Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This report is required by law: Section 5(c)(1) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)); section 10(b)(2) of the Home Owners' Loan Act (12 U.S.C. § 1467a(b)(2)); sections 102 (a)(1), 165, and 618 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. §§ 5311(a)(1), 5365, and 1850a(c)(1)); and sections 8(a) and 13(a) of the International Banking Act of 1978 (12 U.S.C. §§ 3106(a) and 3108(a)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Anne P. Tangen
Name of the Holding Company Director and Official

President & CEO
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Anne P. Tangen
Signature of Holding Company Director and Official

03/31/2023
Date of Signature

For Federal Reserve Bank Use Only

RSSD ID ____________
C.I. ____________

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2022
Month / Day / Year

Reporter's Name, Street, and Mailing Address

BankFive MHC
Legal Title of Holding Company

79 North Main Street
(Mailing Address of the Holding Company) Street / P.O. Box

Fall River	MA	02720
City	State	Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Jennifer D St. Pierre	SVP, CFO & Treasurer
Name	Title

774-888-6144
Area Code / Phone Number / Extension

774-888-6580
Area Code / FAX Number

jennifer.stpierre@bankfive.com
E-mail Address

N/A
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? .... 0=No 1=Yes **0**

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report .... ☐
2. a letter justifying this request has been provided separately ... ☐

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

Report Item 1: Annual Report to Shareholders

For holding companies not registered with the SEC, **indicate status of Annual Report to Shareholders:**

☒ is included with the FR Y-6 report

☐ will be sent under separate cover

☐ is not prepared

Checklist

The checklist below is provided to assist the holding company in filing all the necessary responses and verifying changes from the prior year to the various report items. The completed checklist should be submitted with the report. Please see section A of the General Instructions for additional guidance.

Verification of Changes

All Reporters must respond to the following questions by checking the Yes or No box below, as appropriate.

Did the holding company have changes to any reportable FR Y-6 items (2a, 2b, 3, or 4) from the prior year?

☒ Yes ☐ No

If checked Yes, complete the remaining checklist for Report Items 2a, 2b, 3, and 4. For each Report Item, indicate whether there are changes from the prior year by checking Yes or No below. See section A of the General Instructions for additional information.

Report Item 2a: Organization Chart

☒ Yes ☐ No

If checked Yes, the Reporter must submit the organization chart as specified in Report Item 2.a instructions.

Report Item 2b: Domestic Branch Listing

☒ Yes ☐ No

If checked Yes, the Reporter must submit the domestic branch listing as specified in Report Item 2.b instructions.

Report Item 3: Securities Holders

☐ Yes ☒ No

If checked Yes, the Reporter must submit the information as specified in Report Item 3 instructions.

Report Item 4: Insiders

☒ Yes ☐ No

If checked Yes, the Reporter must submit the information as specified in Report Item 4 instructions.

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

BankFive Corporation
Legal Title of Subsidiary Holding Company

79 North Main Street
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City	State	Zip Code
Fall River	MA	02720

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

FR Y-6 Report Items BankFive, MHC

Report Item 1: Annual Report to Shareholder - BankFive, MHC is not registered with the Securities and Exchange Commission and provides no reports to shareholders. Enclosed is the annual audited financials as of December 31, 2022 for BankFive, MHC.

Report Item 2a: Organizational Chart - Enclosed is an organizational chart for BankFive, MHC and its affiliates.

Report Item 2b: Domestic Branch Listing - Enclosed is the listing for branches of BankFive, banking subsidiary of BankFive, MHC.

Report Item 3: Securities Holders - BankFive, MHC as a mutual holding company has no security holders that met the requirements of this report item.

Report Item 4: Insiders - Enclosed is a report detailing the information for individuals qualifying as insiders for BankFive MHC and BankFive Corporation.

BankFive, MHC and Subsidiary

Consolidated Financial Statements

Years Ended December 31, 2022 and 2021

Table of Contents

Independent Auditor's Report

Report on the Audit of the Financial Statements

To the Audit Committee of BankFive, MHC and Subsidiary:

Opinion

We have audited the consolidated financial statements of BankFive, MHC and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of net income, comprehensive income (loss), changes in retained earnings and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with auditing standards generally accepted in the United States of America (GAAS), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 23, 2023 expressed an unmodified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with GAAS. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a period of within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Wolf & Company, P.C.

Boston, Massachusetts
March 23, 2023

BankFive, MHC and Subsidiary

Consolidated Balance Sheets

December 31, 2022 and 2021

	2022	2021
Assets	(In thousands)	
Cash and due from banks	$ 8,362	$ 11,415
Interest-bearing deposits	27,925	35,165
Cash and cash equivalents	36,287	46,580
Securities available for sale	233,211	243,402
Securities held to maturity, at cost (fair value $17,681 and $12,218 in 2022 and 2021, respectively)	18,263	12,145
Marketable equity securities	863	1,009
Restricted stock, at cost	12,568	7,458
Loans held for sale	9,970	48,673
Loans, net of allowance for loan losses of $10,181 and $8,257 in 2022 and 2021, respectively	1,325,637	1,032,663
Bank-owned life insurance	12,874	21,056
Premises and equipment, net	19,506	17,530
Goodwill	2,203	2,203
Accrued interest receivable	4,927	3,131
Deferred tax asset, net	12,773	3,661
Other assets	17,196	9,786
Total assets	$ 1,706,278	$1,449,297
Liabilities and Retained Earnings		
Deposits:		
Noninterest-bearing	$ 274,548	$ 284,089
Interest-bearing	1,044,587	938,101
Total deposits	1,319,135	1,222,190
Federal Home Loan Bank (FHLB) advances	255,091	74,460
Other borrowings	181	4,369
Subordinated debt	24,417	24,350
Mortgagors' escrow	1,730	1,475
Accrued expenses and other liabilities	21,102	15,261
Total liabilities	1,621,656	1,342,105
Commitments and contingencies (Notes 5, 9, 11 and 12)		
Retained earnings	126,347	114,881
Accumulated other comprehensive loss	(41,725)	(7,689)
Total retained earnings	84,622	107,192
Total liabilities and retained earnings	$ 1,706,278	$1,449,297

See accompanying notes to consolidated financial statements.

BankFive, MHC and Subsidiary

Consolidated Statements of Net Income

Years Ended December 31, 2022 and 2021

	2022	2021
	(In thousands)	
Interest and dividend income:		
Loans, including fees	$ 45,578	$ 38,024
Securities	5,760	3,990
Dividends	523	217
Interest-bearing deposits	1,017	48
Total interest and dividend income	52,878	42,279
Interest expense:		
Deposits	5,584	5,455
Borrowings	3,775	434
Subordinated debt	943	364
Total interest expense	10,302	6,253
Net interest income	42,576	36,026
Provision for loan losses	1,928	1,191
Net interest income after provision for loan losses	40,648	34,835
Non-interest income:		
Customer service fees	3,968	3,946
Mortgage banking gains, net	2,031	10,078
Net gain on sale of restricted stock	6,105	-
Net gain on securities available for sale	-	30
Unrealized (loss) gain on marketable equity securities	(146)	194
Income on bank-owned life insurance	323	2,958
Other	1,571	1,445
Total non-interest income	13,852	18,651
Non-interest expense:		
Salaries and employee benefits	22,350	22,833
Occupancy and equipment	3,698	3,647
Data processing	4,877	4,446
Professional fees	1,234	866
Advertising	1,612	1,323
Deposit insurance	841	494
Other	4,761	4,861
Total non-interest expense	39,373	38,470
Income before income taxes	15,128	15,016
Provision for income taxes	3,661	2,888
Net income	$ 11,466	$ 12,128

See accompanying notes to consolidated financial statements.

BankFive, MHC and Subsidiary

Consolidated Statements of Comprehensive Income (loss)

Years Ended December 31, 2022 and 2021

	2022	2021
	(In thousands)	
Net income	$ 11,466	$ 12,128
Other comprehensive income (loss):		
Available for sale securities:		
Net unrealized holding gains/(losses)	(50,755)	(6,804)
Reclassification adjustment for gains realized in income (1)	-	(30)
Net unrealized holding gains/(losses)	(50,755)	(6,834)
Tax effects	11,403	1,517
Net-of-tax amount	(39,352)	(5,317)
Derivative instruments:		
Change in fair value of derivatives used for cash flow hedges	1,444	-
Tax effects	(406)	-
Net-of-tax amount	1,038	-
Defined benefit pension plan:		
Gains/(losses) arising during the year	4,945	350
Reclassification adjustment for losses recognized in net periodic benefit cost (2)	422	495
Reclassification adjustments for settlement loss recognized in net periodic benefit cost (2)	584	-
Net unrealized actuarial gains/(losses)	5,951	845
Tax effects	(1,673)	(237)
Net-of-tax amount	4,278	608
Total other comprehensive income/(loss)	(34,036)	(4,709)
Comprehensive (loss) income	$ (22,570)	$ 7,419

(1) *Amounts are included in net gain on sales of securities available for sale in the consolidated statements of net income. Income tax provision associated with the reclassification adjustments for the year ended December 31, 2021 was $7,000.*

(2) *Amounts are included in other non-interest expense in the consolidated statements of net income. Income tax benefit associated with the reclassification adjustments for the years ended December 31, 2022 and 2021 was $283,000 and $139,000, respectively.*

See accompanying notes to consolidated financial statements.

BankFive, MHC and Subsidiary
Consolidated Statements of Changes in Retained Earnings
Years Ended December 31, 2022 and 2021

	Retained Earnings	Accumulated Other Comprehensive Loss	Total
		(In thousands)	
Balance at December 31, 2020	$ 102,753	$ (2,980)	$ 99,773
Comprehensive income (loss)	12,128	(4,709)	7,419
Balance at December 31, 2021	114,881	(7,689)	107,192
Comprehensive income (loss)	11,466	(34,036)	(22,570)
Balance at December 31, 2022	$ 126,347	$ (41,725)	$ 84,622

See accompanying notes to consolidated financial statements.

BankFive, MHC and Subsidiary

Consolidated Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 11,466	$ 12,128
Adjustments to reconcile net income to net cash used in operating activities:		
Provision for loan losses	1,928	1,191
Net amortization of securities premiums	916	1,190
Unrealized loss (gain) on marketable equity securities	146	(194)
Amortization (accretion) of net deferred loan fees and costs	(750)	(621)
Depreciation and amortization of premises and equipment	1,731	1,449
Amortization of subordinated debt issuance costs	67	28
Net gain on sales of securities available for sale	-	(30)
Gain on sale of restricted stock	(6,106)	-
Deferred income tax provison (benefit)	212	(47)
Increase in bank-owned life insurance	(281)	(259)
Proceeds from bank-owned life insurance death benefit	8,463	-
Gain on bank-owned life insurance death benefit	-	(2,539)
Net change in:		
Loans held for sale	38,703	(11,642)
Accrued interest receivable	(1,796)	193
Other assets	(15)	(3,207)
Other liabilities	5,841	3,862
Net cash provided by (used in) operating activities	60,525	1,502
Cash flows from investing activities:		
Securities available for sale:		
Maturities, principal payments and calls	18,236	34,594
Sales	-	47,680
Purchases	(59,703)	(140,359)
Securities held to maturity:		
Maturities, principal payments and calls	619	828
Purchases	(6,750)	(4,267)
Proceeds from the sale of restricted stock	6,206	-
Redemptions of restricted stock	8,451	432
Purchase of restricted stock	(13,661)	(2,679)
Loan originations, net of principal payments	(294,152)	(146,782)
Net purchases of premises and equipment	(3,707)	(4,110)
Net cash used in investing activities	(344,461)	(214,663)

See accompanying notes to consolidated financial statements.

