

# **PUBLIC DISCLOSURE**

December 2, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of New Hampshire  
RSSD # 265407

62 Pleasant Street  
Laconia, New Hampshire 03246

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

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

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**INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.**

The following table indicates the performance level of Bank of New Hampshire (BNH or the bank) with respect to the Lending, Investment, and Service Tests.

|                           | Bank of New Hampshire |                 |              |
|---------------------------|-----------------------|-----------------|--------------|
|                           | PERFORMANCE TESTS     |                 |              |
| PERFORMANCE LEVELS        | Lending Test*         | Investment Test | Service Test |
| Outstanding               |                       |                 |              |
| High Satisfactory         |                       |                 | X            |
| Low Satisfactory          | X                     | X               |              |
| Needs to Improve          |                       |                 |              |
| Substantial Noncompliance |                       |                 |              |

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

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

**Lending Test**

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

**Investment Test**

- An adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position.

- Occasional use of innovative or complex qualified investments.
- Adequate responsiveness to credit and community development needs.

### Service Test

- The bank's service delivery systems are accessible to portions of its assessment areas, particularly to low- or moderate-income geographies or to low- or moderate-income individuals.
- To the extent changes have been made, the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals.
- The bank's services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment areas, particularly low- or moderate-income geographies or low- or moderate-income individuals.
- The bank provides a relatively high level of community development services.

## DESCRIPTION OF INSTITUTION

BNH is a mutually owned savings bank located in Laconia, NH. BNH is a wholly owned subsidiary of BNH Financial, a one-bank holding company also located in Laconia. BNH became a member of the Federal Reserve System in April of 2022. The bank operates 21 full-service branches, one wealth management office, one business development office, and four standalone ATMs throughout New Hampshire. The bank also operates a business development office in Falmouth, Maine. Of the 21 full services offices, 15 are located in the non- MSA and 6 are located within the Combined Statistical Area (CSA) portion of the state. All stand-alone ATMs are located within the non-MSA. The bank received a Satisfactory rating at its previous Performance Evaluation, dated September 12, 2022.

BNH's primary business focus is commercial lending. BNH offers a variety of products for its commercial customers including working capital lines of credit, term loans, commercial real estate loans, letters of credit, Small Business Administration (SBA) loans, and Business Finance Authority loans. The bank also offers a variety of deposit products for both consumer and commercial customers. Deposit products include savings, checking, certificate of deposits, MMDA, and IRA. The bank also offers overdraft protection. Alternative banking services include online and mobile banking, text and telephone banking, and bill pay. Throughout the majority of the evaluation period, the bank offered residential and consumer loans. Due to market conditions, the bank ceased accepting applications for mortgages and other consumer loans in November 2023 but continues to service its portfolio.

As of September 30, 2024, the bank's assets totaled \$2.6 billion, the bank's deposits totaled \$2.2 billion, and loans stood at \$2.1 billion. Assets have increased since the previous evaluation when they totaled \$2.4 billion. At that time, deposits stood at \$2.0 billion, and loans totaled \$1.9 billion. The bank's loan portfolio is comprised primarily of commercial real-estate loans, at 54.7 percent, 1-4 family residential lending represents the next highest percent of the portfolio, at 24.0 percent. Commercial real estate and commercial and industrial loans (C&I), which represent loans that could be included in the small business data, account for 57.0 percent of the portfolio. This is an increase from the previous examination when those loans represented 52.0 percent of the loan portfolio. Residential loans, reported under the Home Mortgage Disclosure Act (HMDA) account for 32.6 percent and are comprised of 1-4 family open- and closed-end loans, and multifamily residential. This is a decrease from the previous CRA evaluation when those loans accounted for 34.9 percent of the loan portfolio by dollar volume; the decrease is expected as the residential portfolio continues to roll off. Table 1 displays the bank's loan distribution, as of September 30, 2024.

| Table 1<br>Loan Distribution as of September 30, 2024   |                       |                            |
|---|-----------------------|----------------------------|
| Loan Type   | Dollar Amount \$(000) | Percent of Total Loans (%) |
| Commercial RE   | 1,136,331             | 54.7                       |
| 1-4 Residential RE  | 499,637               | 24.0                       |
| Multi-Family  | 179,376               | 8.6                        |
| Construction and Land Development   | 130,878               | 6.3                        |
| Commercial and Industrial   | 48,301                | 2.3                        |
| Consumer  | 28,594                | 1.4                        |
| Obligations (other than securities and leases) of states and political subdivisions in the U.S. | 27,444                | 1.3                        |
| Revolving 1-4 Family Residential  | 25,850                | 1.2                        |
| Agriculture   | 1,589                 | 0.1                        |
| Other   | 109                   | 0.0                        |
| <b>Total Loans</b>  | <b>2,078,109</b>      | <b>100.0</b>               |

*Call Report as of September 30, 2024*

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

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

## SCOPE OF EXAMINATION

BNH's CRA performance review was conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Large Institutions<sup>1</sup>. These procedures evaluate banks under three tests: the Lending Test, the Investment Test, and the Service Test.

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

BNH will be evaluated using two distinct assessment areas: the non- Metropolitan Statistical Area (MSA) statewide area, referred to as the non-MSA assessment area (non-MSA AA) and the southern portion of the Boston-Worcester-Providence, MA-RI-NH-CT CSA, referred to as the CSA AA. The CSA AA consists of the Rockingham County-Strafford County, NH Metropolitan

<sup>1</sup> "Large institutions" are banks or savings associations with assets of at least \$1.564 billion as of December 31 of both of the prior two calendar years.

Division (MD); and the Manchester-Nashua, NH MSA. The Rockingham County-Strafford County, NH MD consists of all census tracts across Rockingham and Strafford Counties. The Manchester-Nashua, NH MSA consists of the entirety of Hillsborough County. Previously, the bank's assessment area in this MSA consisted of 44 of the 86 census tracts in Hillsborough County. Following the 2022 CRA evaluation, the bank expanded the assessment area to include the entirety of the Hillsborough County. The non-MSA AA will receive greater weight when arriving at overall conclusions regarding the bank's performance, given the bank's branch network and overall level of activity in that AA.

The Lending Test considered the bank's small business, residential mortgage, and community development lending. The evaluation included small business and HMDA reportable loans originated by the bank from January 1, 2022, through December 31, 2023. The bank's current strategic focus is on originating commercial loans and commercial lending accounts for a higher percentage of the loan portfolio; however, residential loans accounted for the majority of lending activity that occurred during the evaluation period. Therefore, equal emphasis was placed on small business loans and residential mortgage loans for each performance criterion. While both the number and dollar volume of the bank's small business and residential mortgage loans were reviewed, the number of originations was weighted more heavily as the number of loans is more indicative of loan demand.

Small business loans included commercial real estate loans and C&I loans with original loan amounts of \$1 million or less. The bank's small business lending performance was compared to aggregate small business data obtained from the FFIEC and also to demographic information obtained from Dun & Bradstreet, Inc., Short Hills, NJ (D&B).

Aggregate HMDA data consists of lending information from all HMDA reporters that originated or purchased HMDA-reportable loans in the bank's assessment areas. The bank's residential loan performance was compared to applicable aggregate data that was obtained from the Consumer Finance Protection Bureau (CFPB). "Other purpose" and "not applicable" loans were excluded from the aggregate.

