MULTIFAMILY	Low	23.5%	0	0.0%	0.0%	$0	0.0%	0.0%	23.8%	0	0.0%	0.0%	$0	0.0%	0.0%
	Moderate	16.7%	0	0.0%	0.0%	$0	0.0%	0.0%	17.5%	0	0.0%	0.0%	$0	0.0%	0.0%
	Middle	20.7%	0	0.0%	0.0%	$0	0.0%	0.0%	19.1%	0	0.0%	0.0%	$0	0.0%	0.0%
	Upper	39.0%	0	0.0%	0.0%	$0	0.0%	0.0%	39.6%	0	0.0%	0.0%	$0	0.0%	0.0%
	Unknown	0.0%	14	100.0%	100.0%	$2,956	100.0%	100.0%	0.0%	12	100.0%	100.0%	$2,812	100.0%	100.0%
	Total	*100.0%*	*14*	*100.0%*	*100.0%*	*$2,956*	*100.0%*	*100.0%*	*100.0%*	*12*	*100.0%*	*100.0%*	*$2,812*	*100.0%*	*100.0%*
HMDA TOTALS	Low	23.5%	18	5.1%	3.8%	$1,030	2.0%	1.9%	23.8%	24	7.6%	3.7%	$1,542	3.6%	1.8%
	Moderate	16.7%	63	17.9%	15.1%	$5,578	11.1%	10.8%	17.5%	69	21.9%	16.3%	$6,567	15.5%	11.5%
	Middle	20.7%	105	29.9%	23.2%	$12,232	24.3%	19.8%	19.1%	74	23.5%	24.8%	$9,465	22.3%	21.4%
	Upper	39.0%	139	39.6%	41.7%	$25,581	50.9%	49.4%	39.6%	117	37.1%	40.0%	$18,344	43.2%	47.7%
	Unknown	0.0%	26	7.4%	16.1%	$5,848	11.6%	18.2%	0.0%	31	9.8%	15.2%	$6,500	15.3%	17.6%
	Total	*100.0%*	*351*	*100.0%*	*100.0%*	*$50,269*	*100.0%*	*100.0%*	*100.0%*	*315*	*100.0%*	*100.0%*	*$42,418*	*100.0%*	*100.0%*

2010 U.S. Census, 2015 ACS, 2016 & 2017 HMDA LARs, and 2016 & 2017 aggregate HMDA data.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2016, the bank originated 18 home mortgage loans, or 5.1 percent, to low-income borrowers, which exceeded the aggregate by 1.3 percentage points, but was less than the percentage of low-income families in the assessment area. Of the 18 loans, 12 were home improvement loans, 4 were refinance loans, and 2 were home purchase loans. The bank's home improvement lending to low-income borrowers exceeded the aggregate by 3.4 percentage points. For the same year, the bank originated 63 home mortgage loans, or 17.9 percent, to moderate-income borrowers, which exceeded the aggregate by 2.8 percentage points and also exceeded the percentage of moderate-income families by 1.2 percentage points. Of the 63 loans, 28 were home improvement loans, 24 were refinance loans, and 11 were home purchase loans. The bank's home improvement and refinance loans to moderate-income borrowers exceeded the aggregate.

In 2017, the bank originated 24 home mortgage loans, or 7.6 percent, to low-income borrowers, which exceeded the aggregate by 3.9 percentage points, but was less than the percentage of low-income families in the assessment area. Of the 24 loans, 10 were home improvement loans, 9 were refinance loans, and 5 were home purchase loans and the bank exceeded the aggregate for each loan category. For the same year, the bank originated 69 home mortgage loans, or 21.9 percent to moderate-income borrowers, which exceeded the aggregate by 5.6 percentage points and exceeded the percentage of moderate-income families by 4.4 percentage points. Of the 69 loans, 32 were home improvement loans, 24 were home purchase loans, and 13 were refinance loans and the bank exceeded the aggregate for each loan category. Of note is that although the volume of loans originated inside the assessment area decreased by 10.2 percent from 2016 to 2017, the volume of loans to both low- and moderate-income borrowers increased as did the bank's lending percentage compared to the aggregate.

In 2016, of all lenders that originated or purchased a HMDA-reportable loan in the assessment area, BankFive ranked 9th of 122 institutions for lending to low-income borrowers and 9th of 176 institutions for lending to moderate-income borrowers. In 2017, the bank's ranking improved to 6th of 166 institutions for low-income borrowers and to 8th of 194 institutions for moderate-income borrowers.