BankFive, MHC and Subsidiary

Consolidated Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
	(In thousands)	
Cash flows from financing activities:		
Net increase in deposits	96,945	137,420
Net change in mortgagors' escrow accounts	255	(275)
Net change in short-term borrowings	95,000	38,800
Proceeds from FHLB advances	200,631	18,110
Repayment of FHLB advances	(115,000)	(7,293)
Proceeds from PPPLF advances	-	30,103
Repayment of PPPLF advances	(4,188)	(25,734)
Proceeds from issuance of subordinated debt, net of issuance costs	-	24,322
Net cash provided by financing activities	273,643	215,453
Net change in cash and cash equivalents	(10,293)	2,292
Cash and cash equivalents at beginning of year	46,580	44,288
Cash and cash equivalents at end of year	$ 36,287	$ 46,580
Supplemental disclosures of cash flow information:		
Interest paid on deposits and borrowings	$ 9,068	$ 5,915
Income taxes paid, net	2,764	3,872
Right-of-use assets and operating lease liabilities	1,449	-

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of BankFive, MHC, its wholly-owned subsidiary, BankFive Corporation, and BankFive Corporation's wholly-owned subsidiary, Fall River Five Cents Savings Bank (the "Bank") (collectively, the "Company"). The Bank has wholly-owned subsidiaries, North Main Securities Corporation and Hills and Mills Securities Corporation, which were established to buy, hold, and sell investment securities. The Bank's other wholly-owned subsidiaries, Spindle City Realty, LLC and Taunton River Realty, LLC, were established to hold and maintain foreclosed real estate. All significant intercompany balances and transactions have been eliminated in consolidation.

Nature of Operations

The Company provides a variety of financial services to individuals and small businesses through its offices in Southeastern, Massachusetts and Rhode Island. Its primary deposit products are savings and term certificate accounts and its primary lending products are residential and commercial mortgage loans and commercial loans.

Use of Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and income and expense during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to change in the near-term relate to the determination of the allowance for loan losses, the defined benefit pension liability, valuation of mortgage banking derivatives and the realizability of deferred tax assets.

Reclassification

Certain amounts in the 2021 consolidated financial statements have been reclassified to conform to the 2022 presentation.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, amounts due from banks and interest-bearing deposits, all of which have original maturities less than ninety days.

Restricted Cash

The Company maintains cash collateral balances which have been pledged to derivative counterparties and are legally restricted as to use.

Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost. Debt securities not classified as held to maturity are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income/loss. Marketable equity securities are recorded at fair value, with unrealized gains and losses included in earnings.

Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method. Purchase discounts and non-callable security premiums are recognized in interest income using the interest method over the contractual terms of the securities and callable purchase premiums are amortized to the earliest call date.

Each reporting period, the Company evaluates all debt securities with a decline in fair value below the amortized cost of the investment to determine whether or not the impairment is deemed to be other-than-temporary ("OTTI"). OTTI is required to be recognized (1) if the Company intends to sell the security; (2) if it is "more likely than not" that the Company will be required to sell the security before recovery of its amortized cost basis; or (3) if the present value of expected cash flows is not sufficient to recover the entire amortized cost basis. For all impaired securities that the Company intends to sell, or more likely than not will be required to sell, the full amount of the depreciation is recognized as OTTI through earnings. Credit-related OTTI for all other impaired securities is recognized through earnings. Non-credit related OTTI for such securities is recognized in other comprehensive income/loss, net of applicable taxes.

Fair Value Hierarchy

The Company groups its assets measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets.

Level 2 – Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets. Level 3 assets include assets whose value is determined using unobservable inputs to pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income.

Loans

The Company grants mortgage, commercial, and consumer loans to customers. The Company's lending activities are conducted principally in southeastern Massachusetts and Rhode Island. The ability of the Company's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, any deferred fees or costs on originated loans, and premiums or discounts on purchased loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, certain direct origination costs and purchase premiums and discounts are deferred and amortized to interest income using the interest method.

Accrual of interest on loans is discontinued when, in the judgment of management, the collectability of the principal or interest becomes doubtful. When a loan is placed on nonaccrual status, all interest previously accrued is reversed against current period interest income. Past due status is based on the contractual terms of the loan. The interest on these loans is accounted for on the cash-basis or cost-recovery method until qualifying for return to accrual. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The adequacy of the allowance for loan losses is evaluated on a regular basis by management and represents an amount which is available to absorb losses on existing loans that may become uncollectible and is established through a provision for losses charged to earnings. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for loan losses consists of general, specific, and unallocated components, as further described below.

General component

The general component of the allowance for loan losses is based on historical loss experience adjusted for qualitative factors stratified by the following loan segments: residential real estate, commercial real estate, construction, commercial, and consumer.

Management uses a rolling average of historical losses based on a time frame appropriate to capture relevant loss data for each loan segment. This historical loss factor is adjusted for the following qualitative factors: national and local economic trends and conditions; changes in the nature, volume and terms of loans; changes in experience, ability and depth of lending management; changes in loan underwriting policies and procedures; banking industry conditions; changes in credit concentrations; changes in loan review system and oversight; levels/trends in delinquencies and changes in collateral value. There were no changes in the Company's policies or methodology pertaining to the general component of the allowance for loan losses during 2022 or 2021.

The qualitative factors are determined based on the various risk characteristics of each loan segment. Risk characteristics relevant to each portfolio segment are as follows:

Residential real estate (including equity lines-of-credit and second mortgages classes) – The Company generally does not originate loans with a loan-to-value ratio greater than 95 percent and does not grant loans that would be classified as subprime upon origination. Loans with loan-to-value ratios in excess of 80 percent generally require private mortgage insurance. The Company generally has 1st or 2nd liens on property securing equity lines-of-credit. Substantially all loans in this segment are collateralized by owner-occupied residential real estate and repayment is dependent on the credit quality of the individual borrowers. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality in this segment.

Commercial real estate – Loans in this segment are secured by both owner-occupied and non-owner occupied properties. The underlying cash flows generated by the business enterprises occupying the real estate may be adversely impacted by an economic downturn, which will have an effect on the credit quality in this segment. The underlying cash flows generated by the properties are similarly impacted by economic events. As appropriate, management periodically obtains financial statements of the business enterprises or rent rolls and monitors the cash flows and underlying real estate values of these loans.

Construction – Loans in this segment are primarily real estate development loans that may be considered speculative in nature since the repayment of the loans is usually derived from the sale of the property once it is developed. Credit risk is affected by cost overruns, time to sell at an adequate price and general market conditions.

Commercial – Loans in this segment are made to businesses and are generally secured by assets of the business and guaranteed by the business owners. Repayment is expected from the cash flows of the operating businesses or the net worth and other income of the guarantors. The local economy and the level of business revenues may have an effect on the credit quality in this segment.

Consumer – The Company offers a variety of consumer and other loans, generally secured by personal property or savings. Repayment is dependent on the income and net worth of the individual borrowers.

Allocated component

The allocated component relates to loans that are classified as impaired. Based on internal credit ratings, residential real estate loans, commercial real estate loans, construction loans and commercial loans are evaluated for impairment on a loan-by-loan basis. Impairment is measured by either the present value of expected future cash flows discounted at the loan's existing interest rate or the fair value of the collateral if the loan is collateral dependent.

An allowance is established when the discounted cash flows (or collateral value) of the impaired loan is lower than the carrying value of that loan. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer loans for impairment disclosures, unless such loans are subject to a troubled debt restructuring agreement.

A loan is considered impaired when, based on current information and events, it is probable that a creditor will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

The Company periodically may agree to modify the contractual terms of loans. When a loan is modified and a concession is made to a borrower experiencing financial difficulty, the modification is considered a troubled debt restructuring ("TDR"). All TDRs are initially classified as impaired.

Unallocated component

An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating allocated and general reserves in the portfolio. Management believes that the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary.

Derivative Financial Instruments Designated as Hedging Instruments

Interest rate swap instruments

For asset/liability management purposes, the Company uses interest rate swap agreements to hedge various exposures or to modify interest rate characteristics of various balance sheet accounts. Interest rate swaps are contracts in which a series of interest rate flows are exchanged over a prescribed period. The notional amount on which the interest payments are based is not exchanged. These swap agreements are derivative instruments and generally convert a portion of the Company's variable-rate debt to a fixed rate (cash flow hedge).

For cash flow hedges, the net settlement (upon close-out or termination) that offsets changes in the value of the hedged debt is deferred and amortized into net interest income over the life of the hedged debt. For fair value hedges, the net settlement (upon close-out or termination) that offsets changes in the value of the loans adjusts the basis of the loans and is deferred and amortized to loan interest income over the life of the loans. The portion, if any, of the net settlement amount that did not offset changes in the value of the hedged asset or liability is recognized immediately in non-interest income.

Interest rate derivative financial instruments receive hedge accounting treatment only if they are designated as a hedge and are expected to be, and are, effective in substantially reducing interest rate risk arising from the assets and liabilities identified as exposing the Company to risk. Those derivative financial instruments that do not meet specified hedging criteria would be recorded at fair value with changes in fair value recorded in income.

Cash flows resulting from the derivative financial instruments that are accounted for as hedges of assets and liabilities are classified in the cash flow statement in the same category as the cash flows of the items being hedged.

Derivative Financial Instruments Not Designated as Hedging Instruments

Loan Level Interest Rate Swaps

The Company enters into interest rate swap agreements with commercial loan customers to synthetically convert the customer's loan from a variable rate to a fixed rate. Terms of these "back-to-back" offsetting swap agreements require the Company to pay interest to the customer at a floating rate on the notional amount and receive interest from the customer at a fixed rate on the same notional amount. Concurrently, the Company enters into an offsetting swap with a financial institution counterparty and pays the counterparty interest at the same fixed rate and notional amount. Accordingly, changes in the fair value of these interest rate swaps, which offset each other, are recognized in current earnings within other non-interest income. The swaps are reported at fair value within other assets and other liabilities in the consolidated balance sheet. Any net gain or loss resulting from changes in fair value is recognized in other non-interest income. These loan level swaps qualify as derivatives but are not designated or accounted for as hedging instruments.

<u>*Mortgage Banking Derivatives*</u>

Derivative Loan Commitments

Residential real estate loan commitments are referred to as derivative loan commitments if the loan that will result from exercise of the commitment will be held for sale upon funding. Loan commitments that are derivatives are recognized at fair value on the consolidated balance sheet in other assets and other liabilities with changes in their fair values recorded in mortgage banking gains, net.

Forward Loan Sale Commitments

To protect against the price risk inherent in derivative loan commitments, the Company utilizes both “mandatory delivery” and “best efforts” forward loan sale commitments to mitigate the risk of potential decrease in the values of loans that would result from the exercise of the derivative loan commitments. Forward sale commitments are recognized at fair value on the consolidated balance sheet in other assets and other liabilities with changes in their fair values recorded in mortgage banking gains, net.

Restricted Stock

Federal Home Loan Bank Stock

The Company, as a member of the FHLB system, is required to maintain an investment in capital stock of the FHLB. FHLB stock amounted to $11,673,000 and $4,077,000 at December 31, 2022 and 2021, respectively. Based on the redemption provisions of the FHLB, the stock has no quoted market value and is carried at cost. At its discretion, the FHLB may declare dividends on the stock. The Company reviews for impairment based on the ultimate recoverability of the cost basis in the FHLB stock. As of December 31, 2022 and 2021, no impairment has been recognized.

Federal Reserve Bank Stock

The Company, as a member of the Federal Reserve System is required to hold Federal Reserve Bank (“FRB”) stock equal to 0.06% of capital. One-half of the Bank’s subscription is paid to the Federal Reserve Bank of Boston and the remaining half is subject to call when deemed necessary by the Board of Governors of the Federal Reserve system. FRB stock amounted to $675,000 and $3,061,000 at December 31, 2022 and 2021, respectively.

Other Restricted Stock

The Company is required to maintain an investment in capital stock in connection with agreements in place with two third party vendors. This stock amounted to $220,000 and $320,000 at December 31, 2022 and 2021, respectively. The stock has no quoted market value and is carried at cost. The Company reviews for impairment based on the ultimate recoverability of the cost basis in the stock. As of December 31, 2022 and 2021, no impairment has been recognized.

