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# PROVIDENT BANCORP INC.

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## COVID-19

Response, Potential Impact, &  
Modifications

June 11, 2020



# COVID-19 Preparedness and Response

## Employee Safety

Implemented physical distancing, safety and hygiene protocols for colleagues not working remotely.

PPE for all retail and customer-facing employees.

Enhanced sanitation for all locations.

Full-compensation for employees, including Emergency Paid Sick Leave Policy enacted.

## Business Continuity

Company began preparations to comply with a “stay at home” order in early March and commenced “stay at home” operations on March 13, 2020.

At present, approximately 75% of non-retails employees are working via Virtual Private Network (VPN) and Microsoft TEAMS technology.

Bank retail locations are open and operating by appointment only or by utilizing branch drive through.

## Customer Support

Rapid and successful implementation of the Payroll Protection Program authorized by the CARES act – submitted first application on 4/3/20 and closed/funded first loan on 4/14/20.

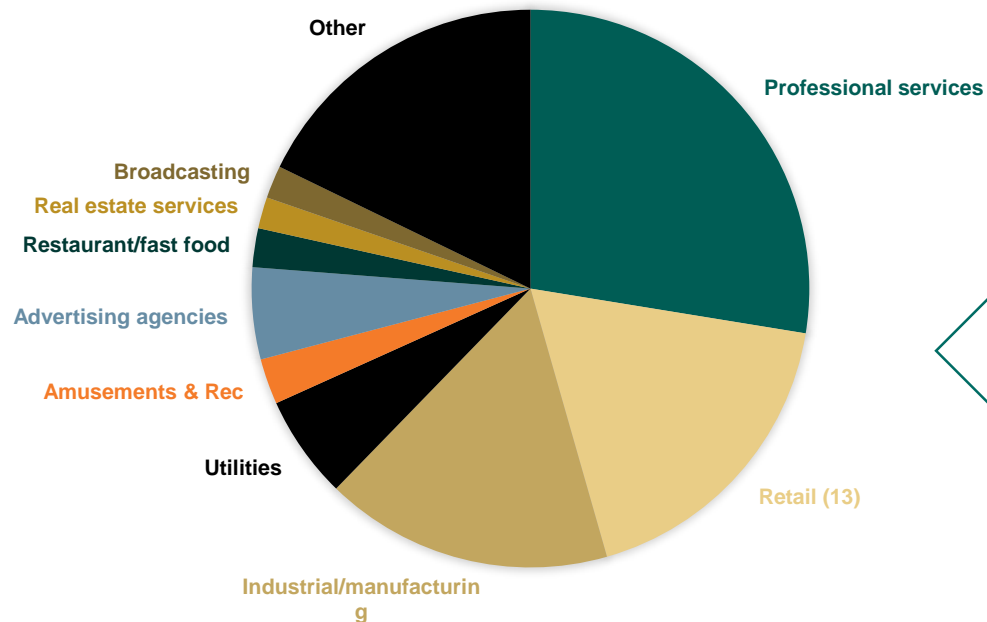
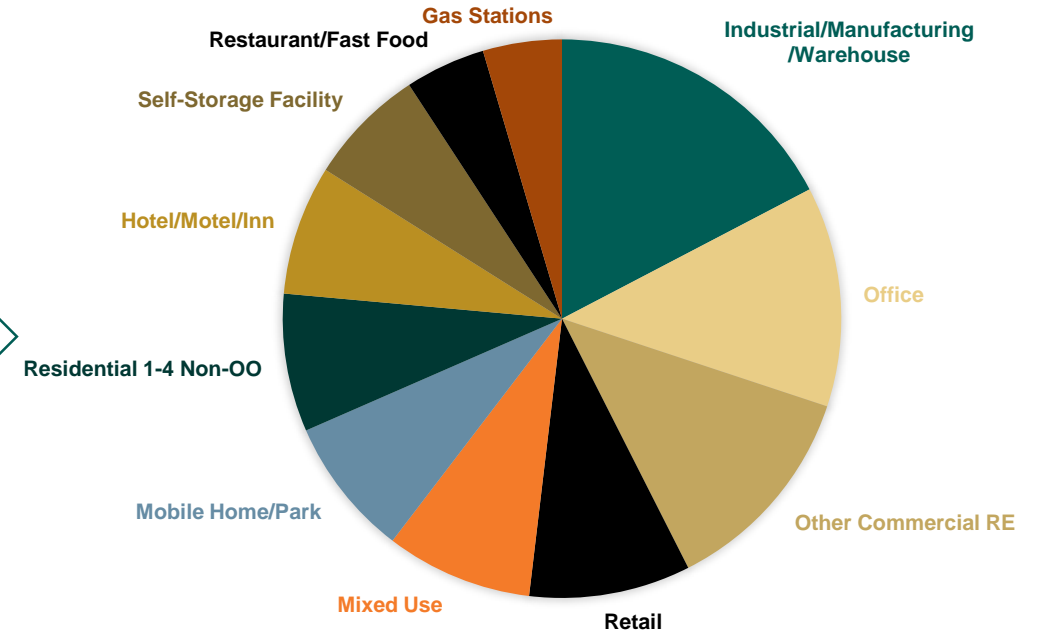
Proactively contacted customers to listen to and address their short term cash flow requirements. Swiftly provided modifications to loan terms, waived fees and increased limits where appropriate to offer ease in conducting transactions electronically.