Based on branch locations, the bank's operations are concentrated in the cities of Fall River and New Bedford. Fall River accounts for 26.8 percent of low-income families in the assessment area and New Bedford accounts for 28.0 percent. As of 2017, the MFI in Fall River was $44,139, and the MFI in New Bedford was $46,136, which means that the total income for low-income families was at most $22,069 in Fall River, and $23,068 in New Bedford. Based on the family income demographics for Fall River and New Bedford, the origination of home mortgage loans to low-income and moderate-income borrowers would generally prove difficult; however, the bank has been successful in originating loans to such borrowers.

The bank's success in originating home mortgage loans to low- and moderate-income borrowers can be attributed to its physical presence in the cities of Fall River and New Bedford, paired with offering loan products that are responsive to the needs of low- and moderate-income borrowers. Loan programs and products targeted to low- and moderate-income and first-time homebuyers are particularly responsive as they are one of the needs identified through community contacts. Although loans originated as part of the programs discussed below have already been incorporated into the analysis above, the following loan product descriptions highlight product characteristics that contributed to the bank's strong lending performance.

As a MassHousing lender, the bank offers mortgage products that support affordable housing opportunities through favorable interest rates, down payment assistance, flexible underwriting requirements, and discounted mortgage insurance premiums. During the evaluation period, the bank originated 18 MassHousing loans, totaling $3.7 million.

The bank also offers loan products through MassHousing that include favorable financing terms, based on established income limits, to remove hazardous lead paint, repair septic systems, and to make necessary home improvements. During the evaluation period, the bank originated 18 such loans, totaling $387,977.

The bank originates mortgages under the Fannie Mae (FNMA) HomeReady Mortgage Program, which is a low down payment mortgage program for low- to moderate-income first-time and repeat homebuyers. These mortgages offer flexible underwriting criteria and offer lower than standard mortgage insurance coverage requirements. During the evaluation period, the bank originated 6 loans, totaling $1.2 million.

Other Loan Data

Unlike the loan products discussed above, the following loans originated during the evaluation period were not included in the analysis as they were not reported on the HMDA LARs. However, these products also illustrate the bank's responsiveness to the credit needs of low- and moderate-income borrowers.

As a member of the Federal Home Loan Bank of Boston (FHLBB), BankFive participates in the Equity Builder Program (EBP), which provides low- and moderate-income borrowers with down payment, closing cost, home-buyer counseling, and rehabilitation assistance. During the evaluation period, the bank provided 3 EBP grants, totaling $35,743.

Due to the conclusion of the FDIC's Small Dollar Loan Program, the bank instituted its own "Smart Dollar Loan Program." Through this program, the bank provides small dollar personal loans with the goal of building credit, establishing savings, and preventing borrowers from turning to check cashers and payday loan services. Loans are extended up to a maximum of $1,000, with no origination fees, no pre-payment penalties, and a low fixed interest rate with terms up to 36 months. During the evaluation period, the bank originated 8 loans, totaling $6,100.

Small Business Lending

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. Table 7 compares the bank's lending to the percentage of small businesses according to revenue size within the assessment area.

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

Gross Annual Revenues	2016 Total Businesses	2016 Bank		2017 Total Businesses	2017 Bank	
	%	#	%	%	#	%
≤ $1MM	91.4	53	60.2	91.4	35	49.3
> $1MM	7.9	34	38.6	7.9	34	47.9
N/A	0.7	1	1.1	0.7	2	2.8
Total	100.0	88	100.0	100.0	71	100.0

2016 & 2017 D&B data and 2016 & 2017 bank provided small business data.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2016, the bank originated 88 small business loans inside the assessment area, of which 53 loans, or 60.2 percent, were to businesses with GARs of $1 million or less, which is lower than the percentage of businesses with GARs of $1 million or less in the assessment area at 91.4 percent. In 2017, the bank originated 71 small business loans in the assessment area, of which 35 were originated to businesses with GARs of $1 million or less. The decrease in small business loans in the assessment area from 2016 to 2017 was attributed to increased competition from local banks and credit unions.

One community contact indicated a need for small dollar business loans in order to help the assessment area grow and prosper. Although not displayed in the table above, of the 88 small business loans originated to businesses with GARs of $1 million or less in 2016 and 2017, 61 loans, or 69.3 percent, were originated in amounts less than $100,000. Additionally, the bank is a preferred SBA lender and offers small business loans through the SBA Express, 7(a), and Certified Development Company (CDC)/504 loan programs. SBA Express loans are intended for businesses that may not meet traditional lending requirements and offer flexible payment options and longer terms than traditional loans. Funds may be used for working capital, equipment, inventory, expansion, or real estate purchases. These loans have a maximum loan amount of $350,000 and have a 36 hour credit decision timeframe. The Standard 7(a) program loans may be used to establish a new business or assist in the acquisition, operation, or expansion of an existing business. These loans have a maximum loan amount of $5 million. The CDC/504 program promotes economic development for small businesses through financing provided by the bank and the CDC. While the bank's CDC/504 certification demonstrates a willingness to extend various types of small business credit, the bank did not originate any CDC/504 loans during the evaluation period.