In 2022, an investment in one third party vendor was sold and the Company received proceeds from the sale in the amount of $6,206,000 and recognized a gain on the sale in the amount of $6,106,000.

Leases

The Company determines if an arrangement is a lease at inception. Operating lease right-of-use ("ROU") assets are included in other assets and operating lease liabilities are included in accrued expenses and other liabilities in the consolidated balance sheets. The Company does not have any finance leases.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate, which is generally the Federal Home Loan Bank classic advance rate, based on the information available at commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. The operating lease ROU asset is net of lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. For operating leases, lease expense is recognized on a straight-line basis over the lease term.

We have lease agreements with lease and non-lease components, which are generally accounted for separately. We have not elected the practical expedient to account for lease and non-lease components as one lease component.

The Company has elected to adopt the lease guidance retrospectively at the beginning of 2022. The adoption did not result in any cumulative-effect adjustment to beginning retained earnings. The Company has elected certain practical expedients upon adoption and therefore has not reassessed whether any expired or existing contracts contain leases, has not reassessed the lease classification for any expired or existing leases and has not reassessed initial direct costs for any existing leases.

Premises and Equipment

Land is stated at cost. Buildings, leasehold improvements and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method based on the estimated useful lives of the respective assets or the terms of the respective leases, if shorter. Expected lease terms include lease option periods to the extent that the exercise of such options is reasonably assured.

Goodwill

Goodwill is not amortized, but is evaluated for impairment on an annual basis. As of December 31, 2022 and 2021, the Company has not recorded any impairment loss on its goodwill.

Bank-owned Life Insurance

Bank-owned life insurance policies are reflected on the consolidated balance sheets at cash surrender value. Changes in the net cash surrender value of the policies, as well as insurance proceeds received in excess of cash surrender value, are reflected in non-interest income on the consolidated statements of net income and are not subject to income taxes.

Employee Retention Credit

The Employee Retention Credit (ERC) program was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in March 2020 to help businesses retain employees. Eligible businesses could receive a quarterly refundable payroll tax credit. ERCs are claimed primarily on federal payroll tax forms. During 2022, the Company determined that it qualified for the Employee Retention Credit and has filed for a credit against payroll taxes previously paid of $2,524,000. The Company is accounting for this analogous to International Accounting Standard No. 20, Accounting for Government Grants and Disclosure of Government Assistance. As there is reasonable assurance that the Company has complied with all conditions attached to the program, a $2,524,000 receivable has been recorded in other assets with an offsetting credit to payroll tax expense, included in salaries and employee benefits expense.

Foreclosed Real Estate

Real estate acquired through, or in lieu of, loan foreclosures are held for sale and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations, any direct write-downs, and gains or losses on sales are included in other non-interest expense. There was no foreclosed real estate at December 31, 2022 and 2021.

Transfers of Financial Assets

Transfers of an entire financial asset, a group of entire financial assets, or a participating interest in an entire financial asset are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets.

During the normal course of business, the Company may transfer a portion of a loan. In order to be eligible for sales treatment, the transfer of the portion of the loan must meet the criteria of a participating interest. If it does not meet the criteria of a participating interest, the transfer must be accounted for as a secured borrowing. In order to meet the criteria for a participating interest, all cash flows from the loan must be divided proportionately, the rights of each loan holder must have the same priority, the loan holders must have no recourse to the transferor other than standard representations and warranties and no loan holder has the right to pledge or exchange the entire loan.

Defined Benefit Pension Plan

The compensation cost of an employee's pension benefit is recognized on the projected unit credit method over the employee's approximate service period. The aggregate cost method is utilized for funding purposes.

The Company accounts for its defined benefit pension plan using an actuarial model that allocates pension costs over the service period of employees in the plan. The Company accounts for the over-funded or under-funded status of its defined benefit plan as an asset or liability in its consolidated balance sheets and recognizes changes in the funded status in the year in which the changes occur through other comprehensive income/loss.

Effective July 1, 2022, the Qualified Defined Benefit Pension Plan sponsored by the Company was amended to convert the plans from a traditional final average earnings plan design to a cash balance plan design. Benefits earned under the final average earnings plan design were frozen at June 30, 2022. Starting July 1, 2022, future benefits are earned under the cash balance plan design. Under the cash balance plan design, hypothetical account balances are established for each participant and pension benefits are generally stated as the lump sum amount in that hypothetical account. Contribution credits equal to a percentage of a participant's annual compensation (if the participant works at least 1,000 hours during the year) and interest credits equal to the greater of the 30-Year Treasury rate for September preceding the current plan year or 4.0% are added to a participant's account each year.

Advertising

Advertising costs are expensed as incurred.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws in the period of enactment. A valuation allowance is established against deferred tax assets when, based upon the available evidence including historical and projected taxable income, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company does not have any uncertain tax positions at December 31, 2022 which require accrual or disclosure. The Company records interest and penalties as part of income tax expense. No interest or penalties were recorded for the years ended December 31, 2022 and 2021.

Comprehensive Income/Loss

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities are reported as a separate component of the retained earnings section of the balance sheet, such items, along with net income, are components of comprehensive income/loss.

The components of accumulated other comprehensive loss, included in retained earnings, are as follows:

	December 31,	
	2022	2021
	(In thousands)	
Securities Available For Sale		
Net unrealized loss	$ (55,968)	$ (5,213)
Tax effect	12,563	1,160
Net-of-tax amount	(43,405)	(4,053)
Defined Benefit Pension Plan		
Unrecognized net actuarial gain	893	(5,058)
Tax effect	(251)	1,422
Net-of-tax amount	642	(3,636)
Derivative instruments:		
Change in fair value of derivatives used for cash flow hedges	1,444	-
Tax effect	(406)	-
Net-of-tax amount	1,038	-
	$ (41,725)	$ (7,689)

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments —Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. Among other things, these amendments require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This Update is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company determined that a $983,000 adjustment to decrease the allowance for credit losses and increase retained earnings, net of income taxes, was required upon adoption on January 1, 2023 (unaudited).

2. RESTRICTIONS ON CASH AND DUE FROM BANKS

At December 31, 2022 and 2021, the Bank was not required to maintain average balances on hand or with the Federal Reserve Bank.

At December 31, 2022 and 2021, $504,000 of cash and due from banks is in a restricted account for the processing of Bank checks.

3. SECURITIES

The amortized cost and fair value of debt securities, with gross unrealized gains and losses, are as follows:

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Securities available for sale				
Debt securities:				
Government-sponsored agency obligations	$ 121,712	$ -	$ 27,476	$ 94,237
Municipal bonds	48,581	1	11,636	36,946
Corporate bonds	27,362	-	4,884	22,478
Mortgage-backed securities:				
Residential	18,134	-	2,719	15,415
Commercial	14,992	28	1,189	13,831
Collateralized mortgage obligations	56,271	8	7,843	48,436
U.S. treasuries	2,126	-	258	1,868
Total	$ 289,178	$ 37	$ 56,005	$ 233,211
Securities held to maturity				
Debt securities:				
Municipal bonds	$ 995	$ 1	$ -	$ 996
Corporate bonds	8,750	-	544	8,206
Industrial revenue bonds	7,487	-	-	7,487
Mortgage-backed securities:				
Residential	671	-	26	645
Commercial	360	-	13	347
Total	$ 18,263	$ 1	$ 583	$ 17,681

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Securities available for sale				
Debt securities:				
Government-sponsored agency obligations	$ 89,156	$ 24	$ 3,667	$ 85,513
Municipal bonds	46,980	586	750	46,816
Corporate bonds	25,479	5	473	25,011
Mortgage-backed securities:				
Residential	21,759	44	242	21,561
Commercial	17,743	210	115	17,838
Collateralized mortgage obligations	45,345	95	889	44,551
U.S. treasuries	2,153	-	41	2,112
Total	$ 248,615	$ 964	$ 6,177	$ 243,402
Securities held to maturity				
Debt securities:				
Municipal bonds	$ 995	$ 4	$ -	$ 999
Corporate bonds	1,999	2	-	2,001
Industrial revenue bonds	7,754	-	-	7,754
Mortgage-backed securities:				
Residential	885	43	-	928
Commercial	512	24	-	536
Total	$ 12,145	$ 73	$ -	$ 12,218

Mortgage-backed securities and collateralized mortgage obligations consist primarily of securities issued by the U.S. Government and government-sponsored enterprises.

Proceeds from sales of securities available for sale totaled $47,680,000 for the year ended December 31, 2021, which realized gross gains of $215,000 and gross losses of $185,000. There were no sales of securities in 2022.

The scheduled maturities of debt securities at December 31, 2022 are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)			
Within 1 year	$ 1,001	$ 990	$ 270	$ 270
Over 1 year to 5 years	22,973	21,439	1,725	1,720
Over 5 years to 10 years	57,757	48,955	7,750	7,212
Over 10 years	118,050	84,145	7,487	7,487
	199,781	155,529	17,232	16,689
Mortgage-backed securities	33,126	29,246	1,031	992
Collateralized mortgage obligations	56,271	48,436	-	-
	$ 289,178	$ 233,211	$ 18,263	$ 17,681

Information pertaining to securities with gross unrealized losses aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In thousands)			
December 31, 2022				
Securities available for sale				
Debt securities:				
Government-sponsored agency obligations	$ 27,002	$ 93,086	$ 474	$ 1,151
Municipal bonds	9,353	25,130	2,283	10,359
Mortgage-backed securities	3,130	19,824	778	8,061
Collateralized mortgage obligations	7,279	42,904	564	4,548
Corporate bonds	4,503	20,873	381	1,606
U.S. treasuries	258	1,868	-	-
Total	$ 51,525	$ 203,685	$ 4,480	$ 25,725
Securities held to maturity				
Debt Securities:				
Corporate bonds	$ 544	$ 5,206	$ -	$ -
Mortgage-backed securities	39	992	-	-
Total debt securities held to maturity	$ 583	$ 6,198	$ -	$ -

	Less Than Twelve Months		Over Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In thousands)			
December 31, 2021				
Securities available for sale				
Debt securities:				
Government-sponsored agency obligations	$ 1,654	$ 46,414	$ 2,013	$ 39,086
Municpal bonds	379	22,352	371	24,463
Mortgage-backed securities	333	28,990	24	2,843
Collateralized mortgage obligations	565	28,047	324	17,070
Corporate bonds	473	25,011	-	-
U.S. treasuries	41	2,112	-	-
Total	$ 3,445	$ 152,926	$ 2,732	$ 83,462

At December 31, 2022, 319 securities have unrealized losses with aggregate depreciation of 18.45% from the Company's amortized cost basis. The unrealized losses on these securities were primarily caused by changes in interest rates.

It is expected that the securities would not be settled at a price less than the par value of the investment. Because the decline in market value is attributable to changes in interest rates and not to credit quality, and because the Company does not intend to sell the investments and it is more likely than not that the Company will not be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2022.

Marketable Equity Securities

Marketable equity securities consist of common stocks. The Company held marketable equity securities with aggregate fair value of $863,000 and $1,009,000 at December 31, 2022 and 2021, respectively. During the year ended December 31, 2022 and 2021, net unrealized gains on marketable equity securities still held was $362,000 and $509,000, respectively.

4. LOANS

The composition of the loan portfolio follows:

	December 31,	
	2022	2021
	(In thousands)	
Mortgage loans on real estate:		
Residential	$ 514,057	$ 346,393
Commercial	539,578	447,537
Construction	17,750	13,579
Equity lines-of-credit	59,701	49,005
Second mortgages	11,792	6,897
Total mortgage loans on real estate	1,142,878	863,411
Commercial	169,842	157,052
Consumer loans	19,791	17,851
Total loans	1,332,551	1,038,314
Allowance for loan losses	(10,181)	(8,257)
Net deferred loan costs	3,314	2,384
Net unamortized loan premiums	172	222
Loans, net	$ 1,325,637	$1,032,663

In the ordinary course of business, the Bank has granted loans to principal officers and directors and their affiliates amounting to $1,110,000 and $1,246,000 at December 31, 2022 and 2021, respectively. During the year ended December 31, 2022, total principal payments were $136,000. There were no new loans granted.