The review period for community development lending, the Investment Test and the Service Test was September 12, 2022, through December 2, 2024. Qualified investments and community development services were evaluated in the context of community needs and the capacity of the bank.

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment areas. Relevant information obtained from this practice assists examiners in determining whether local financial institutions are responsive to the credit needs of the community and whether additional opportunities are available.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

BNH's performance under the Lending Test is rated Low Satisfactory.

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

#### Lending Activity

The bank demonstrates good responsiveness to the credit needs in its assessment areas, taking into account the number and amount of home mortgage and small business originations in its assessment areas. The bank extended 463 home mortgage loans and 89 small business loans in the combined assessment areas in 2022. In 2023, the bank extended an additional 210 home mortgage loans within the assessment areas and 47 small business loans. Market ranks, particularly within the non-MSA portion of the assessment area demonstrate the bank was meeting the assessment area credit needs. Specifically, the bank was ranked 12<sup>th</sup> of 392 HMDA lenders operating in the assessment area in 2022. The bank ranked 21<sup>st</sup> of 108 reporters in extending small business loans in 2022. In 2023, the bank was 17<sup>th</sup> of 361 HMDA reporters and 25<sup>th</sup> of 94 CRA reporters. Market ranks were somewhat lower in the CSA AA, but this is not unexpected given the bank's operations are more heavily concentrated in the non-MSA and the higher level of competition in the CSA AA. Within the CSA AA, the bank ranked 44<sup>th</sup> of 444 HMDA reporters and 38<sup>th</sup> of 133 CRA reporters in 2022. The bank ranked 55<sup>th</sup> of 396 HMDA reporters and 49<sup>th</sup> of 132 CRA reporters in the CSA AA in 2023.

#### Distribution of Lending within the Assessment Area

This criterion evaluates the concentration of loans originated by the bank within its two assessment areas. Table 2 demonstrates a substantial majority of its loans are made in its assessment areas. The following table presents the bank's levels of lending inside and outside the assessment area for the evaluation period.

| Table 2<br>Lending Inside and Outside the Assessment Areas |        |      |          |      |         |      |          |      |       |          |
|--|--------|------|----------|------|---------|------|----------|------|-------|----------|
| Loan Type - Description                                    | Inside |      |          |      | Outside |      |          |      | Total |          |
|  | #      | %    | \$(000s) | %    | #       | %    | \$(000s) | %    | #     | \$(000s) |
| Home Purchase  | 460    | 91.1 | 136,255  | 90.7 | 45      | 8.9  | 14,032   | 9.3  | 505   | 150,287  |
| Home Improvement   | 22     | 84.6 | 5,945    | 75.8 | 4       | 15.4 | 1,898    | 24.2 | 26    | 7,843    |
| Multi-Family Housing                                       | 34     | 87.2 | 29,827   | 51.7 | 5       | 12.8 | 27,865   | 48.3 | 39    | 57,692   |
| Refinancing  | 141    | 94.0 | 30,762   | 91.2 | 9       | 6.0  | 2,971    | 8.8  | 150   | 33,733   |
| Total HMDA related   | 657    | 91.2 | 202,789  | 81.3 | 63      | 8.8  | 46,766   | 18.3 | 720   | 249,555  |
| SB - Small Business  | 142    | 84.0 | 40,848   | 86.8 | 27      | 16.0 | 6,197    | 13.2 | 169   | 47,045   |
| Total Small Bus. related                                   | 142    | 84.0 | 40,848   | 86.8 | 27      | 16.0 | 6,197    | 13.2 | 169   | 47,045   |
| TOTAL LOANS  | 799    | 89.9 | 243,637  | 82.1 | 90      | 10.1 | 52,963   | 17.9 | 889   | 296,600  |

HMDA and small business for 2022 & 2023

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



### *Residential Lending*

As shown in the table, the bank extended 91.2 percent, by number, and 81.3 percent by dollar volume, of its residential mortgage loans within its assessment areas. Lending inside the assessment area was consistently high across HMDA product categories and the years in the review period.

### *Small Business Lending*

The bank extended 84.0 percent of its small business loans by number, and 86.8 percent by dollar volume, inside the assessment areas during the review period. A high percentage of small business loans were made within the assessment areas in both years under review.

### **Geographic Distribution of Loans**

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The bank demonstrates an excellent geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment areas.

### **Borrowers' Profile**

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

### **Community Development Lending Activities**

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

The bank demonstrates it has made an adequate level of community development loans. The bank originated seven qualified community development loans, totaling \$4.0 million. This is a significant decrease from the previous CRA evaluation where the bank originated 25 community development loans, totaling \$44.9 million. It should be noted that during the previous CRA evaluation the bank made a large number of paycheck protection loans that were qualified as community development loans. This program was no longer available during the current review period.

## INVESTMENT TEST

BNH performance under the Investment Test is rated Low Satisfactory. The Investment Test evaluates the institution's record of meeting the credit needs of its assessment areas through its use of qualified investments<sup>2</sup>. The institution's investment performance is evaluated pursuant to the following criteria: 1) the number and dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; 4) the degree to which the qualified investments are not routinely provided by private investors.

The bank's qualified investments total \$6.1 million. Of the total, \$300,000 is in the form of new tax credit purchases, \$447,760 were donations and the majority, \$5.4 million, were prior period qualified investments. New investments were in the form of purchasing tax credits via the NH Community Development Finance Authority (CDFA). The CDFA's tax credit program aims to support organizations that are engaged in community economic development initiatives. Of the new investments, three totaling \$250,000 were allocated to the State of NH, three totaling \$35,000 were allocated to the non-MSA AA, and three totaling \$15,000 were allocated to the CSA AA. Of the prior period investments, three totaling \$900,000 are allocated to the State of NH and the remaining four totaling approximately \$4.5 million are allocated to the non-MSA. At the previous CRA evaluation, the bank's qualified investments totaled \$7.1 million, of which \$6.5 million was in the form of equity and / or tax credit investments, and \$625,695 was in the form of donations.

## Grants and Donations

BNH provided 164 community development grants and donations during the review period, totaling \$447,760. Of the total, 21 donations, totaling \$132,087, benefited the state or areas broader than the AAs and were therefore allocated at the institution level. Of the statewide total, \$124,587, or 94.3 percent, were qualified as community services primarily benefiting low- and moderate-individuals and families. The bank identified food insecurity as an area of focus. Of the total donations, approximately 30.0 percent went towards organizations aimed at addressing food insecurity. Refer to Table 3 for a breakout of the bank's grants and donations by year and community development purpose.

| Table 3<br>Qualified Donations by Purpose      |                     |               |           |                |           |                |            |                |
|--|---------------------|---------------|-----------|----------------|-----------|----------------|------------|----------------|
| Community Development Category                 | 9/13/2022-12/2/2022 |               | 2023      |                | YTD 2024  |                | Total      |                |
|  | #                   | \$            | #         | \$             | #         | \$             | #          | \$             |
| Affordable Housing                             | 2                   | 5,500         | 6         | 15,250         | 5         | 8,500          | 13         | 29,250         |
| Community Services                             | 71                  | 59,673        | 46        | 199,037        | 29        | 131,250        | 146        | 389,960        |
| Economic Development                           | 0                   | 0             | 1         | 750            | 3         | 22,800         | 4          | 23,550         |
| Revitalization/Stabilization                   | 1                   | 5,000         | 0         | 0              | 0         | 0              | 1          | 5,000          |
| <b>Total</b>                                   | <b>74</b>           | <b>70,173</b> | <b>53</b> | <b>215,037</b> | <b>37</b> | <b>162,550</b> | <b>164</b> | <b>447,760</b> |
| <i>Bank provided qualified investment data</i> |                     |               |           |                |           |                |            |                |