# Loans Outstanding 3/31/2020 – Segments by Sector

## CRE - Overall

Sector	Balance (in thousands)	Percentage
Industrial/Manufacturing/Warehouse	\$64,922	17%
Office	47,673	13%
Other Commercial RE	46,591	12%
Retail	35,039	9%
Mixed Use	31,813	8%
Mobile Home/Park	30,189	8%
Residential 1-4 Non-OO	29,924	8%
Hotel/Motel/Inn	28,182	8%
Self-Storage Facility	25,646	7%
Restaurant/Fast Food	17,372	5%
Gas Stations	17,129	5%
	<b>\$374,480</b>	

\* Excludes Multi-family – \$41.3

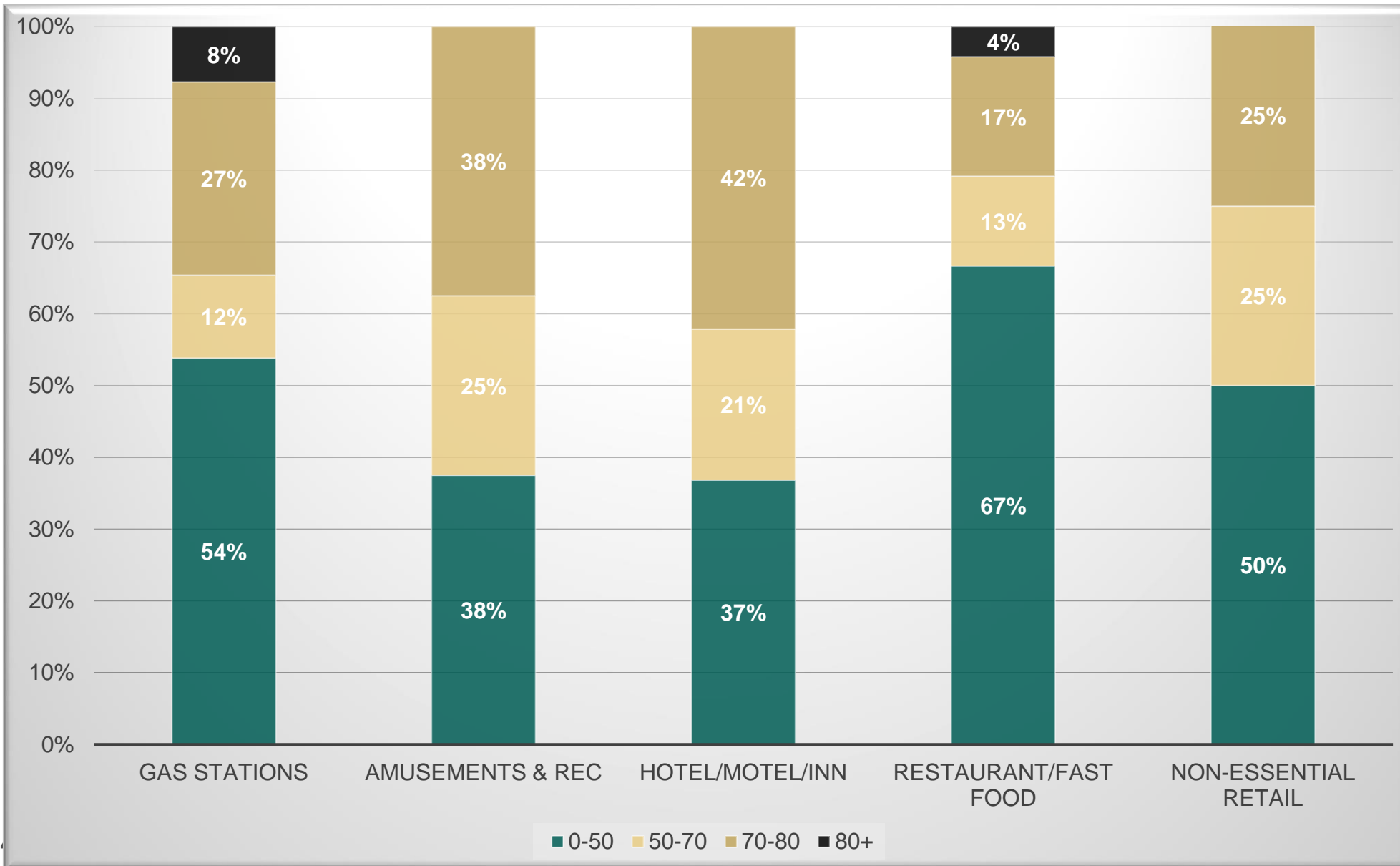