During the evaluation period, the bank originated 20 SBA loans inside the assessment area totaling $1.4 million, which were incorporated into the above analysis as small business loans. Seven additional SBA loans originated by the bank during the evaluation period, but not included in the Lending Test analysis, are included in the Community Development Test as community development loans.

Geographic Distribution of Loans

This performance criterion evaluates the distribution of loans to census tracts of all income levels. The geographic distribution of loans reflects excellent dispersion throughout the assessment area.

Residential Lending

Table 8 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area.

Table 8
Geographic Distribution of HMDA Loans

Product Type	Tract Income Levels	Owner Occupied Units %	Bank & Aggregate Lending Comparison 2016						Owner Occupied Units %	Bank & Aggregate Lending Comparison 2017					
			Count			Dollar				Count			Dollar		
			Bank		Agg	Bank		Agg		Bank		Agg	Bank		Agg
			#	%	%	$ (000s)	$ %	$ %		#	%	%	$ (000s)	$ %	$ %
HOME PURCHASE	Low	5.3%	5	6.4%	5.7%	$637	3.5%	4.1%	3.7%	9	8.3%	5.5%	$1,349	5.7%	3.7%
	Moderate	13.3%	14	17.9%	13.9%	$2,251	12.5%	10.3%	13.3%	39	36.1%	15.1%	$6,942	29.5%	11.2%
	Middle	45.0%	40	51.3%	44.0%	$9,954	55.2%	42.4%	40.5%	38	35.2%	40.4%	$9,166	38.9%	38.0%
	Upper	36.4%	19	24.4%	36.4%	$5,175	28.7%	43.2%	42.5%	22	20.4%	38.9%	$6,105	25.9%	47.1%
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Total	*100.0%*	*78*	*100.0%*	*100.0%*	*$18,017*	*100.0%*	*100.0%*	*100.0%*	*108*	*100.0%*	*100.0%*	*$23,562*	*100.0%*	*100.0%*
REFINANCE	Low	5.3%	6	5.2%	3.9%	$704	3.2%	2.8%	3.7%	5	7.9%	3.1%	$465	4.1%	2.1%
	Moderate	13.3%	18	15.7%	10.5%	$2,682	12.3%	7.6%	13.3%	17	27.0%	11.6%	$2,586	22.9%	8.1%
	Middle	45.0%	64	55.7%	45.4%	$11,840	54.3%	43.3%	40.5%	27	42.9%	40.6%	$5,230	46.3%	38.4%
	Upper	36.4%	27	23.5%	40.2%	$6,581	30.2%	46.4%	42.5%	14	22.2%	44.6%	$3,014	26.7%	51.3%
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Total	*100.0%*	*115*	*100.0%*	*100.0%*	*$21,807*	*100.0%*	*100.0%*	*100.0%*	*63*	*100.0%*	*100.0%*	*$11,295*	*100.0%*	*100.0%*
HOME IMPROVEMENT	Low	5.3%	6	4.2%	2.8%	$430	5.7%	2.2%	3.7%	3	2.3%	3.2%	$44	0.9%	2.5%
	Moderate	13.3%	14	9.7%	10.3%	$551	7.4%	7.1%	13.3%	18	13.6%	11.0%	$1,115	23.5%	8.0%
	Middle	45.0%	67	46.5%	46.0%	$3,339	44.6%	43.1%	40.5%	66	50.0%	43.7%	$2,397	50.5%	37.0%
	Upper	36.4%	57	39.6%	40.9%	$3,169	42.3%	47.6%	42.5%	45	34.1%	42.1%	$1,193	25.1%	52.4%
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Total	*100.0%*	*144*	*100.0%*	*100.0%*	*$7,489*	*100.0%*	*100.0%*	*100.0%*	*132*	*100.0%*	*100.0%*	*$4,749*	*100.0%*	*100.0%*
MULTIFAMILY	Low	35.2%	7	50.0%	42.4%	$1,149	38.9%	29.9%	33.4%	9	75.0%	34.5%	$2,280	81.1%	15.7%
	Moderate	24.2%	6	42.9%	28.8%	$1,656	56.0%	15.8%	30.8%	3	25.0%	42.5%	$532	18.9%	51.6%
	Middle	30.0%	1	7.1%	21.6%	$151	5.1%	42.8%	23.4%	0	0.0%	13.2%	$0	0.0%	13.8%
	Upper	10.7%	0	0.0%	7.2%	$0	0.0%	11.6%	12.4%	0	0.0%	9.8%	$0	0.0%	18.9%
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Total	*100.0%*	*14*	*100.0%*	*100.0%*	*$2,956*	*100.0%*	*100.0%*	*100.0%*	*12*	*100.0%*	*100.0%*	*$2,812*	*100.0%*	*100.0%*
HMDA TOTALS	Low	5.3%	24	6.8%	4.9%	$2,920	5.8%	4.1%	3.7%	26	8.3%	4.8%	$4,138	9.8%	3.5%
	Moderate	13.3%	52	14.8%	12.2%	$7,140	14.2%	9.1%	13.3%	77	24.4%	13.9%	$11,175	26.3%	11.4%
	Middle	45.0%	172	49.0%	44.7%	$25,284	50.3%	42.8%	40.5%	131	41.6%	40.5%	$16,793	39.6%	37.3%
	Upper	36.4%	103	29.3%	38.3%	$14,925	29.7%	43.9%	42.5%	81	25.7%	40.8%	$10,312	24.3%	47.7%
	Unknown	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%	0.0%	0	0.0%	0.0%	$0	0.0%	0.0%
	Total	*100.0%*	*351*	*100.0%*	*100.0%*	*$50,269*	*100.0%*	*100.0%*	*100.0%*	*315*	*100.0%*	*100.0%*	*$42,418*	*100.0%*	*100.0%*