<sup>2</sup> A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

The following is a sample of organizations that operate on a statewide basis that benefited from the bank's contributions:

- *New Hampshire Food Bank (NHFB)* – NHFB's mission is to feed hungry people by soliciting and distributing grocery products and perishable foods and offering programs through a statewide network of approved agencies. NHFB supplies millions of pounds annually to food pantries, homeless shelters, soup kitchens, children's programs, and senior centers. During the evaluation period, the bank made four donations, totaling \$94,806, in support of the NHFB.
- *Harbor Care* – Harbor Care is a network of nonprofit health care, housing and human services helping adults, children, and families of New Hampshire to find solutions to many of life's most challenging issues. Harbor Care focuses on providing housing and residential services, primary and behavioral health care, substance use disorder treatment, veteran services, employment support, and additional support to individuals and families experience or are at risk of homelessness. The bank provided two donations, totaling \$6,000, during the evaluation period.
- *Waypoint* – Waypoint offers programs statewide focusing on early childhood and family support, youth homelessness and housing programs, counseling, and healthcare. The bank provided three donations, totaling \$4,500, to help support Waypoint's homeless youth services.

## SERVICE TEST

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

Bank employees contributed 1,108 hours to 41 organizations through their participation on boards. Of these, 520 hours benefited the non-MSA AA, 520 hours benefited the CSA portion of the State of New Hampshire, and 68 hours were spent with organizations that serve the entire State of New Hampshire. In addition, the bank's fraud officer provided presentations at senior centers and schools on 10 occasions in the non-MSA AA during the review period. Total hours increased from the previous CRA evaluation. More information on the bank's community development services activity is provided in the individual assessment area sections to follow.

## FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

## **NON-METROPOLITAN STATEWIDE AREA – Full-Scope Review**

### **SCOPE OF EXAMINATION**

The performance criteria and review periods are consistent with the scope described in the Description of Institution section of this evaluation. Based on the level of deposits, lending, and other activities, the non-MSA AA was given the most weight when arriving at institution ratings.

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NON-MSA**

The non-MSA AA consists of the entirety of the following counties: Belknap, Carroll, Coos, Grafton, Merrimack, and Sullivan. The only county within the non-MSA that is excluded in the assessment area is Cheshire, in the southwestern portion of the State of New Hampshire. The assessment area covers nearly the entire State of New Hampshire, from the Massachusetts state boundary to the south, to Coos County, which borders Canada to the north. In addition to its headquarters in Laconia, and wealth management office in Tilton, the bank operates 15 full-service branches in the assessment area. There are 19 ATMs in the assessment area: one at each full-service branch, and standalone ATMs in Belknap and Merrimack counties.

Major population centers are located in the Upper Valley along the I-91 corridor, including the city of Lebanon and the town of Hanover in Grafton County. Hanover is home to Dartmouth College. Concord in Merrimack County is the capital of New Hampshire and the state’s third largest city. Outside of these population centers, the non-MSA AA is generally rural, consisting of small villages and forests, including the White Mountains National Forest.

According to the Federal Deposit Insurance Corporation (FDIC) Summary of Deposits report as of June 30, 2024, branch deposits within the non-MSA AA totaled \$1.7 billion, or 83.1 percent, of the bank’s total deposits. According to the FDIC Deposit Market Share report as of the same date, there were 23 financial institutions offering deposit services through 163 branches within the counties that comprise the assessment area. The bank ranked 2<sup>nd</sup>, with a deposit market share of 10.9 percent, up from a rank of 3<sup>rd</sup> at the last exam. TD Bank, N.A. ranked 1<sup>st</sup>, while Citizens Bank, N.A and Mascoma Bank ranked 3<sup>rd</sup> and 4<sup>th</sup> respectively. The bank faces competition from local and regional community banks, which include Mascoma Bank and Meredith Village Savings Bank, which have a significant branch presence in the counties that comprise the non-MSA AA. The bank’s strong market rank indicates an ability to compete.

In terms of lending, 70.7 percent of the bank’s home mortgage and small business loans were originated within the non-MSA AA during the evaluation period. Given the volume of residential lenders within the assessment area, including community banks and national banks, and the breadth of national mortgage companies operating in the assessment area, the bank operates in a highly competitive geographic area for residential loans. In 2022, there were 392 originators and / or purchasers of residential mortgage loans in the assessment area, and in 2023, there were 361 originators and / or purchasers. During the evaluation period, the top residential mortgage lenders in the non-MSA AA included Citizens Bank, N.A., Meredith Village Savings Bank, CMG Mortgage, Inc. and Rocket Mortgage, LLC. The bank also demonstrated its ability to compete in the mortgage market through strong market ranks. In each year of the evaluation period, the bank ranked at least within the 90<sup>th</sup> percentile in mortgage originations in the

assessment area. The bank operates in a competitive geographic area in terms of small business lending, in each year of the evaluation period American Express, N.B., and JPMorgan Chase Bank, N.A., were the top small business lenders in the assessment area. Additional top small business lenders include Capital One N.A. and Citibank N.A.

Relevant demographic data for the non-MSA AA is provided in Table 4.

| <b>Table 4</b><br><b>Assessment Area Demographics</b><br><b>Non-MSA Assessment Area</b> |                           |                        |                                    |              |  |              |                           |              |
|---|---------------------------|------------------------|------------------------------------|--------------|--|--------------|---------------------------|--------------|
| Income Categories   | Tract Distribution        |                        | Families by Tract Income           |              | Families < Poverty Level as % of Families by Tract |              | Families by Family Income |              |
|   | #                         | %                      | #                                  | %            | #  | %            | #                         | %            |
| Low-income  | 1                         | 0.8                    | 764                                | 0.7          | 201  | 26.3         | 21,849                    | 19.6         |
| Moderate-income   | 26                        | 20.6                   | 21,536                             | 19.3         | 2,086  | 9.7          | 20,189                    | 18.1         |
| Middle-income   | 74                        | 58.7                   | 65,489                             | 58.8         | 3,195  | 4.9          | 25,910                    | 23.3         |
| Upper-income  | 25                        | 19.8                   | 23,618                             | 21.2         | 482  | 2.0          | 43,459                    | 39.0         |
| Unknown-income  | 0                         | 0.0                    | 0                                  | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total Assessment Area</b>  | <b>126</b>                | <b>100.0</b>           | <b>111,407</b>                     | <b>100.0</b> | <b>5,964</b>                                       | <b>5.4</b>   | <b>111,407</b>            | <b>100.0</b> |
|   | Housing Units by Tract    | Housing Types by Tract |                                    |              |  |              |                           |              |
|   |                           | Owner-Occupied         |                                    | Rental       |  | Vacant       |                           |              |
|   |                           | #                      | %                                  | %            | #  | %            | #                         | %            |
| Low-income  | 1,465                     | 676                    | 0.5                                | 46.1         | 541  | 36.9         | 248                       | 16.9         |
| Moderate-income   | 52,481                    | 22,793                 | 17.9                               | 43.4         | 13,811   | 26.3         | 15,877                    | 30.3         |
| Middle-income   | 145,849                   | 76,702                 | 60.2                               | 52.6         | 25,332   | 17.4         | 43,815                    | 30.0         |
| Upper-income  | 43,210                    | 27,226                 | 21.4                               | 63.0         | 6,328  | 14.6         | 9,656                     | 22.3         |
| Unknown-income  | 0                         | 0                      | 0.0                                | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total Assessment Area</b>  | <b>243,005</b>            | <b>127,397</b>         | <b>100.0</b>                       | <b>52.4</b>  | <b>46,012</b>                                      | <b>18.9</b>  | <b>69,596</b>             | <b>28.6</b>  |
|   | Total Businesses by Tract |                        | Businesses by Tract & Revenue Size |              |  |              |                           |              |
|   |                           |                        | Less Than or = \$1 Million         |              | Over \$1 Million                                   |              | Revenue Not Reported      |              |
|   | #                         | %                      | #                                  | %            | #  | %            | #                         | %            |
| Low-income  | 116                       | 0.5                    | 102                                | 0.5          | 9  | 0.5          | 5                         | 1.3          |
| Moderate-income   | 5,012                     | 20.5                   | 4,484                              | 20.0         | 437  | 25.1         | 91                        | 24.0         |
| Middle-income   | 14,044                    | 57.3                   | 12,904                             | 57.7         | 920  | 52.8         | 220                       | 58.0         |
| Upper-income  | 5,318                     | 21.7                   | 4,877                              | 21.8         | 378  | 21.7         | 63                        | 16.6         |
| Unknown-income  | 0                         | 0.0                    | 0                                  | 0.0          | 0  | 0.0          | 0                         | 0.0          |
| <b>Total Assessment Area</b>  | <b>24,490</b>             | <b>100.0</b>           | <b>22,367</b>                      | <b>100.0</b> | <b>1,744</b>                                       | <b>100.0</b> | <b>379</b>                | <b>100.0</b> |
| <b>Percentage of Total Businesses:</b>  |                           |                        | <b>91.3</b>                        |              | <b>7.1</b>   |              | <b>1.5</b>                |              |