Activity in the allowance for loan losses and allocation of the allowance to loan segments at and for the years ended December 31, 2022 and 2021 follows:

	Residential Real Estate	Commercial Real Estate	Construction	Commercial	Consumer	Unallocated	Total
				(In thousands)			
Year ended December 31, 2022							
Balance at beginning of year	$ 2,168	$ 4,626	$ 136	$ 1,160	$ 167	$ -	$ 8,257
Provision (credit) for loan losses	855	767	36	176	94	-	1,928
Charge-offs	-	-	-	(9)	(18)	-	(27)
Recoveries	-	-	-	17	5	-	22
Balance at end of year	$ 3,023	$ 5,393	$ 172	$ 1,344	$ 249	$ -	$ 10,181
At December 31, 2022							
Amount of allowance for loan losses for impaired loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amount of allowance for loan losses for non-impaired loans	3,023	5,393	172	1,344	249	-	10,181
Total allowance for loan losses	$ 3,023	$ 5,393	$ 172	$ 1,344	$ 249	$ -	$ 10,181
Impaired loans	$ 736	$ 1,362	$ -	$ 67	$ 10		$ 2,175
Non-impaired loans	584,815	538,216	17,750	169,775	19,781		1,330,336
Total loans	$ 585,551	$ 539,578	$ 17,750	$ 169,842	$ 19,791		$ 1,332,511

	Residential Real Estate	Commercial Real Estate	Construction	Commercial	Consumer	Unallocated	Total
				(In thousands)			
Year ended December 31, 2021							
Balance at beginning of year	$ 2,071	$ 3,442	$ 63	$ 1,317	$ 132	$ -	$ 7,025
Provision (credit) for loan losses	47	1,184	73	(155)	42	-	1,191
Charge-offs	-	-	-	(19)	(11)	-	(30)
Recoveries	50	-	-	17	4	-	71
Balance at end of year	$ 2,168	$ 4,626	$ 136	$ 1,160	$ 167	$ -	$ 8,257
At December 31, 2021							
Amount of allowance for loan losses for impaired loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amount of allowance for loan losses for non-impaired loans	2,168	4,626	136	1,160	167	-	8,257
Total allowance for loan losses	$ 2,168	$ 4,626	$ 136	$ 1,160	$ 167	$ -	$ 8,257
Impaired loans	$ 910	$ 781	$ -	$ -	$ 181		$ 1,872
Non-impaired loans	401,385	446,756	13,579	157,052	17,670		1,036,442
Total loans	$ 402,295	$ 447,537	$ 13,579	$ 157,052	$ 17,851		$ 1,038,314

The following is a summary of past due and non-accrual loans at December 31, 2022 and 2021 respectively:

	30-59 Days Past Due	60-89 Days Past Due	90 Days and Greater Past Due	Total Past Due	Past Due > 90 Days and Still Accruing	Loans on Non-accrual
			(In thousands)			
December 31, 2022						
Mortgage loans on real estate:						
Residential	$ 95	$ -	$ -	$ 95	$ -	$ -
Second mortgages	318	-	26	344	-	26
Commercial	-	-	1,362	1,362	-	1,362
Commercial	-	-	67	67	-	67
Total	$ 413	$ -	$ 1,455	$ 1,868	$ -	$ 1,455
December 31, 2021						
Mortgage loans on real estate:						
Residential	$ 350	$ -	$ -	$ 350	$ -	$ -
Second mortgages	741	39	829	1,609	-	829
Commercial	-	669	781	1,450	-	781
Commercial	-	73	-	73	-	-
Consumer loans	2	-	-	2	-	-
Total	$ 1,093	$ 781	$ 1,610	$ 3,484	$ -	$ 1,610

The following is a summary of information pertaining to impaired loans:

	December 31, 2022	
	Recorded Investment	Unpaid Principal Balance
	(In thousands)	
Impaired loans without a valuation allowance:		
Residential real estate	$ 736	$ 736
Commercial real estate	1,362	1,362
Commercial	67	67
Consumer	10	10
Total impaired loans	$ 2,175	$ 2,175

	Year Ended December 31, 2022		
	Average Recorded Investment	Interest Income Recognized	Interest Income Recognized on Cash Basis
		(In thousands)	
Residential real estate	$ 873	$ 54	$ 36
Commercial real estate	774	51	51
Commercial	34	2	2
Consumer	45	7	6
Total impaired loans	$ 1,726	$ 114	$ 95

There were no residential real estate loans in the process of foreclosure at December 31, 2022 and 2021.

No additional funds are committed to be advanced in connection with impaired loans at December 31, 2022 and 2021.

	December 31, 2021	
	Recorded Investment	Unpaid Principal Balance
	(In thousands)	
Impaired loans without a valuation allowance:		
Residential real estate	$ 1,011	$ 1,011
Commercial real estate	781	781
Consumer	80	80
Total impaired loans	$ 1,872	$ 1,872

	Year Ended December 31, 2021		
	Average Recorded Investment	Interest Income Recognized	Interest Income Recognized on Cash Basis
		(In thousands)	
Residential real estate	$ 1,304	$ 84	$ 33
Commercial real estate	588	30	12
Commercial	12	-	-
Consumer	85	5	4
Total impaired loans	$ 1,989	$ 119	$ 49

There were no troubled debt restructurings for the years ended December 31, 2022 and 2021.

Credit Quality Information

The Company utilizes a ten grade internal loan rating system for residential real estate, commercial real estate, construction, and commercial loans as follows:

Loans rated in the first six grades (1-6) are considered “pass” rated loans with low to average risk. Residential loans are generally considered pass rated credits unless the relationship is part of a commercial credit that has a rating below pass or a loan is delinquent greater than ninety days.

Loans rated 7 are considered “special mention.” These loans are starting to show signs of potential weakness and are being closely monitored by management.

Loans rated 8 are considered “substandard.” Generally, a loan is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligors and/or the collateral pledged. There is a distinct possibility that the Company will sustain some loss if the weakness is not corrected.

Loans rated 9 are considered “doubtful.” Loans classified as doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of existing facts, conditions, and values, highly questionable.

Loans rated 10 are considered uncollectible (“loss”) and of such little value that their continuance as loans is not warranted.

The Company formally reviews all “pass” related relationships on an 18-24 month schedule. For relationships rated “special mention” or worse, formal reviews are conducted at least annually, or more often as needed. The Company also engages a third party to review a portion of the commercial real estate, construction, and commercial portfolios. The results of these reviews are incorporated as part of the Company’s overall review process.

The following tables present the Company's loans by risk rating:

	Residential	Commercial Real Estate	Construction	Commercial	Total
	(In thousands)				
December 31, 2022					
Loans rated 1 - 6	$ 513,696	$ 538,258	$ 17,750	$ 169,469	$ 1,239,173
Loans rated 7	361	-	-	300	661
Loans rated 8	-	1,320	-	73	1,393
Total	$ 514,057	$ 539,578	$ 17,750	$ 169,842	$ 1,241,227
December 31, 2021					
Loans rated 1 - 6	$ 345,747	$ 445,762	$ 13,579	$ 156,888	$ 961,976
Loans rated 7	509	1,067	-	92	1,668
Loans rated 8	137	708	-	72	917
Total	$ 346,393	$ 447,537	$ 13,579	$ 157,052	$ 964,561

Credit quality for equity lines-of-credit, second mortgages and consumer loans are determined by monitoring loan payment history and on-going communication with customers.

5. LOAN SERVICING

Loans serviced for others are not included in the accompanying consolidated balance sheets. The unpaid principal balances of residential mortgage loans serviced for others were $652,840,000 and $607,755,000 at December 31, 2022 and 2021, respectively, which includes $53,384,000 and $51,895,000 of loans sold with limited recourse provisions.

In addition, the Company has transferred a portion of its originated commercial real estate loans to participating lenders. The amounts transferred have been accounted for as sales and are therefore not included in the Company's accompanying consolidated balance sheets. The Company and participating lenders share ratably in any gains or losses that may result from a borrower's lack of compliance with contractual terms of the loan. The Company continues to service the loans on behalf of the participating lenders and, as such, collects cash payments from the borrowers, remits payments (net of servicing fees) to participating lenders and disburses required escrow funds to relevant parties. At December 31, 2022 and 2021, the Company was servicing commercial loans for participants aggregating $42,261,000 and $29,697,000, respectively.

6. PREMISES AND EQUIPMENT

The major components of premises and equipment, net of accumulated depreciation and amortization, follows:

	December 31, 2022	December 31, 2021
	(In thousands)	
Land	$ 4,663	$ 4,663
Buildings	21,333	19,155
Leasehold improvements	2,794	2,558
Equipment	12,300	11,587
	41,090	37,963
Less accumulated depreciation and amortization	(21,584)	(20,433)
	$ 19,506	$ 17,530

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 amounted to $1,731,000 and $1,449,000 respectively.

7. LEASES

We have operating leases for branch locations, loan production offices and corporate office parking lot. These leases have remaining lease terms of two years to ten years and certain of these leases have options to extend the lease for up to five years. None of the options to extend have been included in the lease term as it was determined that it was not reasonably certain that we will exercise the option. The Company does not have any material short-term leases.

Lease expense for the years ended December 31, 2022 and 2021 is $527,000 and $534,000, respectively.

Supplemental cash flow and other information related to leases as of and for the year ended December 31, 2022, is as follows, (dollars in thousands):

Cash paid for amounts included in the measurement of operating lease liabilities:	
Operating cash flows from operating leases	$ 580
Weighted Average Remaining Lease Term (in years)	3.68
Weighted Average Discount Rate	4.37 %

Maturities of lease liabilities are as follows:

Years Ending December 31,		Amount
		(In thousands)
2023		$ 598
2024		413
2025		268
2026		180
2027		30
	Total lease payments	1,489
	Less imputed interest	(95)
	Total lease liability	$ 1,394

8. DEPOSITS

Deposit balances consist of the following:

	December 31, 2022	December 31, 2021
	(In thousands)	
NOW and demand	$ 373,281	$ 385,779
Money market deposits	205,763	207,096
Savings	277,414	292,527
Total non-certificate accounts	856,458	885,402
Term certificates of $250,000 or more	159,936	118,436
Term certificates less than $250,000	302,741	218,352
Total certificate accounts	462,677	336,788
Total deposits	$ 1,319,135	$ 1,222,190

At December 31, 2022 and 2021, included in certificates of deposit are brokered certificates of deposit amounting to $93,578,000 with a weighted-average rate of 3.00% and $41,944,000 with a weighted-average rate of 0.70%, respectively.

	December 31,			
	2022		2021	
	Amount	Average Rate	Amount	Average Rate
	(Dollars in thousands)			
Maturing during:				
2022	$ -	- %	$ 227,152	1.02%
2023	332,252	2.51	62,197	0.71
2024	107,743	2.41	29,744	0.67
2025	13,758	1.32	12,843	1.01
2026	5,835	0.87	4,852	0.79
2027	3,089	1.62	-	-
	$ 462,677	2.42%	$ 336,788	0.93%

9. BORROWED FUNDS

Federal Home Loan Bank Advances

Federal Home Loan Bank Advances with an original maturity of less than one year amounted to $135,000,000 and $40,000,000 at December 31, 2022 and 2021, respectively, at a weighted average rate of 4.28% and 0.43% respectively.