## C&I - Overall

Sector	Balance (in thousands)	Percentage
Professional Services	\$139,477	28%
Non-essential Retail	91,141	18%
Industrial/Manufacturing	84,816	17%
Utilities	30,284	6%
Amusements & Recreation	13,386	3%
Advertising Agencies	26,869	5%
Restaurant/Fast Food	11,382	2%
Real Estate Services	9,190	2%
Broadcasting	9,576	2%
Other	90,103	18%
	<b>\$506,224</b>	

# CRE Sectors – Loan to Value – (LTV)

Based on Exposure

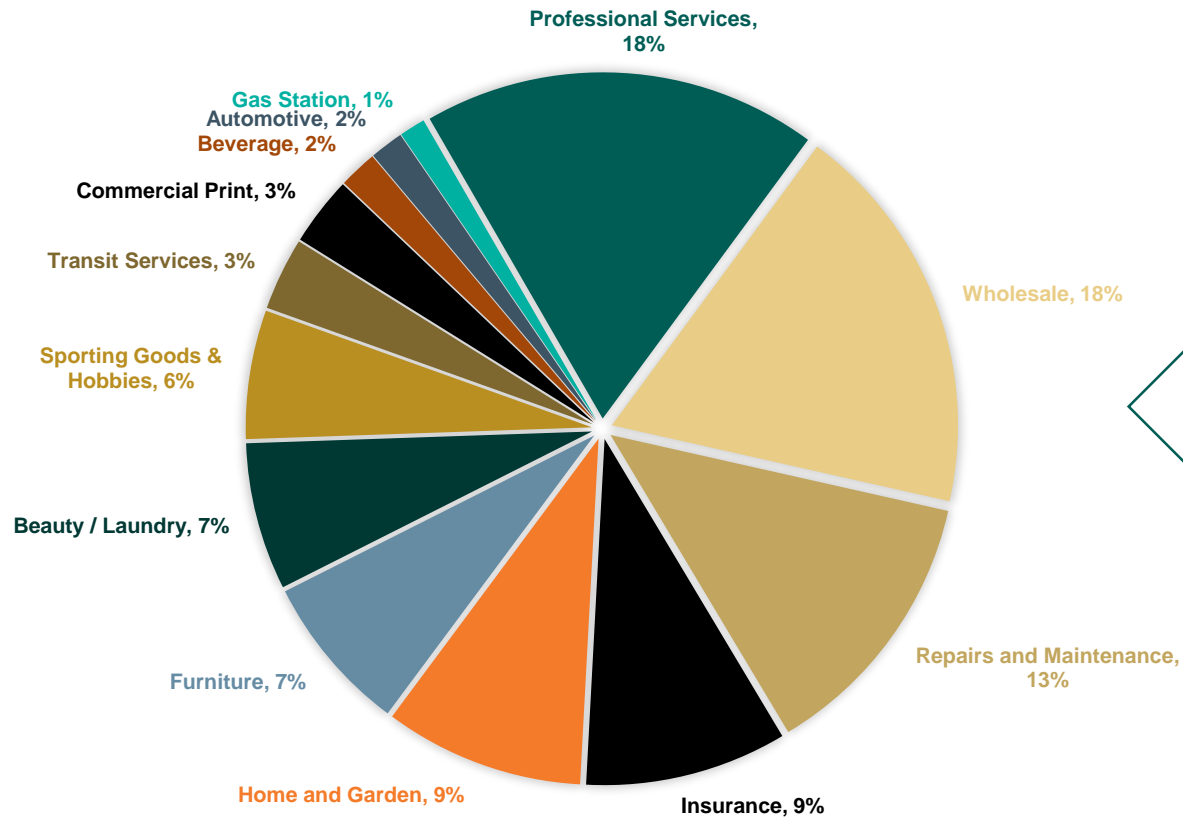


\*Gas stations that have greater than 80% LTV are due to SBA 504 amounts not yet funded