Source: 2021 FFIEC Census Data  
2021 Dun & Bradstreet Data  
2011-2015 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

### Composition

Based on the 2015 American Community Survey (ACS), the non-MSA AA consists of 126 census tracts, of which 1, or 0.8 percent, is low-income, 26, or 20.6 percent, are moderate-income, 74, or 58.7 percent, are middle-income, and 25, or 19.8 percent are upper income. The low level of low-income census tracts limits opportunities for the origination of residential and

small business loans in these tracts.

Table 5 illustrates the dispersion of low- and moderate-income tracts in the counties that comprise the non-MSA AA.

| Table 5<br>Assessment Area Low and Moderate-Income Tracts |     |          |
|---|-----|----------|
| County  | Low | Moderate |
| Belknap   | 0   | 4        |
| Carroll   | 0   | 3        |
| Coos  | 1   | 6        |
| Grafton   | 0   | 6        |
| Merrimack   | 0   | 3        |
| Sullivan  | 0   | 4        |

Source: FFIEC 2023 Census Report

### Housing

The non-MSA AA contains 243,005 housing units, of which 0.6 percent are in low-income tracts, 21.6 percent in moderate-income tracts, 60.0 percent in middle-income tracts and 17.8 percent are in upper-income tracts. Compared to the demographic data applicable to the prior evaluation, the number of total housing units increased by 2.6 percent and the dispersions of housing units by tract-income remained stable. In 2023, according to the NH Association of Realtors, the median housing value in the assessment area ranged from \$230,000 in Coos County, to \$465,000 in Carroll County.

Of the total housing units in the assessment area 52.4 percent are owner-occupied. Rental units account for 18.9 percent of total housing units and vacant units comprise 28.6 percent of total housing units, driven in part due to vacation and second homes in the area. One-to-four family housing units comprise 89.4 percent of total housing units. Multifamily housing units comprise just 10.6 percent of the housing stock, suggesting that opportunities to finance larger affordable housing properties may be limited. Mobile homes comprise 7.5 percent of the total housing stock and represent an affordable housing option for many borrowers within the assessment area given the high cost of housing compared to Median Family Incomes (MFIs).

### Population

The assessment area has a total population of 433,069 individuals, of which 0.5 percent reside in the low-income tract, 19.4 percent reside in moderate-income tracts, 58.0 percent reside in middle-income tracts, and 22.0 percent reside in upper-income tracts.

There are 173,409 households, of which 111,407 are families. Of these families, 0.7 percent reside in the low-income tract, 19.3 percent reside in moderate-income tracts, 58.8 percent in middle-income tracts, and 21.2 percent reside in upper-income tracts. Of the families in the assessment area, 19.6 percent are low-income, 18.1 percent are moderate-income, 23.3 percent are middle-income, 39.0 percent are upper-income, and 5.4 percent of families are below the poverty level.

New Hampshire experienced a population growth of 4.0 percent between the 2015 ACS and 2020 Census, with the non-MSA AA seeing a 3.2 percent increase over the same period. The

non-MSA AA also has a large population of individuals aged 65 and over. This aging population creates a need for affordable housing and community development services for seniors. Additionally, the aging population generally resides in an aging housing stock, which increases the volume of homes in need of improvement, rehabilitation, and weatherization.

### *Business Characteristics*

According to D&B data, there are 24,490 businesses operating within the assessment area. Of the businesses, the substantial majority, at 91.3 percent, have gross annual revenues (GARs) of \$1 million or less. At 57.7 percent, the majority of these businesses are located in middle-income census tracts, which is reflective of the overall census tract distribution of the assessment area. Similarly, 20.5 percent of businesses are located in moderate-income census tracts. Primary industries in the assessment area include health care, retail services, hospitality services, manufacturing, and education. Large employers include Dartmouth College, J Jill Distribution, Concord Hospital, Ruger Firearms, New Hampshire Motor Speedway, and Hypertherm Inc.

### *Income*

The FFIEC adjusts the MFI of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper income is defined as 120 percent of median income and above. Table 6 displays the MFI used to classify borrowers within the non-MSA AA.

| <b>Table 6</b>                              |             |             |                 |
|---|-------------|-------------|-----------------|
| <b>Median Family Income</b>                 |             |             |                 |
| <b>MSA / MD</b>                             | <b>2022</b> | <b>2023</b> | <b>% Change</b> |
| non-MSA                                     | \$94,500    | \$106,500   | 12.6            |
| <i>FFIEC median family income estimates</i> |             |             |                 |

### *Employment Statistics*

Employment within the assessment area has been stable. According to the U.S. Bureau of Labor Statistics, the unemployment rate for the state of New Hampshire in 2023 was 2.2 percent, ranking 5<sup>th</sup> lowest in the nation. The unemployment rates for the counties within the assessment area also compared favorably to the national unemployment rate, with Belknap County at 2.1 percent, Carroll County at 2.3 percent, Coos County at 2.6 percent, while Grafton, Merrimack, and Sullivan County had the lowest rate at 1.9 percent. Unemployment rates have gradually decreased after rising sharply in the spring and summer of 2020 due to the COVID-19 pandemic. However, many residents and businesses, as well as the non-profit organizations that support them, continue to face economic hardship.

### **Community Contacts**

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are

responsive to the credit needs of the community, and whether additional opportunities are available.