Long-term FHLB Advances at December 31, 2022 and 2021 consists of the following:

	December 31,			
	2022		2021	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
	(Dollars in thousands)			
Non-amortizing advances maturing during:				
2023	$ -	- %	15,000	1.87 %
2024	12,850	1.37	12,850	1.37
2025	3,685	-	3,500	-
2026	3,556	0.02	7,479	0.20
2027	20,000	2.49	-	-
2029	25,000	2.78	-	-
2032	55,000	1.85	-	-
Total FHLB advances	$120,091	1.07 %	$ 34,460	1.32 %

At December 31, 2022 and 2021, included in FHLB advances is $10,091,000 and $9,460,000 respectively, under the FHLB Jobs for New England program, which have an interest rates of 0%. The FHLB Jobs for New England program provide below market-rate financing for small business loans that create or preserve jobs, expand woman-, minority-, or veteran-owned businesses, or otherwise stimulate the economy in New England communities.

The Company also has a $1,000,000 available line-of-credit with the FHLB at an interest rate that adjusts daily. There were no advances on this line at December 31, 2022 or 2021. Advances from the FHLB are secured by a blanket lien on qualified collateral defined principally as a percentage of the carrying value of first mortgage loans on owner-occupied residential and commercial property and investment securities. At December 31, 2022, securities with a fair value of $97,502,000 and an amortized cost of $118,102,000 were pledged to secure such borrowings. There were no securities pledged at December 31, 2021.

Federal Reserve Bank PPPLF Advances

During 2021 and 2020, in order to fund a portion of the Company's PPP loan originations, the Company borrowed $30,102,000 and $18,128,000, respectively, from the Federal Reserve Bank's PPPLF, which carries a rate of 0.35% fixed for the term of the corresponding PPP loans. The Company pledged eligible PPP loans as collateral for the borrowings. As loans are forgiven or paid down, funds are remitted to the Federal Reserve to pay back the advance. As of December 31, 2022 and 2021, the Company had $181,000 and $4,369,000 outstanding under this agreement, respectively.

Federal Reserve Bank

The Company also has an agreement with the Federal Reserve Bank of Boston to borrow under the discount window. At December 31, 2022 and 2021, securities with a fair value of $72,757,000 and $8,374,000, respectively, and an amortized cost of $94,416,000 and $8,350,000, respectively, were pledged to secure such borrowings. At December 31, 2022 and 2021, there were no amounts outstanding under this agreement.

Other Lines of Credit

The Company has $266,000,000 and $106,000,000 of unsecured lines-of-credit with correspondent banks at December 31, 2022 and 2021, respectively. There were no amounts outstanding under these lines-of-credit at December 31, 2022 and 2021.

Subordinated Debt

On August 13, 2021, the Company issued $25.0 million of 3.50% fixed-to-floating subordinated notes due August 13, 2031. The Company is obligated to pay 3.50% interest semiannually between August 2021 and August 2025. Subsequently, the Company is obligated to pay three-month term Secured

Overnight Financing Rate (SOFR) plus 2.86% quarterly until the notes mature in August 2031. Issuance costs were $678,000 and have been netted against subordinated debt on the Balance Sheet. These costs are being amortized over 10 years. Total amortization expense for the year end December 31, 2022 and December 31, 2021 was $67,000 and $28,000 respectively.

10. INCOME TAXES

The components of the income tax provision are as follows:

	Years Ended December 31, 2022	2021
	(In thousands)	
Current tax provision:		
Federal	$ 2,326	$ 2,129
State	1,123	806
Total current tax provision	3,449	2,935
Deferred tax provision (benefit):		
Federal	378	(5)
State	(166)	(26)
Change in valuation reserve	-	(16)
Total deferred tax provision (benefit)	212	(47)
Total tax provision	$ 3,661	$ 2,888

The reasons for the differences between the statutory federal income tax provision and the actual income tax provision are summarized as follows:

	Years Ended December 31, 2022	2021
	(In thousands)	
Statutory federal tax provision at 21%	$ 3,177	$ 3,153
Increase (decrease) resulting from:		
State taxes, net of federal tax benefit	756	616
Change in valuation reserve	-	(16)
Bank-owned life insurance	(68)	(621)
Tax-exempt income	(227)	(221)
Other, net	23	(23)
Total tax provision	$ 3,661	$ 2,888
Effective tax rates	24.2%	19.2%

The tax effects of each items that gives rise to deferred taxes are as follows:

	December 31, 2022	December 31, 2021
	(In thousands)	
Net unrealized loss on securities available for sale	$ 12,563	$ 1,160
Investments in limited partnerships	(802)	(793)
Depreciation and amortization	(799)	(194)
Allowance for loan losses	2,862	2,318
Employee benefit plans	1,030	909
Net unrealized defined benefit pension plan gains/(losses)	(251)	1,422
Net unrealized gain/(loss) on derivatives used for cash flow hed	(406)	-
Mortgage servicing rights	(618)	(751)
Charitable contribution carryover	200	-
Deferred income	(881)	(670)
Other, net	(125)	260
Net deferred tax asset	$ 12,773	$ 3,661

The gross deferred tax assets are $17,340,000 and $6,816,000 at December 31, 2022 and 2021, respectively.

The charitable contribution carryover represents federal and state contribution limitations that expire on December 31, 2027.

A summary of the change in the net deferred tax asset is as follows:

	Years Ended December 31, 2022	Years Ended December 31, 2021
	(In thousands)	
Balance at beginning of year	$ 3,661	$ 2,334
Deferred tax impact of other comprehensive income (loss)	9,324	1,280
Deferred tax (benefit) provision	(212)	47
Balance at end of year	$ 12,773	$ 3,661

The federal income tax reserve for loan losses at the Company's base year is $3,270,000. If any portion of the reserve is used for purposes other than to absorb loan losses, approximately 150% of the amount actually used (limited to the amount of the reserve) would be subject to taxation in the year in which used. As the Company intends to use the reserve to absorb only loan losses, a deferred tax liability of $919,000 has not been provided.

The Company's income tax returns are subject to review and examination by federal and state taxing authorities. The Company is currently open to audit under the applicable statutes of limitations by the Internal Revenue Service for the years ended December 31, 2019 through 2022. The 2022 income tax returns have not been filed. The years open to examination by state taxing authorities vary by jurisdiction; no years prior to 2019 are open.

11. OFF BALANCE SHEET ACTIVIES

Loan Commitments

The Company is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit. The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

The following financial instruments were outstanding whose contract amounts represent credit risk:

	December 31,	
	2022	2021
	(In thousands)	
Commitments to grant loans	$ 28,137	$ 71,558
Unadvanced funds on equity lines-of-credit	81,576	69,705
Unadvanced funds on other lines-of-credit	107,382	103,169
Unadvanced funds on construction loans	41,598	21,738
Performance standby letters of credit	2,110	1,652

Commitments to extend credit are agreements to lend to a customer provided there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for lines-of-credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the borrower.

Unadvanced funds on other lines-of-credit consist of unfunded commitments under commercial lines-of-credit, revolving credit lines and overdraft protection agreements and are commitments for possible future extensions of credit to existing customers. These lines-of-credit usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

Standby letters-of-credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters-of-credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

12. ON BALANCE SHEET DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives Designated as Hedging Instruments

The Company generally applies hedge accounting to its derivatives used for interest rate risk management purposes. Hedge accounting is permitted only if specific criteria are met, including a requirement that a highly effective relationship exists between the derivative instrument and the hedged item, both at inception of the hedge and on an ongoing basis. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income and is reclassified into earnings in the same periods during which the hedged transaction affects earnings.

Cash Flow Hedges

In 2022, the Company has entered into interest rate swap agreements which are designated as cash flow hedges. The Company has entered into pay-fixed/receive variable swaps which effectively convert a portion of its variable rate FHLB borrowings to a fixed rate. The Company expects the hedges to remain effective during the remaining terms of the swap agreements.

Information about the interest rate swap agreements used to hedge short-term FHLB borrowings at December 31, 2022, follows:

		2022	
		(In thousands)	
Notional amount	$	175,000	
Weighted-average pay rate		3.44	%
Weighted-average receive rate		3.65	%
Weighted-average maturity in years		6.1	
Estimated fair value of (liability) asset		1541	

The effects of cash flow hedge accounting on accumulated other comprehensive income/loss for the year ended December 31, 2022 are as follows:

	Amount of Gain Recognized in OCI on Derivative		Location of Gain Reclassifed from OCI into Income		Amount of Gain Reclassifed from OCI into Income	
			(in thousands)			
Interest rate contracts	$	1,038	$	-	$	-

Derivatives Not Designated as Hedging Instruments

Interest Rate Swaps Related to Commercial Lending Transactions

The Company is party to interest rate swap transactions that are not designated as hedging instruments. These transactions relate to interest rate swaps that the Company has entered into with commercial lending customers to effectively convert their loans from a variable rate to a fixed rate.

Information about interest rate swaps related to commercial lending transactions is as follows as of December 31, 2022 and 2021:

	Derivative Assets			Derivative Liabilities		
	Notional Amount	Balance Sheet Location	Fair Value	Notional Amount	Balance Sheet Location	Fair Value
As of December 31, 2022			(in thousands)			
Interest rate swap agreements	$ 25,968	Other Assets	$ 3,706	$ 25,968	Other Liabilities	$ 3,706
As of December 31, 2021						
Interest rate swap agreements	$ 26,813	Other Assets	$ 728	$ 26,813	Other Liabilities	$ 728

Risk Participation Agreements

The Company has risk participation agreements that obligate the Company to make payments under these agreements if the customers default on their obligation to perform under derivative swap contracts with a third party. The following a summary of risk participations agreements sold at December 31, 2022 and 2021.

	December 31, 2022	December 31, 2021
	(In thousands)	
Notional amount	$ 683	$ 720
Unrealized loss	$ -	$ 1

Based on the internal risk rating process of underlying third parties to swap contacts, the risk participation agreement were all pass rated at December 31, 2022 and 2021, which indicates the expected risk of default is currently low. Assuming all of the underlying swap counterparties defaulted at December 31, 2022 and 2021, the exposure from risk participation agreements would be nominal based on the Company's obligation for the fair value of the underlying swaps.

As of December 31, 2022 and 2021, the Company has received cash collateral from derivative counterparties totaling $5,210,000 and $530,000, respectively. The Company may need to post additional collateral or may receive collateral in return in the future in proportion to potential changes in the overall unrealized gain/loss position. Cash collateral pledged is restricted as to use.

To reduce credit risk related to the use of derivative instruments, the Company might deem it necessary to obtain collateral. The amount and nature of the collateral obtained is based on the Company's credit evaluation of the customer.

Derivative Loan Commitments

Mortgage loan commitments are referred to as derivative loan commitments if the loan that will result from exercise of the commitment will be held for sale upon funding. The Company entered into commitments to fund residential mortgage loans at specified times in the future, with the intention that these loans will subsequently be sold in the secondary market. A mortgage loan commitment binds the Company to lend funds to a potential borrower at a specified interest rate and within a specified period of time. Outstanding derivative loan commitments expose the Company to the risk that the price of the loans arising from exercise of the loan commitment might decline from inception of the rate lock to funding of the loan due to increases in mortgage interest rates. If interest rates increase, the value of these loan commitments decreases. Conversely, if interest rates decrease, the value of these loan commitments increases. The notional amount of rate-locked mortgage loan commitments was $17,374,000 and $53,986,000 at December 31, 2022 and 2021, respectively. The fair value of such commitments at December 31, 2022 and 2021 was an asset of $9,000 and $262,000, respectively.

Forward Loan Sale Commitments

To protect against the price risk inherent in derivative loan commitments, the Company utilizes forward loan sale commitments to mitigate the risk of potential decreases in the values of loans held for sale and loans that would result from the exercise of the derivative loan commitments. With a mandatory delivery contract, the Company commits to deliver a certain principal amount of mortgage loans to an investor at a specified price on or before a specified date. If the Company fails to deliver the amount of mortgages necessary to fulfill the commitment by the specified date, it is obligated to pay a "pair-off" fee, based on then-current market prices, to the investor to compensate the investor for the shortfall. The notional amount of forward loan sale commitments was $6,491,000 and $11,234,000 as of December 31, 2022 and 2021, respectively. The fair value of such commitments was an asset of $52,000 at December 31, 2022 and a liability of $54,000 at December 31, 2021. With a best-efforts contract, the Company commits to deliver a loan at a specified price if the specific loan closes. The notional amount of best efforts forward loan sale commitments was $1,390,000 and $1,103,000 at December 31, 2022 and 2021, respectively. The fair value of these commitments was immaterial.