# C&I – Potential Impact by Sector

Highlight of outstanding commercial loans as of Q1 2020 within sectors that may be impacted by COVID-19

## Non-essential Retail



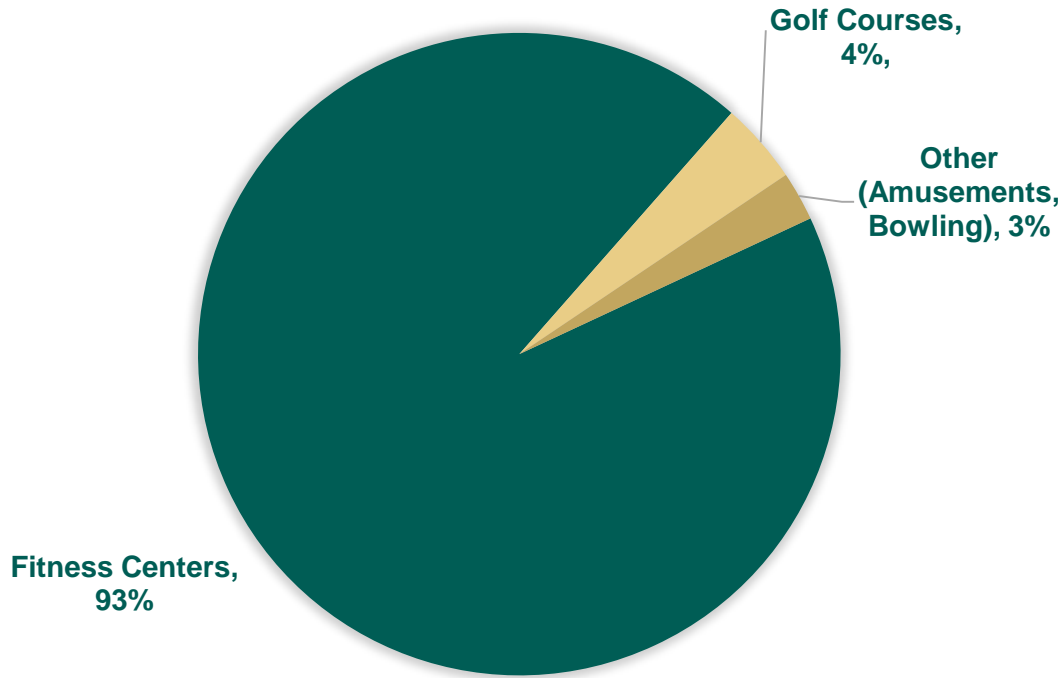
Sector	Balance (in thousands)	Percentage
Professional Services	\$16,806	18%
Wholesale	16,785	18%
Repairs & Maintenance	11,753	13%
Insurance	8,597	9%
Home & Garden	8,497	9%
Furniture	6,741	7%
Personal Services	6,274	7%
Sporting Goods & Hobbies	5,480	6%
Transit Services	3,094	3%
Commercial Print	2,938	3%
Beverage	1,635	2%
Automotive	1,431	2%
Gas Stations	1,110	1%
	<b>\$91,141</b>	