A community contact was conducted with an organization that focuses on housing in the non-MSA portion of the State of New Hampshire. The contact noted the need for affordable housing and obtaining funding, specifically as rents are increasing while housing vouchers are not. In addition, there is a need for support services for those transitioning from homelessness to a community. The contact also stated that additional housing and support services are needed for the aging population in the assessment area. The contact specifically BNH as an institution that has been supportive.

An additional community contact was conducted with an organization that provides commercial lending, grant writing, project management, and technical assistance grants to New Hampshire and Vermont businesses and municipalities. The contact stated that businesses are impacted by broadband issues. A separate arm of the same agency focuses on providing affordable housing to underserved communities. The contact views manufactured homes as one of the best avenues for addressing the affordable housing crisis. The contact stated that solar energy and energy efficiency projects are of growing importance to manufactured home parks in New Hampshire.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NON-MSA ASSESSMENT AREA**

### **LENDING TEST**

BNH's performance relative to the Lending Test in the non-MSA AA is rated Low Satisfactory. The bank's performance under the Geographic Distribution was considered excellent. The Borrower Distribution and Community Development Lending criteria were considered adequate, and the bank made limited use of innovative or flexible loan programs which primarily support this conclusion.

#### **Lending Activity**

The bank demonstrates good responsiveness to the credit needs in the non-MSA portion of the assessment area, taking into account the number and amount of home mortgage and small business originations. The bank extended 563 HMDA and small business loans within this assessment area and as discussed, achieved strong market ranks.

#### **Geographic Distribution of Loans**

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The bank demonstrates an excellent geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment area.

#### *Residential Lending*

Table 7 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank's geographic



distribution is excellent.

| Table 7<br>Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography<br>Assessment Area: Non MSA NH |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
|--|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|------------------------------|
| Geographic<br>Income Level   | Bank And Aggregate Loans By Year |       |       |         |       |       |      |       |       |         |       |       | Owner<br>Occupied<br>Units % |
|  | 2022                             |       |       |         |       |       | 2023 |       |       |         |       |       |                              |
|  | Bank                             |       | Agg   | Bank    |       | Agg   | Bank |       | Agg   | Bank    |       | Agg   |                              |
|  | #                                | %     | %     | \$(000) | %     | %     | #    | %     | %     | \$(000) | %     | %     |                              |
| Home Purchase Loans  |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
| Low  | 1                                | 0.5   | 0.5   | 72      | 0.1   | 0.2   | 0    | 0.0   | 0.7   | 0       | 0.0   | 0.3   | 0.5                          |
| Moderate   | 65                               | 33.5  | 19.4  | 18,315  | 30.9  | 15.3  | 26   | 23.2  | 19.0  | 6,405   | 19.2  | 15.0  | 17.9                         |
| Middle   | 107                              | 55.2  | 59.8  | 33,781  | 56.9  | 60.5  | 74   | 66.1  | 61.2  | 23,728  | 71.0  | 61.4  | 60.2                         |
| Upper  | 21                               | 10.8  | 20.2  | 7,181   | 12.1  | 24.0  | 12   | 10.7  | 19.1  | 3,277   | 9.8   | 23.4  | 21.4                         |
| Total  | 194                              | 100.0 | 100.0 | 59,349  | 100.0 | 100.0 | 112  | 100.0 | 100.0 | 33,410  | 100.0 | 100.0 | 100.0                        |
| Refinance Loans  |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
| Low  | 1                                | 1.2   | 0.3   | 72      | 0.4   | 0.1   | 0    | 0.0   | 0.4   | 0       | 0.0   | 0.2   | 0.5                          |
| Moderate   | 25                               | 29.8  | 14.8  | 4,182   | 23.6  | 11.4  | 10   | 41.7  | 17.3  | 1,345   | 25.9  | 15.0  | 17.9                         |
| Middle   | 50                               | 59.5  | 62.8  | 11,521  | 64.9  | 61.8  | 12   | 50.0  | 60.5  | 3,340   | 64.4  | 60.5  | 60.2                         |
| Upper  | 8                                | 9.5   | 22.1  | 1,976   | 11.1  | 26.7  | 2    | 8.3   | 21.8  | 501     | 9.7   | 24.3  | 21.4                         |
| Total  | 84                               | 100.0 | 100.0 | 17,751  | 100.0 | 100.0 | 24   | 100.0 | 100.0 | 5,186   | 100.0 | 100.0 | 100.0                        |
| Home Improvement Loans   |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
| Low  | 0                                | 0.0   | 0.2   | 0       | 0.0   | 0.1   | 0    | 0.0   | 0.1   | 0       | 0.0   | 0.1   | 0.5                          |
| Moderate   | 3                                | 27.3  | 12.5  | 314     | 7.6   | 9.9   | 4    | 57.1  | 13.2  | 535     | 57.8  | 11.4  | 17.9                         |
| Middle   | 7                                | 63.6  | 59.4  | 1,333   | 32.1  | 60.8  | 2    | 28.6  | 62.4  | 300     | 32.4  | 61.8  | 60.2                         |
| Upper  | 1                                | 9.1   | 27.9  | 2,500   | 60.3  | 29.2  | 1    | 14.3  | 24.3  | 90      | 9.7   | 26.7  | 21.4                         |
| Total  | 11                               | 100.0 | 100.0 | 4,147   | 100.0 | 100.0 | 7    | 100.0 | 100.0 | 925     | 100.0 | 100.0 | 100.0                        |
|  | Multifamily Loans                |       |       |         |       |       |      |       |       |         |       |       | Multi-family<br>Units %      |
| Low  | 1                                | 4.3   | 0.8   | 233     | 1.3   | 0.1   | 0    | 0.0   | 1.5   | 0       | 0.0   | 1.2   | 0.6                          |
| Moderate   | 8                                | 34.8  | 27.4  | 2,751   | 15.6  | 8.3   | 0    | 0.0   | 30.8  | 0       | 0.0   | 22.7  | 31.0                         |
| Middle   | 13                               | 56.5  | 61.3  | 14,211  | 80.4  | 82.1  | 3    | 100.0 | 56.9  | 1,864   | 100.0 | 51.0  | 55.9                         |
| Upper  | 1                                | 4.3   | 10.5  | 476     | 2.7   | 9.5   | 0    | 0.0   | 10.8  | 0       | 0.0   | 25.0  | 12.5                         |
| Total  | 23                               | 100.0 | 100.0 | 17,671  | 100.0 | 100.0 | 3    | 100.0 | 100.0 | 1,864   | 100.0 | 100.0 | 100.0                        |
|  | Total Home Mortgage Loans        |       |       |         |       |       |      |       |       |         |       |       | Owner<br>Occupied<br>Units % |
| Low  | 3                                | 0.9   | 0.4   | 377     | 0.4   | 0.2   | 0    | 0.0   | 0.5   | 0       | 0.0   | 0.3   | 0.5                          |
| Moderate   | 105                              | 32.8  | 16.6  | 26,162  | 26.2  | 13.1  | 42   | 27.8  | 17.3  | 8,425   | 20.1  | 14.8  | 17.9                         |
| Middle   | 180                              | 56.3  | 61.1  | 61,006  | 61.1  | 62.7  | 93   | 61.6  | 61.5  | 29,502  | 70.5  | 61.2  | 60.2                         |
| Upper  | 32                               | 10.0  | 22.0  | 12,303  | 12.3  | 24.1  | 16   | 10.6  | 20.6  | 3,908   | 9.3   | 23.7  | 21.4                         |
| Total  | 320                              | 100.0 | 100.0 | 99,848  | 100.0 | 100.0 | 151  | 100.0 | 100.0 | 41,835  | 100.0 | 100.0 | 100.0                        |
| Source: 2023 FFIEC Census Data   |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
| 2016-2020 U.S. Census Bureau: American Community Survey  |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
| Note: Percentages may not total 100.0 percent due to rounding.   |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |

As displayed in the table above, the bank extended three loans, 0.9 percent, in the low-income census tract in this assessment area in 2022. The bank exceeded the percent achieved by the aggregate, at 0.4 percent, as well as the percentage of owner-occupied units in this tract, at 0.5 percent. The bank made 105 home mortgage loans in the assessment area's moderate-income census tracts, accounting for 32.8 percent of its loans in this assessment area. The bank's percentage measurably exceeded the percentage achieved by the aggregate at 16.6 percent, as well as the percentage of owner-occupied units in those tracts, at 17.9 percent.