13. LEGAL CONTINGENCIES

Various legal claims arise from time to time in the normal course of business, which, in the opinion of management, will have no material effect on the Company's consolidated financial position.

14. MINIMUM REGULATORY CAPITAL REQUIREMENTS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements.

Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Federal banking regulations require the Bank to maintain minimum amounts and ratios of total common equity Tier 1 capital, Tier 1 capital and total capital to risk weighted assets and Tier 1 capital to average assets as set forth in the following table. Additionally, community banking institutions must maintain a capital conservation buffer of common equity Tier 1 capital in an amount greater than 2.5% of total risk weighted assets to avoid being subject to limitations on capital distributions and discretionary bonuses.

For regulatory capital purposes, loans made under the PPP are risk-weighted at 0% in risk-based capital calculations. For the Tier 1 leverage ratio computation, PPP loans pledged to the PPPLF are excluded from total average assets. Any PPP loan that is not pledged to the PPPLF is included in total average assets for purposes of the Tier 1 leverage ratio calculation.

As of December 31, 2022, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, common equity Tier 1 risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the following table. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Bank's actual capital amounts and ratios and minimum capital requirements are presented in the following table.

	Actual		Minimum Required for Capital Adequacy Purposes		Minimum to be Considered "Well Capitalized" Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
December 31, 2022:						
Total capital to risk weighted assets	$ 156,948	12.6%	$ 99,492	8.0%	$ 124,365	10.0%
Common equity Tier 1 capital to risk weighted assets	146,768	11.8	55,971	4.5	80,847	6.5
Tier 1 capital to risk weighted assets	146,768	11.8	74,628	6.0	99,504	8.0
Tier 1 capital to average assets	146,768	8.7	67,635	4.0	84,544	5.0
December 31, 2021:						
Total capital to risk weighted assets	$ 142,808	13.8%	$ 82,563	8.0%	$ 103,204	10.0%
Common equity Tier 1 capital to risk weighted assets	134,551	13.0	46,442	4.5	67,083	6.5
Tier 1 capital to risk weighted assets	134,551	13.0	61,923	6.0	82,564	8.0
Tier 1 capital to average assets	134,551	9.8	54,975	4.0	68,719	5.0

15. EMPLOYEE BENEFITS

Defined Benefit Pension Plan

The Company provides basic and supplemental pension benefits for eligible employees through the Savings Banks Employees Retirement Association ("SBERA") Pension Plan. Each employee reaching the age of 21 and having completed at least 1,000 hours of service in the twelve-month period from date of hire, automatically becomes a participant in the retirement plan. All participants are fully vested after three years of service. During 2006, the Company amended the Plan to exclude employees hired on or after November 1, 2006, from participation in the Plan.

Effective July 1, 2022, the Plan sponsored by the Company was amended to convert from a traditional final average earnings plan design to a cash balance plan design. Benefits earned under the final average earnings plan design were frozen on June 30, 2022. Starting July 1, 2022, future benefits are earned under the cash balance plan design. Under the cash balance plan design, hypothetical account balances are established for each participant and pension benefits are generally stated as the lump sum amount in that hypothetical account. Contribution credits equal to a percentage of a participant's annual compensation (if the participant works at least 1,000 hours during the year) and interest credits equal to the greater of the 30-Year Treasury rate for September preceding the current plan year or 3.5% (capped at 7%) are added to a participant's account each year.

Information pertaining to the activity in the plan for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
	(In thousands)	
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 22,881	$ 22,305
Service cost	642	532
Interest cost	825	763
Amendments	(3,117)	-
Actuarial loss (gain)	(6,458)	332
Benefits paid	(3,410)	(1,051)
Benefit obligation at end of year	11,363	22,881
Change in plan assets:		
Fair value of plan assets at beginning of year	19,886	18,793
Return on plan assets	(3,290)	2,144
Contributions	-	-
Benefits paid	(3,410)	(1,051)
Fair value of plan assets at end of year	13,186	19,886
Funded status and pension liability (asset) at end of year	$ (1,823)	$ 2,995
Accumulated benefit obligation at end of year	$ 11,363	$ 18,737

Actuarial gains related to the pension benefit obligation in 2022 were primarily a result of an increase in the discount rate, updated interest crediting rate, assumed salary and wage increase assumptions and lump sum conversion assumptions. See Note 1.

Actuarial losses related to the pension benefit obligation in 2021 were primarily a result of salary increases greater than the assumed salary scale, offset by an increase in the discount rate.

The assumptions used to determine the benefit obligation at December 31, 2022 and 2021 are as follows:

	2022	2021
Discount rate	6.25%	3.75%
Rate of compensation increase	3.00%	3.00%

The components of the net periodic pension cost for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
	(In thousands)	
Service cost	$ 642	$ 532
Interest cost	825	763
Expected return on plan assets	(1,201)	(1,463)
Amortization of prior service costs	(137)	
Amortization of net actuarial loss	422	496
Settlement loss	584	-
Net periodic pension cost	$ 1,135	$ 328

The service cost component of net periodic pension cost is included in salaries and employee benefits expense and the remaining components are included in other non-interest expense on the consolidated statements of net income.

The assumptions used to determine the net periodic pension cost for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Discount rate	3.75%/5.25%	3.50%
Expected long-term rate of return on plan assets	7.00%	8.00%
Rate of compensation increase	3.00%	3.00%
Interest crediting rate	3.50%	N/A

The expected long term-rate of return is based on prevailing yields on high-quality fixed- income investments increased by a premium of 3% to 5% for equity investments.

The fair values of major categories of the Company's pension plan assets are summarized below:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total Fair Value
	(In thousands)			
Collective funds	$ 1,523	$ -	$ -	$ 1,523
Equity securities	2,955	-	-	2,955
Mutual funds	1,799	-	-	1,799
Total investments measured in the fair value hierarchy	$ 6,277	$ -	$ -	6,277
Investments measured at net asset value [1]				6,909
				$ 13,186

	December 31, 2021			
	Level 1	Level 2	Level 3	Total Fair Value
	(In thousands)			
Collective funds	$ 2,127	$ -	$ -	$ 2,127
Equity securities	4,679	-	-	4,679
Mutual funds	2,813	-	-	2,813
Total investments measured in the fair value hierarchy	$ 9,619	$ -	$ -	9,619
Investments measured at net asset value [1]				10,267
				$ 19,886

[1] Certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. There are no unfunded commitments or redemption restrictions for these investments, which can be redeemed on a daily basis.

The plan assets measured at fair value in Level 1 are based on quoted market prices in an active exchange market. The plan assets measured at net asset value are based on the fair value of the underlying investments held by the fund less its liabilities.

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient.

	December 31, 2022	December 31, 2021
	(In thousands)	
Collective funds by category:		
Equity	$ 1,960	$ 2,680
US debt securities	2,585	3,673
International equities	1,710	2,918
Limited partnerships by category:		
Emerging markets	425	666
Multi-strategy	27	31
Hedge funds by category:		
Global opportunities	38	55
Private investment entities and/or separately managed accounts	164	244
	$ 6,909	$ 10,267

SBERA offers a common and collective trust as the underlying investment structure for pension plans participating in the Association. The target allocation mix for the common and collective trust portfolio calls for an equity-based investment deployment range from 49% to 63% of total portfolio assets. The remainder of the portfolio is allocated to fixed income from 28% to 42% and other investments including global asset allocation and hedge funds, used for risk management, from 3% to 15%.

The Trustees of SBERA, through the Investment Committee, select investment managers for the common and collective trust portfolio. A professional investment advisory firm is retained by the Investment Committee to provide allocation analysis, performance measurement and to assist with manager searches. The overall investment objective is to diversify equity investments across a spectrum of investment types to limit risk from large market swings.

Estimated future benefit payments, which reflect expected future service as appropriate, are as follows:

Years Ending December 31,	Amount (In thousands)
2023	$ 857
2024	733
2025	908
2026	1,276
2027	1,174
2028-2032	6,808
Total	$ 11,756

401(k) Plan

The Company maintains a 401(k) plan for the benefit of its employees. Each employee reaching the age of 21 and having completed at least 1,000 hours of service in one twelve-month period beginning with such employee's date of employment, or anniversary thereof, becomes eligible to be a participant in the Plan. The Plan provides for voluntary contributions by participating employees subject to certain limits based on federal tax laws. The Company makes a contribution equal to 3% of the employees' compensation. Effective November 1, 2006, the Plan was amended to add a discretionary matching contribution determined by the Company each plan year for employees hired on or after November 1, 2006, not to exceed 4% of the employees' compensation. All contributions are immediately 100% vested. The Company's total contribution for the years ended December 31, 2022 and 2021 amounted to $959,000 and $666,000, respectively.

Incentive Compensation Plan

Management and employees of the Company participate in an incentive compensation plan which is based on a percentage of the Company's return on assets and certain lending and deposit growth goals. The plan is subject to annual review by the Executive Committee of the Board of Trustees for continuation. Incentive compensation expense for the years ended December 31, 2022 and 2021 amounted to $1,886,000 and $1,678,000, respectively.

Supplemental Retirement Agreements

The Company has entered into supplemental employee retirement agreements with certain senior officers and Trustees of the Company to provide supplemental retirement benefits. The present value of the future benefits payable under these arrangements are being accrued from the commencement of the plans over the participants' remaining periods of service, taking into consideration vesting provisions in the agreements. The accrued liability for these agreements is reported in accrued expenses and other liabilities on the consolidated balance sheets and amounted to $1,268,000 and $2,036,000 at December 31, 2022 and 2021, respectively. Expense relating to these agreements for the years ended December 31, 2022 and 2021 amounted to $275,000 and $285,000, respectively.

Endorsement Split-Dollar Life Insurance Arrangements

The Company is the sole owner of life insurance policies pertaining to certain of the Company's executives. The Company has entered into agreements with these executives whereby the Company has agreed to maintain a life insurance policy in effect during the executives' retirement which will pay to the executives' estates or beneficiaries a portion of the death benefit that the Company will receive as beneficiary of such policies. The Company recognized related income for these agreements of $10,000 and $169,000 for the year ended December 31, 2022 and 2021, respectively.

16. FAIR VALUES OF ASSETS AND LIABILITIES

Determination of Fair Value

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities. The fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's assets. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset.

The following methods and assumptions were used by the Company in estimating fair value disclosures.

Securities

All fair value measurements are obtained from a third-party pricing service and are not adjusted by management. The securities measured at fair value in Level 1 are based on quoted market prices in an active exchange market. Securities measured at fair value in Level 2 are based on pricing models that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, credit spreads and new issue data.

Interest Rate Swap Agreements

Interest rate swap agreements are stated at estimated fair value based on their notional amount, amortization, tenor, payment frequency, day count fraction, fixed and floating rates, and other factors. The present value of expected cash flow differences is calculated based on prevailing market and contractual swap rates. The valuation of interest rate swap agreements are reviewed on a frequent basis. These valuations are performed by an independent appraiser consistent with industry practice for the valuation of derivatives.

Risk Participation Agreements

The fair value of risk participation agreements is based on the fair value of the interest rate swap agreements and the probability of default. Significant increases (decreases) in probability of default would result in a significantly higher (lower) fair value measurement.