2010 U.S. Census, 2015 ACS, 2016 & 2017 HMDA LARs, and 2016 & 2017 aggregate HMDA data.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2016, the bank originated 24 home mortgage loans, or 6.8 percent, in low-income tracts, which exceeded the aggregate by 1.9 percentage points and also exceeded the percentage of owner-occupied housing units in low-income tracts by 1.5 percentage points. Of the 24 loans, 7 were multifamily loans, 6 were home improvement loans, 6 were refinance loans, and 5 were home purchase loans; the bank exceeded the aggregate for each loan type. For the same year, the bank originated 52 home mortgage loans in moderate-income tracts, which exceeded the aggregate by 2.6 percent and the percentage of owner-occupied housing units in moderate-income tracts by 1.5 percent. Of the 52 loans, 18 were refinance loans, 14 were home purchase loans, 14 were home improvement loans, and 6 were multifamily loans. The bank exceeded the aggregate for home purchase, refinance, and multifamily lending.

In 2017, the bank originated 26 home mortgage loans in low-income tracts, which exceeded the aggregate by 3.5 percentage points, and the percentage of owner-occupied housing units in low-income tracts by 4.6 percentage points. Of the 26 loans, 9 were multifamily loans, 9 were home purchase loans, 5 were refinance loans, and 3 were home improvement loans. The bank's lending in low-income tracts exceeded the aggregate for multifamily, home purchase, and refinance loans. For the same year, the bank originated 77 home mortgage loans, or 24.4 percent, in moderate-income tracts, which exceeded the aggregate by 10.5 percentage points, and exceeded the percentage of owner-occupied housing units in moderate-income tracts by 11.1 percentage points. Of the 77 loans, 39 were home purchase loans, 18 were home improvement loans, 17 were refinance loans, and 3 were multifamily loans. The bank was able to increase the volume of home mortgage loans in moderate-income tracts from 2016 to 2017 by hiring two home mortgage loan originators with strong relationships in these areas. The bank exceeded the aggregate across all loan types. Of note is that although the volume of loans originated inside the assessment area decreased from 2016 to 2017, the volume of loans in low- and moderate-income tracts increased as did the bank's lending percentage compared to the aggregate.

In 2016, of all lenders that originated or purchased a HMDA-reportable loan in the assessment area, BankFive ranked 8th of 131 institutions for lending in low-income tracts, and 11th of 188 institutions for lending in moderate-income tracts. In 2017, the bank's ranking improved to 6th of 126 institutions in low-income tracts and to 8th of 194 institutions in moderate-income tracts.