In 2023, the bank did not extend any loans within the low-income census tract. This is not unreasonable given the very low level of opportunity to lend in this tract as exemplified by the low percent of lending achieved by the aggregate and low percentage of owner-occupied units,

both at 0.5 percent. The bank made 42 loans, or 27.8 percent of loans within moderate-income tracts in 2023, which again was well above the percentage achieved by the aggregate as well as the percentage of owner-occupied units in those tracts.

The bank was able to exceed the percentage of loans extended by the aggregate in moderate-income tracts across product categories and by both number and dollar volume, with the exception of home improvement loans in 2022.

There were no conspicuous gaps in the bank's lending unexplained by performance context.

### Small Business Lending

Table 8 represents the distribution of small business loans by census tract income level. The bank's geographic distribution of small business loans is good.

| Table 8<br>Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography<br>Assessment Area: Non MSA NH<br>Bank And Aggregate Loans By Year |      |       |       |         |       |       |      |       |       |         |       |       |                           |
|---|------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|---------------------------|
| Geographic<br>Income<br>Level   | 2022 |       |       |         |       |       | 2023 |       |       |         |       |       | Total<br>Business<br>es % |
|   | Bank |       | Agg   | Bank    |       | Agg   | Bank |       | Agg   | Bank    |       | Agg   |                           |
|   | #    | %     | %     | \$(000) | %     | %     | #    | %     | %     | \$(000) | %     | %     |                           |
|   |      |       |       |         |       |       |      |       |       |         |       |       |                           |
| Low   | 0    | 0.0   | 0.5   | 0       | 0.0   | 0.3   | 1    | 2.4   | 0.4   | 100     | 0.9   | 0.2   | 0.5                       |
| Moderate  | 24   | 38.1  | 19.0  | 6,881   | 39.1  | 18.7  | 4    | 9.5   | 18.3  | 1,841   | 16.7  | 19.0  | 20.5                      |
| Middle  | 34   | 54.0  | 57.6  | 9,225   | 52.4  | 55.5  | 29   | 69.0  | 57.6  | 7,734   | 70.3  | 52.9  | 57.3                      |
| Upper   | 5    | 7.9   | 20.9  | 1,507   | 8.6   | 24.7  | 8    | 19.0  | 22.1  | 1,326   | 12.1  | 27.4  | 21.7                      |
| Unknown   | 0    | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0.0                       |
| Tract-Unk   | 0    | 0.0   | 2.1   | 0       | 0.0   | 0.8   | 0    | 0.0   | 1.5   | 0       | 0.0   | 0.6   |                           |
| Total   | 63   | 100.0 | 100.0 | 17,613  | 100.0 | 100.0 | 42   | 100.0 | 100.0 | 11,001  | 100.0 | 100.0 | 100.0                     |
| Source: 2023 FFIEC Census Data  |      |       |       |         |       |       |      |       |       |         |       |       |                           |
| 2023 Dun & Bradstreet Data  |      |       |       |         |       |       |      |       |       |         |       |       |                           |
| 2016-2020 U.S. Census Bureau: American Community Survey   |      |       |       |         |       |       |      |       |       |         |       |       |                           |
| Note: Percentages may not total 100.0 percent due to rounding.  |      |       |       |         |       |       |      |       |       |         |       |       |                           |

As displayed in the table above, the bank did not extend any small business loans in low-income census tracts in 2022. This is not unreasonable, given the assessment area contains just one low-income census tract. The bank extended 24 loans, or 38.1 percent of total small business loans within moderate-income census tracts in that year, which was well above the percent achieved by the aggregate at 19.0 percent and the percentage of businesses located in those tracts at 20.5 percent.

In 2023, the bank was able to extend one loan, or 2.4 percent, within the assessment area's low-income tract, which was above the percentage achieved by the aggregate and the percentage of businesses in those tracts. The bank made four loans, or 9.5 percent, in moderate-income tracts in 2023, which was below the percentage achieved by the aggregate. The bank experienced an overall decrease in small business lending in that year.

### Borrowers' Profile

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

## Residential Lending

Table 9 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The table further outlines the bank's performance by loan type in comparison to the aggregate group. The bank's performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is good.