Average Loan Size \$369,000

# C&I – Potential Impact by Sector

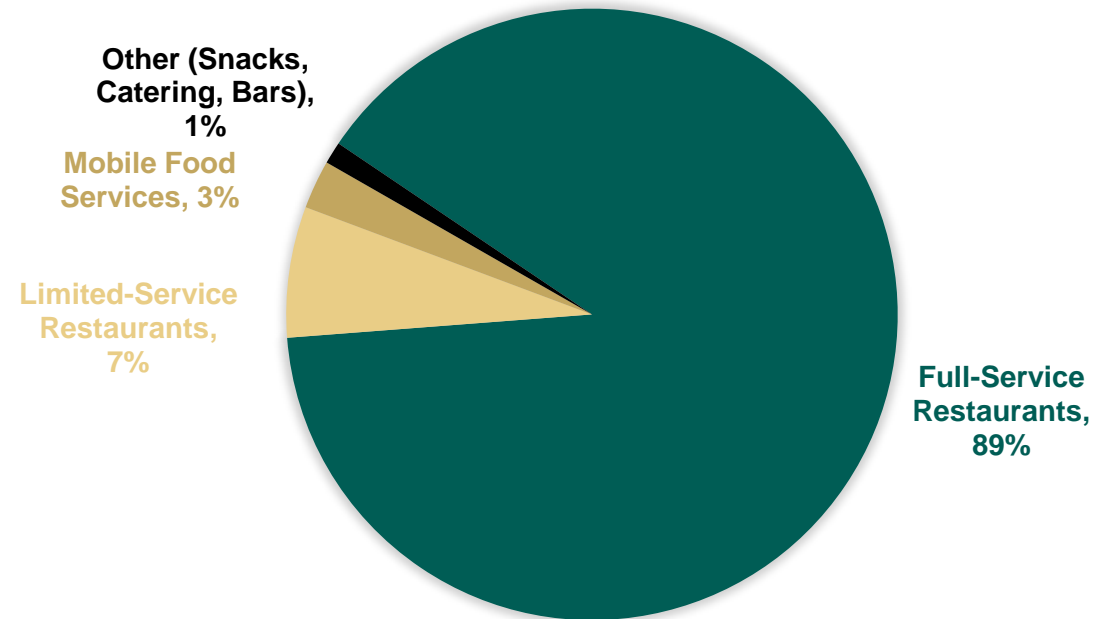
Highlight of outstanding commercial loans as of Q1 2020 within sectors that may be impacted by COVID-19

## Amusements & Recreation



Total C&I – 3%  
Average Loan Size – \$362,000

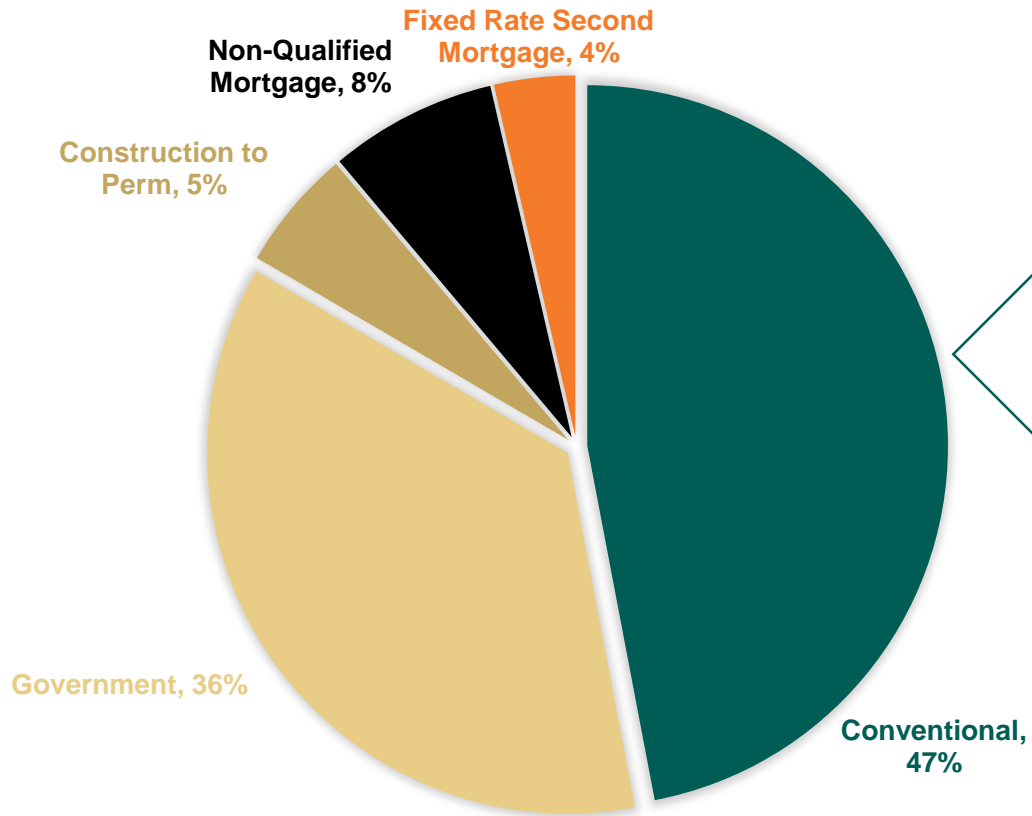
## Restaurants/Fast Food



Total C&I – 2%  
Average Loan Size – \$137,000

# C&I Warehouse Lending

As of 3/31/2020



## Warehouse Lending Product

Warehouse Lending Product	Balance (in thousands)	Percentage
Conventional	\$58,167	47%
Government	45,057	36%
Construction to Perm (CTP)	6,737	5%
Non-Qualified Mortgage (NQM)	9,294	8%
Fixed Rate Second Mortgage	4,489	4%
	<b>\$123,744</b>	

In late March, non-qualified and construction mortgages were temporarily ceased.