During the evaluation period, the bank penetrated 17 of the 22 low-income tracts, or 77.3 percent, and 22 of the 30 moderate-income tracts, or 73.3 percent, in the assessment area. The bank penetrated all 9 low-income tracts in Fall River, 5 of the 10 low-income tracts in New Bedford, the 2 low-income tracts in Taunton, and the 1 low-income tract in Newport. The bank penetrated all 9 moderate-income tracts in Fall River, 10 of the 14 tracts in New Bedford, and the 1 moderate-income tract each in Fairhaven, Bristol, and Tiverton. The bank did not penetrate the two moderate-income tracts in Taunton, or the moderate-income tracts in Newport and Warren. In 2017, the bank penetrated 12 of the 22 low-income tracts, or 54.5 percent, and 26 of the 31 moderate-income tracts, or 83.9 percent, in the assessment area. Although percentage of low-income tracts penetration decreased in 2017, of note is that penetration of moderate-income tracts increased in New Bedford, Taunton, Newport, and Warren. Based on this analysis, examiners found no conspicuous gaps in the geographic distribution of loans in the assessment area.

The bank's success 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, paired with offering loan products that are responsive to the needs of low- and moderate-income borrowers. The bank participates in several loan programs, which contributed to its lending performance. While most of the loans originated as part of the programs have already been incorporated into the table above as HMDA loans, the programs are noteworthy and highlight product characteristics that contributed to the bank's lending performance.

The bank also participates in the MassHousing Buy Cities Initiative (Buy Cities), which includes low- and no-down payment loans for borrowers looking to purchase a home in Fall River, New Bedford, Taunton, or Attleboro. The Buy Cities loans also feature MassHousing's Mortgage Insurance Plus, which helps the borrower pay their mortgage if they lose their job and are collecting unemployment benefits. During the evaluation period, the bank originated 10 loans, totaling $1.7 million, under this initiative.

<u>Other Loan Data</u>

The bank began offering FHA and VA loans in March, 2017, as it sought to expand home ownership opportunities for individuals and families living in the assessment area. FHA loans offer favorable interest rates, low down payment requirements, favorable credit history requirements, and reduced closing costs. VA loans offer favorable loan terms and can accommodate no down payment on home purchases. Although the bank underwrites and funds these loans, it does not make the credit decision; therefore, these loans are not included on its HMDA LAR and not included in the above analysis. In 2017, the bank originated 15 FHA and 3 VA loans inside the assessment area. Of these loans, 11 were originated in New Bedford and 5 were originated in Fall River. Of the loans originated in Fall River, 2 loans were in low-income tracts and 1 was in a moderate-income tract. In light of performance context shared by community contacts, the origination of these loans exhibits responsiveness by providing home loan products that support low-and moderate-income and first time homebuyers in the assessment area.

Finally, as an approved Rhode Island Housing broker, the bank is able to finance home purchase loans for borrowers by offering low- or no-down payment options and no mortgage insurance for first-time home buyers. During the evaluation period, the bank originated 2 loans, totaling $416,760.

Small Business Lending

Table 9 represents the distribution of small business loans by census tract income level.

Table 9
Geographic Distribution of Small Business Loans by Census Tract

Census Tract Income Level	2016 % Total Business by Tracts	2016 Bank		2017 % Total Business by Tracts	2017 Bank	
	%	#	%	%	#	%
Low	12.2	26	29.5	10.9	12	16.9
Moderate	12.8	13	14.8	13.5	10	14.1
Middle	39.9	30	34.1	34.9	33	46.5
Upper	35.0	19	21.6	40.6	16	22.5
N/A	0.0	0	0.0	0.0	0	0.0
Total	100.0	88	100.0	100.0	71	100.0

2016 & 2017 D&B data and 2016 & 2017 bank provided small business data.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

In 2016, the bank originated 26 small business loans, or 29.5 percent, in low-income tracts, which exceeded the percentage of businesses in those tracts by 17.3 percentage points. For the same year, the bank originated 13 small business loans, or 14.8 percent, in moderate-income tracts, which exceeded the percentage of businesses in those tracts by 2.0 percent. In 2017, the bank originated 12 small business loans, or 16.9 percent, in low-income tracts, which exceeded the percentage of businesses in those tracts by 6.0 percent. For the same year, the bank originated 10 small business loans, or 14.1 percent, in moderate-income tracts, which exceeded the percentages of small businesses in those tracts by 0.6 percent.

During the evaluation period, the bank penetrated 16 of the 22 low-income tracts, or 72.7 percent, and 23 of the 30 moderate-income tracts, or 76.7 percent, in the assessment area. The bank penetrated 8 of the 9 low-income tracts in Fall River, 8 of the 10 low-income tracts in New Bedford, and 1 of the 2 low-income tracts in Taunton. The bank penetrated 6 of the 9 moderate-income tracts in Fall River, and 6 of the 14 moderate-income tracts in New Bedford. The bank did not penetrate the two moderate-income tracts in Taunton, or any of the moderate-income tracts in Fairhaven, Newport, Tiverton, or Warren. In 2017, the bank penetrated 8 of the 22 low-income tracts, or 36.4 percent, and 10 of the 31 moderate-income tracts, or 32.3 percent, in the assessment area. Although the bank did not penetrate the low- or moderate-income tracts in Newport, Tiverton, and Warren with small business loans during the evaluation period, it should be noted that the bank did originate small business loans within those towns in either middle- or upper-income tracts. Based on this analysis, examiners found no conspicuous gaps in the geographic distribution of small business loans in the assessment area.