| Table 9<br>Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level<br>Assessment Area: Non MSA NH |                                  |       |       |         |       |       |      |       |       |         |       |       |                                   |
|--|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|-----------------------------------|
| Borrower<br>Income Level   | Bank And Aggregate Loans By Year |       |       |         |       |       |      |       |       |         |       |       | Families by<br>Family<br>Income % |
|  | 2022                             |       |       |         |       |       | 2023 |       |       |         |       |       |                                   |
|  | Bank                             |       | Agg   | Bank    |       | Agg   | Bank |       | Agg   | Bank    |       | Agg   |                                   |
|  | #                                | %     | #%    | \$(000) | \$%   | \$%   | #    | %     | #%    | \$(000) | \$%   | \$%   |                                   |
| Home Purchase Loans  |                                  |       |       |         |       |       |      |       |       |         |       |       |                                   |
| Low  | 9                                | 4.6   | 4.1   | 1,429   | 2.4   | 1.8   | 3    | 2.7   | 4.2   | 342     | 1.0   | 1.7   | 19.6                              |
| Moderate   | 29                               | 14.9  | 16.1  | 4,691   | 7.9   | 10.3  | 18   | 16.1  | 16.4  | 3,048   | 9.1   | 10.1  | 18.1                              |
| Middle   | 25                               | 12.9  | 22.3  | 6,581   | 11.1  | 18.0  | 28   | 25.0  | 22.9  | 6,784   | 20.3  | 18.8  | 23.3                              |
| Upper  | 122                              | 62.9  | 47.6  | 43,971  | 74.1  | 59.9  | 61   | 54.5  | 44.5  | 22,518  | 67.4  | 56.9  | 39.0                              |
| Unknown  | 9                                | 4.6   | 9.9   | 2,677   | 4.5   | 10.1  | 2    | 1.8   | 12.0  | 718     | 2.1   | 12.5  | 0.0                               |
| Total  | 194                              | 100.0 | 100.0 | 59,349  | 100.0 | 100.0 | 112  | 100.0 | 100.0 | 33,410  | 100.0 | 100.0 | 100.0                             |
| Refinance Loans  |                                  |       |       |         |       |       |      |       |       |         |       |       |                                   |
| Low  | 12                               | 14.3  | 10.2  | 1,259   | 7.1   | 5.7   | 5    | 20.8  | 11.5  | 262     | 5.1   | 6.2   | 19.6                              |
| Moderate   | 26                               | 31.0  | 21.3  | 4,143   | 23.3  | 15.5  | 6    | 25.0  | 26.2  | 1,096   | 21.1  | 20.2  | 18.1                              |
| Middle   | 17                               | 20.2  | 24.3  | 3,406   | 19.2  | 21.4  | 3    | 12.5  | 24.2  | 576     | 11.1  | 22.4  | 23.3                              |
| Upper  | 27                               | 32.1  | 34.5  | 8,068   | 45.5  | 47.2  | 10   | 41.7  | 30.1  | 3,252   | 62.7  | 37.2  | 39.0                              |
| Unknown  | 2                                | 2.4   | 9.7   | 875     | 4.9   | 10.2  | 0    | 0.0   | 8.0   | 0       | 0.0   | 14.0  | 0.0                               |
| Total  | 84                               | 100.0 | 100.0 | 17,751  | 100.0 | 100.0 | 24   | 100.0 | 100.0 | 5,186   | 100.0 | 100.0 | 100.0                             |
| Home Improvement Loans   |                                  |       |       |         |       |       |      |       |       |         |       |       |                                   |
| Low  | 2                                | 18.2  | 7.3   | 118     | 2.8   | 4.7   | 0    | 0.0   | 8.2   | 0       | 0.0   | 4.5   | 19.6                              |
| Moderate   | 1                                | 9.1   | 19.1  | 150     | 3.6   | 12.5  | 1    | 14.3  | 20.7  | 100     | 10.8  | 12.3  | 18.1                              |
| Middle   | 2                                | 18.2  | 24.6  | 530     | 12.8  | 19.5  | 1    | 14.3  | 25.2  | 90      | 9.7   | 19.0  | 23.3                              |
| Upper  | 6                                | 54.5  | 46.4  | 3,349   | 80.8  | 59.8  | 5    | 71.4  | 43.1  | 735     | 79.5  | 58.3  | 39.0                              |
| Unknown  | 0                                | 0.0   | 2.7   | 0       | 0.0   | 3.4   | 0    | 0.0   | 2.8   | 0       | 0.0   | 6.0   | 0.0                               |
| Total  | 11                               | 100.0 | 100.0 | 4,147   | 100.0 | 100.0 | 7    | 100.0 | 100.0 | 925     | 100.0 | 100.0 | 100.0                             |
| Total Home Mortgage Loans  |                                  |       |       |         |       |       |      |       |       |         |       |       |                                   |
| Low  | 24                               | 8.1   | 6.7   | 2,976   | 3.6   | 3.2   | 9    | 6.1   | 6.9   | 644     | 1.6   | 2.8   | 19.6                              |
| Moderate   | 59                               | 19.9  | 18.1  | 9,434   | 11.5  | 11.7  | 26   | 17.6  | 19.4  | 4,274   | 10.7  | 11.9  | 18.1                              |
| Middle   | 47                               | 15.8  | 23.2  | 10,797  | 13.1  | 18.7  | 32   | 21.6  | 23.4  | 7,450   | 18.6  | 18.9  | 23.3                              |
| Upper  | 156                              | 52.5  | 42.8  | 55,418  | 67.4  | 56.4  | 79   | 53.4  | 40.7  | 26,885  | 67.3  | 53.4  | 39.0                              |
| Unknown  | 11                               | 3.7   | 9.2   | 3,552   | 4.3   | 10.0  | 2    | 1.4   | 9.6   | 718     | 1.8   | 13.0  | 0.0                               |
| Total  | 297                              | 100.0 | 100.0 | 82,177  | 100.0 | 100.0 | 148  | 100.0 | 100.0 | 39,971  | 100.0 | 100.0 | 100.0                             |
| Source: 2023 FFIEC Census Data   |                                  |       |       |         |       |       |      |       |       |         |       |       |                                   |
| 2016-2020 U.S. Census Bureau: American Community Survey  |                                  |       |       |         |       |       |      |       |       |         |       |       |                                   |
| Note: Percentages may not total 100.0 percent due to rounding.   |                                  |       |       |         |       |       |      |       |       |         |       |       |                                   |
| Multifamily loans are not included in the borrower distribution analysis.  |                                  |       |       |         |       |       |      |       |       |         |       |       |                                   |

In 2022, the bank made 24 loans, or 8.1 percent of loans within the assessment area in that year to low-income borrowers, exceeding the percentage extended by the aggregate, at 6.7 percent. While the bank and aggregate were below the percentage of low-income families, at 19.6 percent, it is not expected that the bank would match the percentage of low-income families due to the relatively high housing values as compared to median family incomes. In 2022, the bank extended 59 loans, or 19.9 percent of loans to moderate-income borrowers which was slightly above the percentage extended by the aggregate and the percentage of moderate-income families, which were both at 18.1 percent. While the bank exceeded the aggregate in these categories it is

recognized that the bank was a market leader in this assessment area in 2022, and therefore well positioned to outperform its competitors. The bank was lower than the aggregate in terms of lending to middle-income borrowers and made the slight majority of its loans, at 52.5 percent to upper-income borrowers.

The percentage of home mortgage loans the bank extended to low-income borrowers in 2023 was slightly lower than that extended by the aggregate in lending to low-income borrowers, with 9 loans at 6.1 percent as compared to 6.9 percent. With 26 loans, or 17.6 percent extended to moderate-income borrowers, the bank lagged the aggregate's 19.4 percent and the 18.1 percent of moderate-income families.

There were no significant variations in performance across the product categories offered by the bank. Overall, the bank's performance in extending home mortgage loans to borrowers of different income levels, particularly low and moderate incomes is considered good.

### Small Business Lending

The bank's small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 10 details the bank's lending to small businesses according to revenue size. The bank's performance in lending to businesses with GARs of \$1 million or less is adequate.

| Table 10<br>Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses<br>Assessment Area: Non MSA NH |                                  |       |       |           |       |       |      |       |       |         |       |       |                          |
|---|----------------------------------|-------|-------|-----------|-------|-------|------|-------|-------|---------|-------|-------|--------------------------|
|   | Bank And Aggregate Loans By Year |       |       |           |       |       |      |       |       |         |       |       | Total<br>Businesses<br>% |
|   | 2022                             |       |       |           |       |       | 2023 |       |       |         |       |       |                          |
|   | Bank                             |       | Agg   | Bank      |       | Agg   | Bank |       | Agg   | Bank    |       | Agg   |                          |
|   | #                                | %     | %     | \$(000's) | \$%   | \$%   | #    | %     | %     | \$(000) | \$%   | \$%   |                          |
| By Revenue  |                                  |       |       |           |       |       |      |       |       |         |       |       |                          |
| \$1 Million or Less   | 37                               | 58.7  | 53.3  | 9,718     | 55.2  | 33.9  | 18   | 42.9  | 56.8  | 2,004   | 18.2  | 35.0  | 91.3                     |
| Over \$1 Million  | 14                               | 22.2  |       | 3,563     | 20.2  |       | 22   | 52.4  |       | 8,283   | 75.3  |       | 7.1                      |
| Revenue Unknown   | 12                               | 19.0  |       | 4,332     | 24.6  |       | 2    | 4.8   |       | 714     | 6.5   |       | 1.5                      |
| Total   | 63                               | 100.0 |       | 17,613    | 100.0 |       | 42   | 100.0 |       | 11,001  | 100.0 |       | 100.0                    |
| By Loan Size  |                                  |       |       |           |       |       |      |       |       |         |       |       |                          |
| \$100,000 or Less   | 10                               | 15.9  | 95.3  | 474       | 2.7   | 45.1  | 21   | 50.0  | 95.5  | 1,214   | 11.0  | 49.3  |                          |
| \$100,001 - \$250,000   | 25                               | 39.7  | 2.6   | 4,397     | 25.0  | 15.5  | 9    | 21.4  | 2.8   | 1,531   | 13.9  | 17.3  |                          |
| \$250,001 - \$1 Million   | 28                               | 44.4  | 2.2   | 12,742    | 72.3  | 39.3  | 11   | 26.2  | 1.8   | 5,756   | 52.3  | 33.4  |                          |
| Total   | 63                               | 100.0 | 100.0 | 17,613    | 100.0 | 100.0 | 42   | 100.0 | 100.0 | 11,001  | 100.0 | 100.0 |                          |
| Source: 2023 FFIEC Census Data  |                                  |       |       |           |       |       |      |       |       |         |       |       |                          |
| 2023 Dun & Bradstreet Data  |                                  |       |       |           |       |       |      |       |       |         |       |       |                          |
| 2016-2020 U.S. Census Bureau: American Community Survey   |                                  |       |       |           |       |       |      |       |       |         |       |       |                          |
| Note: Percentages may not total 100.0 percent due to rounding.  |                                  |       |       |           |       |       |      |       |       |         |       |       |                          |