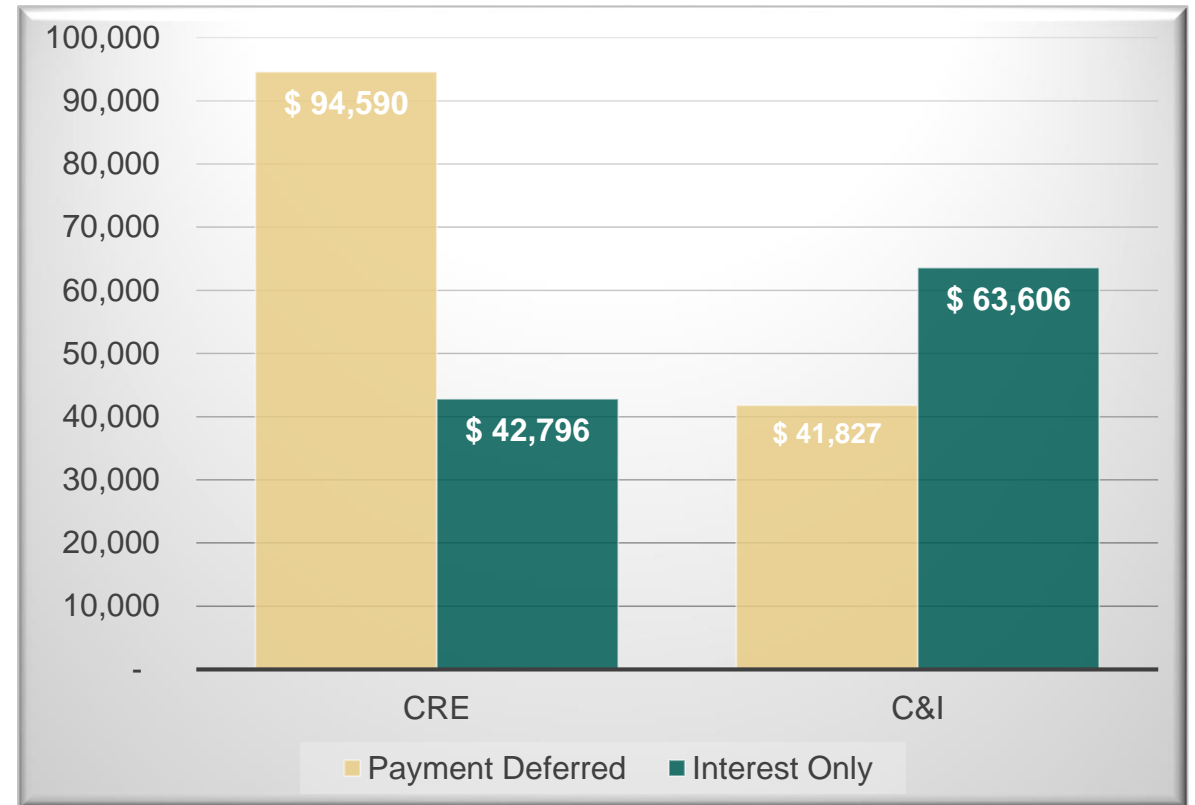
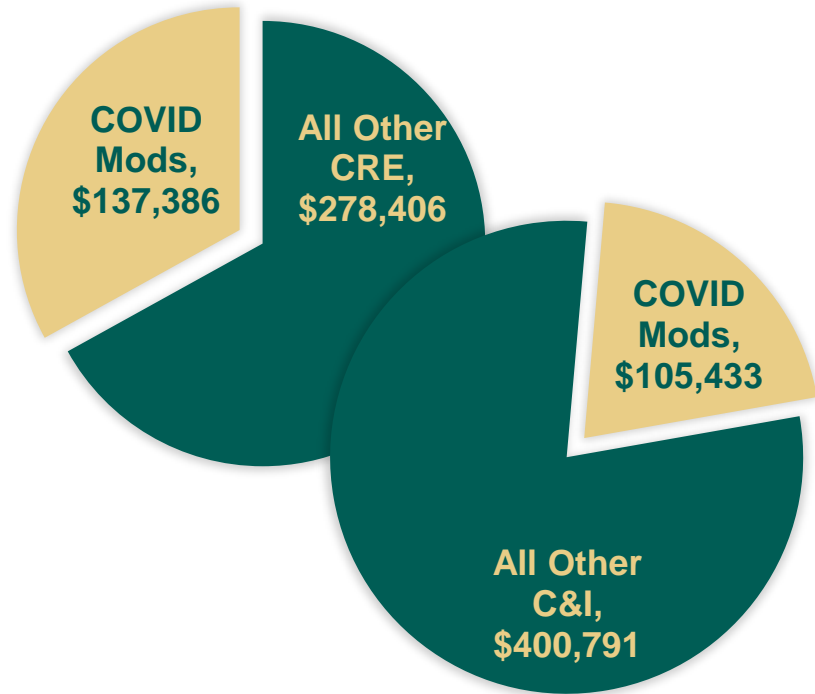
As of 6/9/20:

CTP: \$5.9MM down from \$6.8MM on 3/31/20

NQM: \$3.0MM down from \$9.3MM on 3/31/20

# COVID Modification Detail (\$ in thousands)

as of 5/22/2020



## Overall Modifications

	3/31 Outstanding	\$ Modified	# of Loans	% of Total \$
CRE	\$ 415,792	\$ 137,386	115	33%
C&I	506,224	105,433	124	21%
<b>Total</b>	<b>\$ 922,016</b>	<b>\$ 242,819</b>	<b>239</b>	<b>26%</b>

## Payment Deferred

	\$ Outstanding	# of Loans	% of Modified
CRE	\$ 94,590	72	30%
C&I	41,827	70	29%
<b>Total</b>	<b>\$ 136,417</b>	<b>142</b>	<b>59%</b>

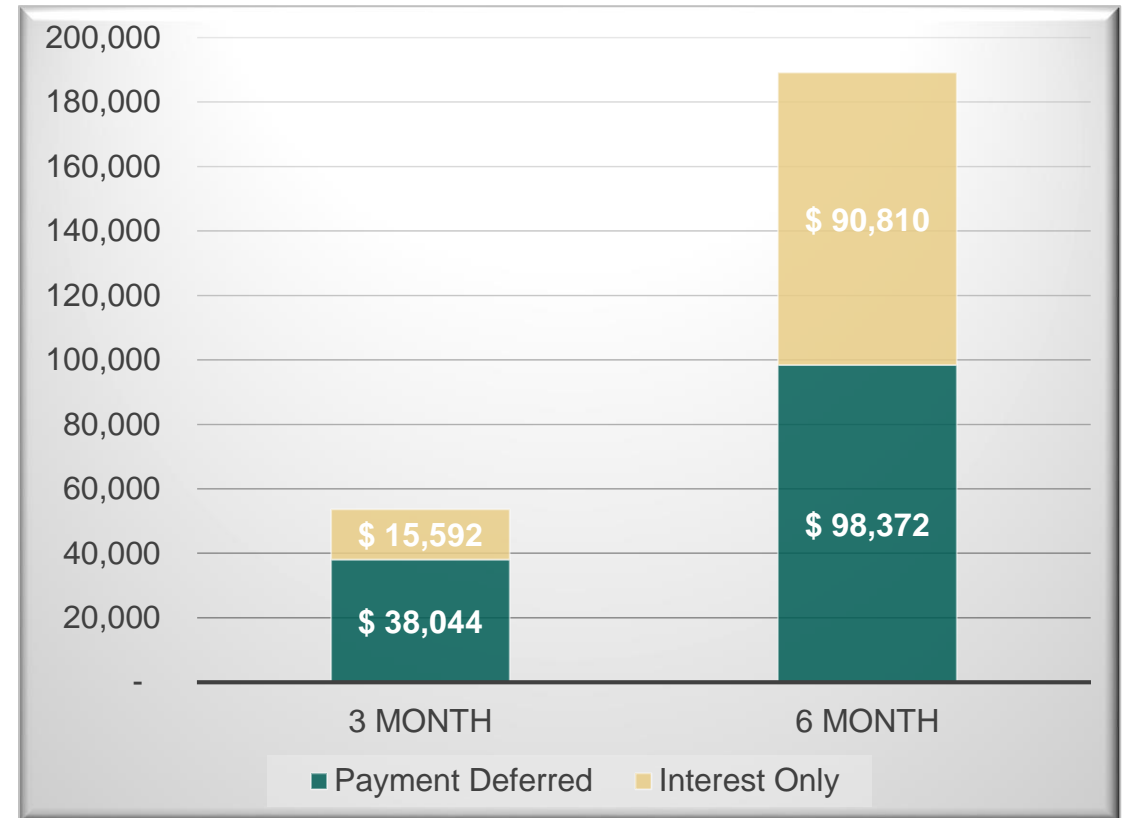
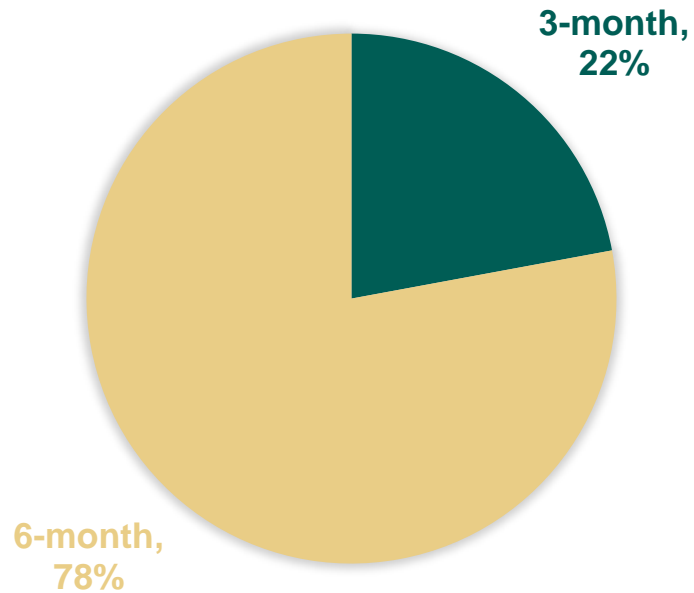
## Interest Only