Loan-to-Deposit Ratio

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

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

Table 10 provides a comparison of the bank's average LTD over the past 14 quarters to similarly sized institutions operating within the Providence MSA. From March 31, 2015 through June 30, 2018, the bank's average LTD was 83.0 percent. As of June 30, 2018, the bank's LTD ratio is 87.2 percent, which is the highest ratio since the last examination.

Table 10
Loan-to-Deposit Ratio Comparison

Institution	Total Assets* $(000's)	Average LTD Ratio** (%)
Coastway Community Bank	836,786	126.8
Mechanics Cooperative Bank	572,556	102.4
BayCoast Bank	1,560,246	99.5
BankNewport	1,601,920	99.1
BankFive	913,864	83.0
Centerville Bank	1,205,041	64.0

**Call Report as of June 30, 2018*
***Call Reports from March 31, 2015 to June 30, 2018*

During the 14 quarter period, the bank's LTD increased on average by 0.7 percent per quarter, and experienced a net increase of 8.8 percentage points. The largest increase in the ratio occurred between June 30, 2015 and December 31, 2015, when it increased by 5.6 percentage points.

From March 31, 2015 to June 30, 2018, the bank sold approximately 450 loans, totaling $86.7 million, to the Federal Home Loan Bank's Mortgage Partnership Program (MPF), FNMA, MassHousing, and other secondary market investors. Of the loans sold, approximately 211 loan totaling $46.0 million were sold to the MPF, and 38 loans totaling $4.5 million, were sold to MassHousing. Although sold loans are not captured in the total loan figures, the loan volume's impact on the bank's LTD ratio is generally offset by the bank's purchase of loans from community banks; the bank has purchased approximately 200 loans, totaling $107.7 million, since 2015.

Response to Substantiated Complaints

The bank has not received any CRA-related complaints since the previous examination; therefore, this criterion was not assessed.

CONCLUSIONS: LENDING TEST

The bank's performance in meeting credit needs in the assessment area is demonstrated by its record of extending loans to borrowers of different incomes, including low- and moderate-income borrowers and small businesses, and through its dispersion of loans throughout the assessment area, including in low- and moderate-income tracts. The bank has also met the credit needs in its assessment area by making the majority of its loans within its assessment area and has maintained a reasonable LTD ratio. The bank's loan product offerings are determined to be particularly responsive to the credit needs of low- and moderate-income borrowers and are helping to meet the credits needs of borrowers as indicated by community contacts. Given economic, demographic, and competitive conditions in the assessment area, the bank's lending levels reflect an excellent level of responsiveness and is therefore rated "Outstanding".

COMMUNITY DEVELOPMENT TEST

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

During the evaluation period, the bank originated 34 community development loans totaling $6.9 million. Community development loans consisted of 27 multifamily affordable housing loans totaling $6.4 million, and 7 SBA loans totaling $500,000 that contributed to the economic development in low- and moderate-income tracts in the assessment area. The multifamily affordable housing loans, which were also reported on the 2015-2017 HMDA LARs, are qualified as community development loans based on verified rents below the median family rents, as published by HUD. Nearly all of the qualified multifamily property loans were located in low- or moderate-income tracts in Fall River.

The seven SBA loans supported economic development activities by creating and/or retaining jobs in low- or moderate-income tracts within the assessment area. Qualified loans included the expansion of a small business in a moderate- income tract in New Bedford that created new jobs; funding for 3 startup businesses in low- and moderate-income tracts in New Bedford; and 1 loan to create a fixed location for a business in Westport, MA, which allowed them to hire 2 full-time employees.

As of this evaluation, qualified community development investments total $31.8 million, which represents an 80.0 percent increase by dollar volume compared to the prior examination. As of this examination, the bank holds 31 qualified equity investments totaling $31.2 million, and qualified donations totaling $631,860. Qualified equity investments include 2 bonds totaling $5.1 million that support community services for low- and moderate-income individuals in Fall River; 22 SBA investments totaling $14.0 million, which help fund the SBA 504 loan program; and 7 small business investment company (SBIC) investments totaling $12.1 million. SBICs are privately owned and managed funds that are licensed and regulated by the SBA. With private funds and an SBA guarantee, SBICs make equity and debt investments in qualifying small businesses.