Derivatives Loan Commitments and Forward loan sale commitments

Fair values for derivatives loan commitments are based on prices currently charged to enter into similar agreements, taking into account the probability that the commitment will be exercised.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total Fair Value
	(In thousands)			
Assets				
Securities available for sale	$ -	$ 233,211	$ -	$ 233,211
Marketable equity securities	863	-	-	863
Interest rate swap agreements	-	5,892	-	5,892
Derivative loan commitments, net	-	9	-	9
Forward loan sale commitments	-	52	-	52
Total assets	$ 863	$ 239,164	$ -	$ 240,027
Liabilities				
Interest rate swap agreements	$ -	$ 4,448	$ -	$ 4,448
Total liabilities	$ -	$ 4,448	$ -	$ 4,448

	December 31, 2021			
	Level 1	Level 2	Level 3	Total Fair Value
	(In thousands)			
Assets				
Securities available for sale	$ -	$ 243,402	$ -	$ 243,402
Marketable equity securities	1,009	-	-	1,009
Interest rate swap agreements	-	728	-	728
Deriatives loan commitments, net	-	262	-	262
Total assets	$ 1,009	$ 244,392	$ -	$ 245,401
Liabilities				
Interest rate swap agreements	$ -	$ 728	$ -	$ 728
Risk participation agreements	-	1	-	1
Forward loan sale commitments	-	54	-	54
Total liabilities	$ -	$ 783	$ -	$ 783

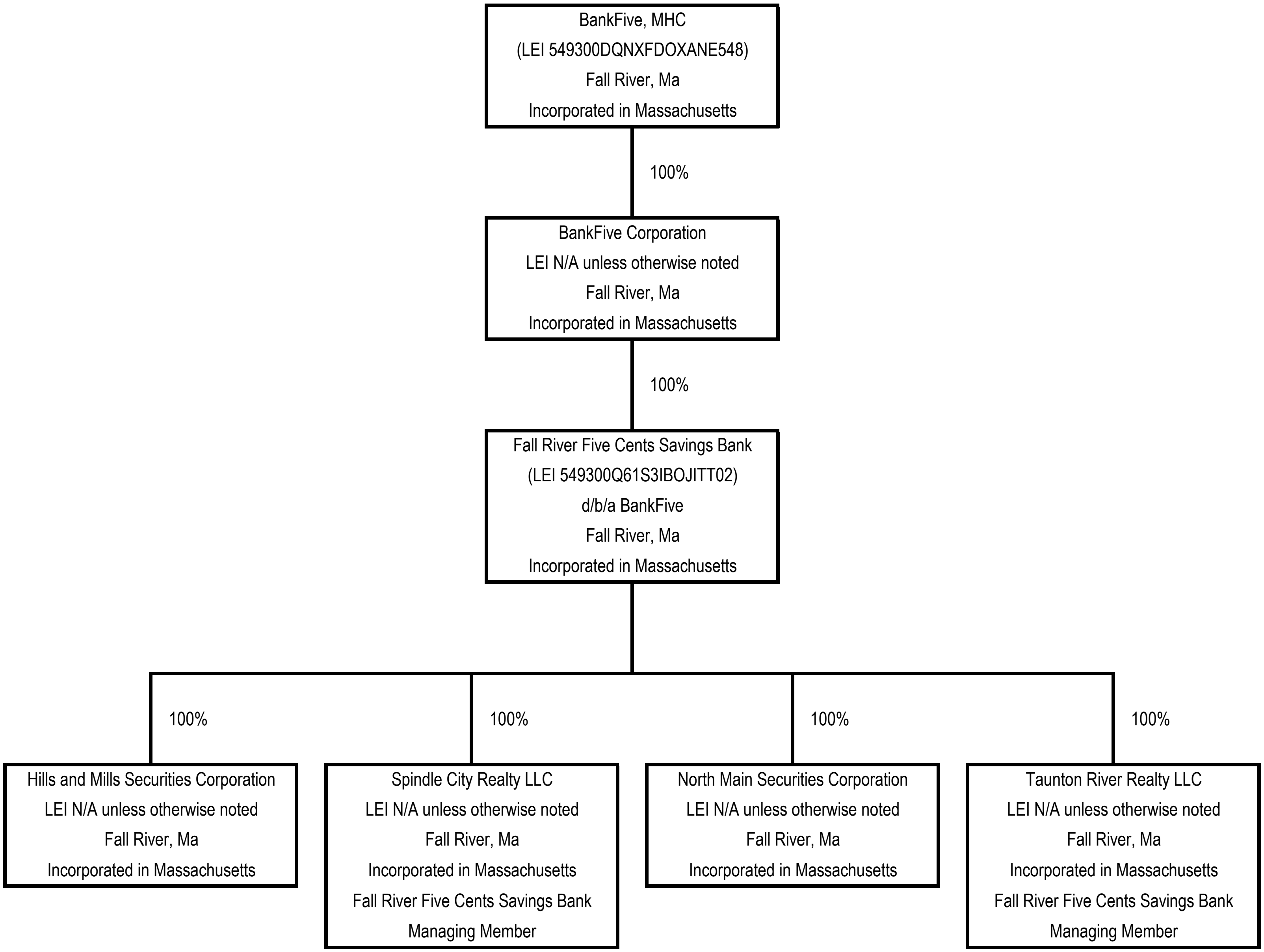
Assets Measured at Fair Value on a Non-recurring Basis

The Company may also be required, from time to time, to measure certain other assets at fair value on a nonrecurring basis in accordance with generally accepted accounting principles. These adjustments to fair value usually result from application of lower-of- cost-or-market accounting or write-downs of individual assets. There are no assets or liabilities measured at fair value on a non-recurring basis at December 31, 2022 or 2021.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 23, 2022, which is the date the financial statements were available to be issued. There were no subsequent events that require adjustment to or disclosure in the consolidated financial statements.

Form FR Y-6
BankFive, MHC
Fall River, MA 02720
Fiscal Year Ending December 31, 2022
Organizational Chart



Results: A list of branches for your holding company: BANKFIVE, MHC (3320978) of FALL RIVER, MA.
The data are as of 12/31/2022. Data reflects information that was received and processed through 12/31/2022.

Reconciliation and Verification Steps
1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions
OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
Ok		Full Service (Head Office)	833404	FALL RIVER FIVE CENTS SAVINGS BANK	79 NORTH MAIN STREET	FALL RIVER	MA	02720	BRISTOL	UNITED STATES	Not Required	Not Required	FALL RIVER FIVE CENTS SAVINGS BANK	833404	
Ok		Full Service	2753609	DARTMOUTH BRANCH	136 FAUNCE CORNER ROAD	DARTMOUTH	MA	02747	BRISTOL	UNITED STATES	Not Required	Not Required	FALL RIVER FIVE CENTS SAVINGS BANK	833404	
Ok		Full Service	3782549	FAIRHAVEN BRANCH	105 HUTTLESTON AVENUE	FAIRHAVEN	MA	02719	BRISTOL	UNITED STATES	Not Required	Not Required	FALL RIVER FIVE CENTS SAVINGS BANK	833404	
Ok		Full Service	3782521	EXPRESS BRANCH	55 THIRTEENTH STREET	FALL RIVER	MA	02720	BRISTOL	UNITED STATES	Not Required	Not Required	FALL RIVER FIVE CENTS SAVINGS BANK	833404	
Ok		Full Service	204509	MAIN STREET BRANCH	1501 SOUTH MAIN STREET	FALL RIVER	MA	02724	BRISTOL	UNITED STATES	Not Required	Not Required	FALL RIVER FIVE CENTS SAVINGS BANK	833404	
Ok		Full Service	205403	NORTH BRANCH	4171 NORTH MAIN STREET	FALL RIVER	MA	02720	BRISTOL	UNITED STATES	Not Required	Not Required	FALL RIVER FIVE CENTS SAVINGS BANK	833404	
Ok		Full Service	187107	PLEASANT STREET BRANCH	1301 PLEASANT STREET	FALL RIVER	MA	02723	BRISTOL	UNITED STATES	Not Required	Not Required	FALL RIVER FIVE CENTS SAVINGS BANK	833404	
Ok		Full Service	802709	PRESIDENT AVENUE BRANCH	1604 PRESIDENT AVENUE	FALL RIVER	MA	02720	BRISTOL	UNITED STATES	Not Required	Not Required	FALL RIVER FIVE CENTS SAVINGS BANK	833404	
Ok		Full Service	230508	COUNTY STREET BRANCH	160 COUNTY STREET	NEW BEDFORD	MA	02740	BRISTOL	UNITED STATES	Not Required	Not Required	FALL RIVER FIVE CENTS SAVINGS BANK	833404	
Ok		Full Service	1160228	NEW BEDFORD BRANCH	1724 ACUSHNET AVE	NEW BEDFORD	MA	02746	BRISTOL	UNITED STATES	Not Required	Not Required	FALL RIVER FIVE CENTS SAVINGS BANK	833404	
Ok		Full Service	1357756	SOMERSET BRANCH	54 COUNTY STREET	SOMERSET	MA	02726	BRISTOL	UNITED STATES	Not Required	Not Required	FALL RIVER FIVE CENTS SAVINGS BANK	833404	
Ok		Full Service	204901	SWANSEA BRANCH	497 MILFORD ROAD	SWANSEA	MA	02777	BRISTOL	UNITED STATES	Not Required	Not Required	FALL RIVER FIVE CENTS SAVINGS BANK	833404	
Ok		Full Service	4840820	BRISTOL BRANCH	590 METACOM AVENUE	BRISTOL	RI	02809	BRISTOL	UNITED STATES	Not Required	Not Required	FALL RIVER FIVE CENTS SAVINGS BANK	833404	

Form FR Y-6
BankFive MHC
Fall River, MA
Fiscal Year Ending December 31, 2022

Report Item 4 (Insiders):

Names & Addresses (City and State)	Principal Occupation if other than Bank Holding Company	Title & Position with Bank Holding Company	Title and Position with Subsidiaries*	Title & Position with Other Businesses	Percentage of Voting Shares in Bank H.C.	Percentage of Voting Shares in Subsidiaries	List names of Other Companies (Including Partnerships) if 25% or more voting securities are held. Name & %
Anne P. Tangen Dartmouth, MA	n/a	Trustee, President & CEO	Director, President & CEO - 2 & 3	n/a	n/a	n/a	n/a
Catherine A. Dillon Marshfield, MA	n/a	Executive Vice President	EVP - 2 & 3	n/a	n/a	n/a	n/a
Christina D. Johnk Warwick, RI	n/a	Senior Vice President	SVP - 2 & 3	n/a	n/a	n/a	n/a
Patrick J. Deady North Kingston, RI	n/a	Senior Vice President	SVP - 2 & 3	n/a	n/a	n/a	n/a
Jennifer Dooling Marstons Mills, MA	n/a	Senior Vice President	SVP - 2 & 3	n/a	n/a	n/a	n/a
Gregory J. Medeiros North Dighton, MA	n/a	Senior Vice President	SVP - 2 & 3	n/a	n/a	n/a	n/a
Paul S. Medeiros Bristol, RI	n/a	Senior Vice President	SVP - 2 & 3	n/a	n/a	n/a	n/a
Jennifer D. St. Pierre Dartmouth, MA	n/a	Senior Vice President, CFO & Treasurer	SVP - 2 & 3	n/a	n/a	n/a	n/a
Maria L. Urdi South Easton, MA	n/a	Senior Vice President	SVP - 2 & 3	n/a	n/a	n/a	n/a
Maureen Terranova Jamestown, RI	n/a	Senior Vice President	SVP - 2 & 3	Co-Owner, CeraFarm LLC	n/a	n/a	CeraFarm LLC - 33%
William Beauchene Lincoln, RI	n/a	Senior Vice President	SVP - 2 & 3	n/a	n/a	n/a	n/a
Lynn Motta Dartmouth, MA	n/a	Senior Vice President	SVP - 2 & 3	n/a	n/a	n/a	n/a

2 - BankFive Corporation
3 - Fall River Five Cents Savings Bank d/b/a BankFive

Form FR Y-6
BankFive MHC
Fall River, MA
Fiscal Year Ending December 31, 2022

Report Item 4 (Insiders):