	\$ Outstanding	# of Loans	% of Modified
CRE	\$ 42,796	43	18%
C&I	63,606	54	23%
<b>Total</b>	<b>\$ 106,402</b>	<b>97</b>	<b>41%</b>



# COVID Modification Detail (\$in thousands)

as of 5/22/2020



	Payment Deferred				Interest Only				Total			
	3-month		6-month		3-month		6-month		3-month		6-month	
	Total \$	Total %	Total \$	Total %	Total \$	Total %	Total \$	Total %	Total \$	Total %	Total \$	Total %
CRE	\$ 33,978	89%	\$ 60,611	62%	\$ 15,556	99%	\$ 27,240	30%	\$ 49,534	92%	\$ 87,851	46%
C&I	4,066	11%	37,761	38%	36	1%	63,570	70%	4,102	8%	101,331	54%
<b>Total</b>	<b>\$ 38,044</b>		<b>\$ 98,372</b>		<b>\$ 15,592</b>		<b>\$ 90,810</b>		<b>\$ 53,636</b>		<b>\$ 189,182</b>	

# Payroll Protection Program (PPP)

as of 5/21/20

PPP (as of 5/21/2020)	Total (\$ in thousands)
SBA Approved, #	257
SBA Approved, \$	74,853
Avg Loan Size, \$	291
Fees, \$	2,705
Fees, %	3.61%

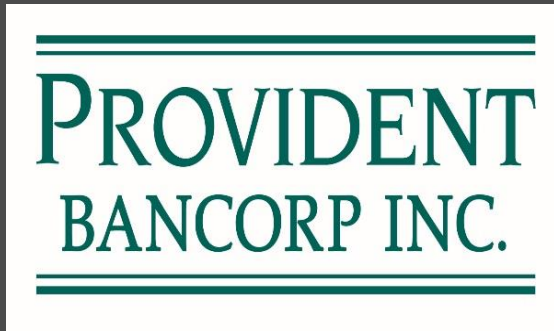
# Liquidity Monitoring

(as of 3/31/20)

PPP Funding and modifications will impact liquidity

The Bank has adequate sources of liquidity as highlighted below:

	<u>Outstanding</u>	<u>Additional Borrowing Capacity</u>
	<i>(Dollars in thousands)</i>	
Federal Home Loan Bank of Boston	\$ 25,025	\$ 172,322
Federal Reserve Bank of Boston	100,000	143,229
Unpledged Securities	-	10,674
Lines of Credit	-	35,000
Brokered Deposits	104,441	-
	<u>\$ 229,466</u>	<u>\$ 361,225</u>



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