Since the prior examination, qualified equity investments have increased by $13.8 million, or 79.8 percent. Since the last examination, the bank purchased 5 additional SBA investments totaling $3.3 million, and 5 additional SBIC investments totaling $10.5 million. In March, 2017, the bank purchased a participation of a Mass Development bond for $1.8 million to help support the Argosy Collegiate Charter School, whose proceeds were utilized to purchase the building it had been leasing in a moderate-income tract in Fall River. The school is a tuition-free public charter school which aims to provide the academic and character skills necessary for success in college and beyond. This equity investment is considered particularly responsive to the needs of the assessment area as community contacts highlighted the poor educational attainment of the region and the need to provide support and resources to the education system.

The bank invested in local communities through its Charitable Giving Program (Program). Through the Program, the bank provided donations that helped support programs focused on youth education, health and social service programs affecting low- and moderate-income youth and the elderly, and programs supporting small businesses and economic development. The bank also provided qualified donations through the BankFive Foundation Fund (Fund), which was set up through the Community Foundation of Southeastern Massachusetts. The Fund provides financial support to local communities through grants to organizations that serve low- and moderate-income households and focuses on projects that support local educational programs, financial youth programs, and health and human service organizations that benefit the elderly, veterans, and homeless.

During the evaluation period, the bank made 149 qualified donations in the assessment area totaling $631,860, which helped support 55 different organizations that focus their efforts on community development services, affordable housing, revitalization and stabilization, and economic development. Compared to the prior examination, total qualified donations by dollar have increased by $303,757, or by 92.6 percent. The following is a sample of the organizations that received qualified donations from the BankFive Foundation Fund and the Charitable Giving Program:

Greater New Bedford Community Health Center, Inc. – The health center, which is located in a low-income tract in New Bedford, provides healthcare for all patients regardless of their ability to pay. The Fund’s donation was intended to help design and develop a multi-lingual website to communicate and educate patients on the programs and services offered. The website is now offered in English, Spanish, and Portuguese.

Pro-Home, Inc. – This non-profit organization’s mission, in part, is to produce and to advocate for the production and protection of low- to moderate-income affordable housing. Pro-Home, Inc. offers educational services including housing counseling education designed to assist low- to moderate-income families and individuals. This donation is particularly responsive to community development needs as two community contacts indicated that homelessness is a problem in the Southcoast region.

Citizens for Citizens, Inc. – This organization is an antipoverty social services agency headquartered in Fall River, which provides short- and long-term services that support families during financial crises through fuel and rental assistance and a food pantry. The organization also offers programs to help low-income individuals and families to overcome the burdens of poverty through educational programs, childcare, and employment training. Supporting programs that focus on enhancing educational attainment is viewed as responsive in light of community contacts citing low educational attainment throughout the Southcoast region.

The United Way of Greater Fall River – The United Way of Greater Fall River supports 31 health and human resource organizations that provide services and programs for individuals and families living in Fall River, Assonet, Westport, Somerset, Swansea, Tiverton, and Little Compton. Organizations provide services including, but not limited to, transportation needs, hunger, and homelessness.

Massachusetts Small Business Development Center Network (MSBDC) – The MSBDC provides free, in-depth advice, low or no-cost training, and capital access that contribute to the entrepreneurial growth and sustainability of small businesses throughout Massachusetts. This organization, which has an office in Fall River, covers the Massachusetts portion of the assessment area.

Waterfront Historic Area LeaguE of New Bedford (WHALE) – The mission of WHALE is to foster historic preservation and continued use of the city's architectural heritage, so to enhance community and economic vitality of New Bedford. WHALE has facilitated the completion of more than 50 restoration and preservation projects in the New Bedford area. According to the 2015 ACS, 25 of the 31 tracts, or 80.7 percent, in New Bedford, are low- and moderate-income.

Although not included in the qualified investment totals, the bank paid a total of $9,423 of interest on lawyers trust accounts (IOLTA) since 2015. As summarized on the Massachusetts IOLTA website, the program requires lawyers and law firms to establish interest-bearing accounts for client deposits. The pooled interest on IOLTA accounts helps makes improvements to the administration of justice and support the delivery of legal services to low-income clients.

Bank employees participated in community development services through board and committee participation, financial literacy seminars, and other community development services. During the evaluation period, 18 bank employees served in a leadership capacity through membership and/or committee or board participation for 30 different organizations that support community development activities in the assessment area. Examples of notable participation in community organizations follow:

The United Way of Greater New Bedford – This organization supports efforts related to health, education, and financial stability for residents in Acushnet, Dartmouth, Fairhaven, Freetown, Marion, Mattapoisett, New Bedford, Rochester, and Wareham. The organization provides and funds numerous organizations that support community services that include employment and job skills training, social services, and poverty. A commercial relationship manager, a vice president regional manager, and a vice president marketing manager all served on different committees during the evaluation period and the vice president of human resources is on the board.