Names & Addresses (City and State)	Principal Occupation if other than Bank Holding Company	Title & Position with Bank Holding Company	Title and Position with Subsidiaries*	Title & Position with Other Businesses	Percentage of Voting Shares in Bank H.C.	Percentage of Voting Shares in Subsidiaries	List names of Other Companies (Including Partnerships) if 25% or more voting securities are held. Name & %
Jimmy Costa Dartmouth, MA	n/a	Senior Vice President	SVP - 2 & 3	n/a	n/a	n/a	n/a
Charles DeSimone Dennis, MA	n/a	Senior Vice President	SVP - 2 & 3	n/a	n/a	n/a	n/a
Christopher Craig Attleboro, MA	n/a	First Vice President	FVP - 2 & 3	n/a	n/a	n/a	n/a
Jeff Sanson Taunton, MA	n/a	First Vice President	FVP - 2 & 3	President, Garden Patch Inc.	n/a	n/a	Garden Patch Inc. - 50%
Greg Cambio Johnston, RI	n/a	First Vice President	FVP - 2 & 3	n/a	n/a	n/a	n/a
Deidre Jannerelli Rumford, RI	n/a	First Vice President	FVP - 2 & 3	n/a	n/a	n/a	n/a
Andrea Rodrigues Dartmouth, MA	n/a	First Vice President	FVP - 2 & 3	n/a	n/a	n/a	n/a
William H. Lapointe Bristol, RI	Insurance Agent	Trustee, Chairman	Director - 2 & 3	President, Lapointe Insurance Agency	n/a	n/a	Herman W. Lapointe, Jr. Insurance Agency Inc. - 100%
Peter C. Bogle Dartmouth, MA	Retired	Trustee, Clerk	Director - 2 & 3	n/a	n/a	n/a	Ruth C. Bogle Irrevocable Trust - 1989 (land trust) - 100%
Edward G. Siegal Dartmouth, MA	Certified Public Accountant	Trustee	Director - 2 & 3	Member, GE Supply, LLC Member, Westport CD Realty LLC Member, So Main Plaza LLC Member, South Cedar, LLC	n/a	n/a	GE Supply, LLC - 25% Westport CD Realty LLC - 25% So Main Plaza LLC - 25 % South Cedar, LLC - 25%
Sumner J. Waring, III Fall River, MA	Funeral Director	Trustee	Director - 2 & 3	COO, Service Corporation International	n/a	n/a	n/a
M. Helena Amaral New Bedford, MA	Certified Public Accountant	Trustee	Director - 2 & 3	Partner, Kane & Kane Inc.	n/a	n/a	Kane & Kane Inc. - 33%

2 - BankFive Corporation
3 - Fall River Five Cents Savings Bank d/b/a BankFive

Form FR Y-6
BankFive MHC
Fall River, MA
Fiscal Year Ending December 31, 2022

Report Item 4 (Insiders):

Names & Addresses (City and State)	Principal Occupation if other than Bank Holding Company	Title & Position with Bank Holding Company	Title and Position with Subsidiaries*	Title & Position with Other Businesses	Percentage of Voting Shares in Bank H.C.	Percentage of Voting Shares in Subsidiaries	List names of Other Companies (Including Partnerships) if 25% or more voting securities are held. Name & %
Peter T. Kavanaugh Dartmouth, MA	President	Trustee	Director - 2 & 3	CEO, Brownell Boat Stands, Inc. President, Kavanaugh Development President, Kavanaugh Green Energy	n/a	n/a	Brownell Boat Stands, Inc. - 80% Kavanaugh Development - 100% Kavanaugh Green Energy -100%
Jeffrey J. Reilly Fall River, MA	Chiropractor	Trustee	Director - 2 & 3	Jeffrey J Reilly, D.C.	n/a	n/a	Jeffrey J Reilly, D.C. - 100%
Raymond S. DeLeo Bristol, RI	Property Management	Trustee	Director - 2 & 3	President, Gooding Realty Corp.	n/a	n/a	Gooding Realty Corp. - 100%
Karl D. Hetzler Fall River, MA	Manufacturing	Trustee	Director - 2 & 3	President, H&S Tool and Engineering	n/a	n/a	H&S Tool and Engineering - 50%
Lisa N. Graham Swansea, MA	Certified Public Accountant	Trustee	Director - 2 & 3	Partner, Norman & Graham PCA	n/a	n/a	Norman, Graham & DiGangi - 84%
Michelle A. Pelletier Tiverton, RI	Real Estate Broker	Trustee	Director - 2 & 3	Principal, Jefferson Realty, LLC Principal, Jefferson Realty Leasing and Sales Principal, Alperts Storage, LLC Principal, Davol Street LLC Owner, Ocean Bound LLC Principal, Teknikor	n/a	n/a	Jefferson Realty, LLC - 50% Jefferson Realty Leasing and Sales LLC - 100% Alperts Storage, LLC - 50% Davol Street LLC - 50% Ocean Bound LLC - 100% Teknikor - 25%

2 - BankFive Corporation
3 - Fall River Five Cents Savings Bank d/b/a BankFive

Form FR Y-6
BankFive Corporation
Fall River, MA
Fiscal Year Ending December 31, 2022

Report Item 4 (Insiders):

Names & Addresses (City and State)	Principal Occupation if other than Bank Holding Company	Title & Position with Bank Holding Company	Title and Position with Subsidiaries*	Title & Position with Other Businesses	Percentage of Voting Shares in Bank H.C.	Percentage of Voting Shares in Subsidiaries	List names of Other Companies (Including Partnerships) if 25% or more voting securities are held. Name & %
Anne P. Tangen Dartmouth, MA	n/a	Trustee, President & CEO	Director, President & CEO - 1	n/a	n/a	n/a	n/a
Catherine A. Dillon Marshfield, MA	n/a	Executive Vice President	EVP - 1	n/a	n/a	n/a	n/a
Christina D. Johnk Warwick, RI	n/a	Senior Vice President	SVP - 1	n/a	n/a	n/a	n/a
Patrick J. Deady North Kingston, RI	n/a	Senior Vice President	SVP - 1	n/a	n/a	n/a	n/a
Jennifer Dooling Marstons Mills, MA	n/a	Senior Vice President	SVP - 1	n/a	n/a	n/a	n/a
Gregory J. Medeiros North Dighton, MA	n/a	Senior Vice President	SVP - 1	n/a	n/a	n/a	n/a
Paul S. Medeiros Bristol, RI	n/a	Senior Vice President	SVP - 1	n/a	n/a	n/a	n/a
Jennifer D. St. Pierre Dartmouth, MA	n/a	Senior Vice President, CFO & Treasurer	SVP - 1	n/a	n/a	n/a	n/a
Maria L. Urdi South Easton, MA	n/a	Senior Vice President	SVP - 1	n/a	n/a	n/a	n/a
Maureen Terranova Jamestown, RI	n/a	Senior Vice President	SVP - 1	Co-Owner, CeraFarm LLC	n/a	n/a	CeraFarm LLC - 33%
William Beauchene Lincoln, RI	n/a	Senior Vice President	SVP - 1	n/a	n/a	n/a	n/a
Lynn Motta Dartmouth, MA	n/a	Senior Vice President	SVP - 1	n/a	n/a	n/a	n/a

1 - Fall River Five Cents Savings Bank d/b/a BankFive

Form FR Y-6
BankFive Corporation
Fall River, MA
Fiscal Year Ending December 31, 2022

Report Item 4 (Insiders):

Names & Addresses (City and State)	Principal Occupation if other than Bank Holding Company	Title & Position with Bank Holding Company	Title and Position with Subsidiaries*	Title & Position with Other Businesses	Percentage of Voting Shares in Bank H.C.	Percentage of Voting Shares in Subsidiaries	List names of Other Companies (Including Partnerships) if 25% or more voting securities are held. Name & %
Jimmy Costa Dartmouth, MA	n/a	Senior Vice President	SVP - 1	n/a	n/a	n/a	n/a
Charles DeSimone Dennis, MA	n/a	Senior Vice President	SVP - 1	n/a	n/a	n/a	n/a
Christopher Craig Attleboro, MA	n/a	First Vice President	FVP - 1	n/a	n/a	n/a	n/a
Jeff Sanson Taunton, MA	n/a	First Vice President	FVP - 1	President, Garden Patch Inc.	n/a	n/a	Garden Patch Inc. - 50%
Greg Cambio Johnston, RI	n/a	First Vice President	FVP - 1	n/a	n/a	n/a	n/a
Deidre Jannerelli Rumford, RI	n/a	First Vice President	FVP - 1	n/a	n/a	n/a	n/a
Andrea Rodrigues Dartmouth, MA	n/a	First Vice President	FVP - 1	n/a	n/a	n/a	n/a
William H. Lapointe Bristol, RI	Insurance Agent	Trustee, Chairman	Director - 1	President, Lapointe Insurance Agency	n/a	n/a	Herman W. Lapointe, Jr. Insurance Agency Inc. - 100%
Peter C. Bogle Dartmouth, MA	Retired	Trustee, Clerk	Director - 1	n/a	n/a	n/a	Ruth C. Bogle Irrevocable Trust - 1989 (land trust) - 100%
Edward G. Siegal Dartmouth, MA	Certified Public Accountant	Trustee	Director - 1	Member, GE Supply, LLC Member, Westport CD Realty LLC Member, So Main Plaza LLC Member, South Cedar, LLC	n/a	n/a	GE Supply, LLC - 25% Westport CD Realty LLC - 25% So Main Plaza LLC - 25 % South Cedar, LLC - 25%
Sumner J. Waring, III Fall River, MA	Funeral Director	Trustee	Director - 1	COO, Service Corporation International	n/a	n/a	n/a

1 - Fall River Five Cents Savings Bank d/b/a BankFive

Form FR Y-6
BankFive Corporation
Fall River, MA
Fiscal Year Ending December 31, 2022

Report Item 4 (Insiders):

Names & Addresses (City and State)	Principal Occupation if other than Bank Holding Company	Title & Position with Bank Holding Company	Title and Position with Subsidiaries*	Title & Position with Other Businesses	Percentage of Voting Shares in Bank H.C.	Percentage of Voting Shares in Subsidiaries	List names of Other Companies (Including Partnerships) if 25% or more voting securities are held. Name & %
M. Helena Amaral New Bedford, MA	Certified Public Accountant	Trustee	Director - 1	Partner, Kane & Kane Inc.	n/a	n/a	Kane & Kane Inc. - 33%
Peter T. Kavanaugh Dartmouth, MA	President	Trustee	Director - 1	CEO, Brownell Boat Stands, Inc. President, Kavanaugh Development President, Kavanaugh Green Energy	n/a	n/a	Brownell Boat Stands, Inc. - 80% Kavanaugh Development - 100% Kavanaugh Green Energy -100%
Jeffrey J. Reilly Fall River, MA	Chiropractor	Trustee	Director - 1	Jeffrey J Reilly, D.C.	n/a	n/a	Jeffrey J Reilly, D.C. - 100%
Raymond S. DeLeo Bristol, RI	Property Management	Trustee	Director - 1	President, Gooding Realty Corp.	n/a	n/a	Gooding Realty Corp. - 100%
Karl D. Hetzler Fall River, MA	Manufacturing	Trustee	Director - 1	President, H&S Tool and Engineering	n/a	n/a	H&S Tool and Engineering - 50%
Lisa N. Graham Swansea, MA	Certified Public Accountant	Trustee	Director - 1	Partner, Norman & Graham PCA	n/a	n/a	Norman, Graham & DiGangi - 84%
Michelle A. Pelletier Tiverton, RI	Real Estate Broker	Trustee	Director - 1	Principal, Jefferson Realty, LLC Principal, Jefferson Realty Leasing and Sales Principal, Alperts Storage, LLC Principal, Davol Street LLC Owner, Ocean Bound LLC Principal, Teknikor	n/a	n/a	Jefferson Realty, LLC - 50% Jefferson Realty Leasing and Sales LLC - 100% Alperts Storage, LLC - 50% Davol Street LLC - 50% Ocean Bound LLC - 100% Teknikor - 25%

1 - Fall River Five Cents Savings Bank d/b/a BankFive