Community Foundation of Southeastern Massachusetts (CFSEMA) – CFSEMA is a tax-exempt public charity that invests and administers charitable funds with assets pooled for investment purposes to support youth programs, expand economic opportunities, increase educational attainment, promote sustainability, and invest in the creative economy. Although the organization's mission is to improve quality of life for residents in Southeastern Massachusetts it is primarily focused on the communities of Greater New Bedford, Greater Fall River, and Southern Plymouth County. The president & CEO is a board member and the executive vice president of lending and administration is a committee member.

Bristol Workforce Investment Board (Bristol WIB) – Bristol WIB is one of 16 Workforce Boards throughout Massachusetts. Bristol WIB is charged with overseeing, coordinating and implementing workforce development initiatives in the Greater Fall River, Attleboro and Taunton areas. Participation on Bristol WIB aligns with attestations from community contacts about the need for workforce development and asset building programs in the region. A senior vice president of retail administration was the treasurer for this organization during the evaluation period.

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

Junior Achievement of Southern Massachusetts (JA) - JA is the nation's largest organization dedicated to giving young people the knowledge and skills they need to own their future, focusing on the critically important content areas of career readiness, financial literacy and entrepreneurship. JA of Southern Massachusetts is headquartered in New Bedford and reaches nearly 5,000 students each year, most of which qualify for free or reduced-price meals under the U.S. Department of Agriculture's (USDA) National Lunch Program, across 21 cities and towns. A vice president commercial lender is a board member.

During the evaluation period, bank employees participated in 57 volunteer or financial literacy events, primarily in schools and organizations in Fall River and New Bedford, which benefit low- and moderate-income individuals and students. Examples of notable volunteerism literacy events and seminars include:

Credit for Life Fairs – Educational exercise for high school students to develop financial management skills by experiencing the reality of paying bills, budgeting, making major purchases, unexpected life events, insurance, and retirement. The bank participated in 9 fairs at 2 high schools in New Bedford, and 1 high school in Fall River. The majority of students at each school qualify for the USDA's National Lunch Program.

Coastline Elderly Services, Inc. Money Management Program – There were nine instances in which bank employees volunteered for the Money Management Program at Coastline Elderly Services in Fall River. The Money Management Program connects older adults with a volunteer who helps them budget their money each month and pay their bills to ensure they avoid debt and other financial hardships. The volunteer visits the elder's home and helps sort through mail and bills each month, making sure they don't bounce any checks or forget to pay any bills. Eligibility guidelines include age and income and this program is free of charge to the elder.

Junior Achievement of Southern Massachusetts (JA) – Bank employees volunteered for 11 financial literacy classes at an elementary school in Taunton, where a majority of students qualify for free or reduced-price meals under the National Lunch Program. JA's elementary school program includes, depending on the grade, topics such as money management, taxes, the economy, weighing needs versus wants, the job market, how to conduct a business, and the importance of savings.

First-time homebuyer classes – The bank sponsored 4 public first-time homebuyer classes at Catholic Social Services, which is located in a moderate-income tract in Fall River. These classes were approved by Citizens' Housing & Planning Association, which is a HUD-approved regional intermediary under HUD's Housing Counseling Program. Topics covered included budgeting, credit, financing, buying a home, insurance, home inspections, closing, and tenancy.

There was one instance during the evaluation period in which the bank acted as an intermediary for a borrower to obtain funds from the FHLBB under the Jobs for New England (JNE) program. The JNE program is a three-year interest rate subsidy program funded through the Boston FHLB and designed to further enhance member banks' economic development lending activities by funding job growth and economic development throughout New England. The subsidy is used to write down interest rates to zero percent to finance qualifying loans to small businesses. In July, 2018, the bank was approved for a $3.1 million advance under this program, which helped a borrower to secure funds to create and retain jobs by expanding franchise locations in the assessment area. This service is considered particularly responsive as a community contact indicated that an increased availability of funds to lend to small businesses was one way the community could grow and prosper.

The bank has 3 branches in low-income tracts and 3 branches in moderate-income tracts, which help the bank provide retail banking services to low- and moderate-income individuals. In Fall River, 2 branches are located in low-income tracts and 2 branches are located in moderate-income tracts. In New Bedford, the bank operates 1 branch each in a low-income tract and a moderate-income tract.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX

GLOSSARY

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

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

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

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

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

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

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

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

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

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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.