The bank extended 37 loans, or 58.7 percent, to businesses with GAR under \$1 million. The bank exceeded the percentage of loans the aggregate was able to extend, at 53.3 percent. In 2023, the bank extended 18 loans, or 42.9 percent, to businesses with revenues of 1 million or less, which was lower than the 56.8 percent extended by the aggregate. The bank also lagged the aggregate in both years in terms of extending smaller dollar volume loans, with 10 loans, or 15.9 percent, made in amounts under \$100,000 in 2022, and 21 loans, or 50.0 percent, made in

amounts under \$100,000 in 2023, while the aggregate extended over 95.0 percent of loans in that amount in those years. It is recognized that the bank's lending is concentrated in commercial real estate, which relates to purchasing or refinancing commercial properties, while C&I loans is a broader category that can be used for various purposes such as working capital and equipment purchases, which may require smaller dollar loans. As previously mentioned, the bank offers SBA and BFA Capital Assistance loans to its commercial customers.

### **Community Development Lending Activities**

The institution's community development lending activities are evaluated pursuant to the five criteria described previously. Within the non-MSA AA the bank demonstrates it has made an adequate level of community development loans. The bank originated seven loans, totaling \$4,015,000. Information about a sample of the bank's community development lending activity during the time period is provided below:

- The bank originated a \$2.5 million loan to the Boys & Girls Club of Central New Hampshire. The loan is to support the construction of a community center and library to help provide childcare and an afterschool program for predominately low- and moderate-income families.
- The bank provided a \$100,000 line of credit to a nonprofit help fund the installation of a community solar project in Center Harbor, NH to benefit a manufactured home park. The solar array will help provide solar energy to 10 to 12 qualifying low-income households residing within the park. Based on a conversation with a community contact, installation of solar energy and energy efficiency projects are of growing importance to manufactured home parks in New Hampshire to help reduce annual costs to low- and moderate-income families.
- The bank provided \$400,000 for working capital to a qualified community health center (QCHC). A QCHC is a federally funded nonprofit health center that serves medically underserved areas and populations. The medical group provides family medicine, behavioral health, and recovery services to a predominately low- and moderate-income client base.

### **INVESTMENT TEST**

BNH's performance under the Investment Test in the non-MSA AA is rated Low Satisfactory. The bank demonstrates an adequate level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position. BNH demonstrates occasional use of innovative or complex qualified investments and adequate responsiveness to credit and community development needs.

### **Equity Investments**

As previously discussed, new investments were in the form of purchasing tax credits via the NH CDFA's tax credit program. Of these, three totaling \$35,000 were allocated to the non-MSA AA.

In addition, four prior period investments totaling approximately \$4.5 million are allocated to the non-MSA AA. The following details the bank's new investments.

- The bank provided \$25,000 to purchase tax credits associated with an affordable housing development. The tax credits will support the creation of a 29-unit affordable housing development. The project will address an established need for affordable housing specifically the Woodstock and Lincoln area.
- The bank made a \$5,000 contribution to the CDFA's tax credit program to support the construction and developed of eight one-bedroom apartments for individuals exiting homelessness in Concord.
- The bank made a \$5,000 contribution to the CDFA's tax credit program to support a solar system benefiting low-income families.

### Grants and Donations

Table 11 displays the grants and donations made by the bank by year and community development purpose in the non-MSA AA. During the evaluation period, the bank provided 77 donations, totaling \$159,988, of which 75.7 percent by dollar supported community services primarily benefiting low- and moderate-individuals and families.

| <b>Table 11</b><br><b>Qualified Donations by Purpose</b><br><b>Non-MSA Assessment Area</b> |                     |               |           |               |           |               |           |                |
|--|---------------------|---------------|-----------|---------------|-----------|---------------|-----------|----------------|
| Community Development<br>Category  | 9/13/2022-12/2/2022 |               | 2023      |               | YTD 2024  |               | Total     |                |
|  | #                   | \$            | #         | \$            | #         | \$            | #         | \$             |
| Affordable Housing   | 0                   | 0             | 3         | 5,250         | 4         | 7,500         | 7         | 12,750         |
| Community Services   | 36                  | 17,638        | 17        | 36,150        | 13        | 67,400        | 66        | 121,188        |
| Economic Development   | 0                   | 0             | 1         | 750           | 2         | 20,300        | 3         | 21,050         |
| Revitalization/Stabilization   | 1                   | 5,000         | 0         | 0             | 0         | 0             | 1         | 5,000          |
| <b>Total</b>   | <b>37</b>           | <b>22,638</b> | <b>21</b> | <b>42,150</b> | <b>19</b> | <b>95,200</b> | <b>77</b> | <b>159,988</b> |
| <i>Bank provided qualified investment data</i>   |                     |               |           |               |           |               |           |                |

The following is a sample of organizations operating in the non-MSA AA that benefited from the bank's contributions:

- *Belknap Economic Development Corporation (BEDC)* – BEDC's mission is to act as a catalyst for community and economic development through leveraging resources, building strong partnerships, and attracting new investments to create better economic opportunities for the New Hampshire Lakes Region's residents and businesses. The bank provided two donations totaling \$20,750.
- *CATCH Neighborhood Housing (CATCH)* – CATCH is a community-based nonprofit offering a full spectrum of housing and educational services in Merrimack County. CATCH constructs new affordable housing units and revitalizes existing housing in areas where affordable rental options are limited. The bank provided two donations totaling \$6,000.

- *Plymouth Area Community Closet (PACC)* – PACC is a nonprofit organization providing financial, fuel, and food assistance to over 250 families in 15 towns surrounding the Plymouth, NH area. The bank provided two donations totaling \$3,448, supporting the food and fuel assistance programs.

## SERVICE TEST

BNH's performance under the Service Test in the non- MSA AA is rated High Satisfactory.

### Retail Banking Services

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

Table 12 displays the distribution of the bank's current branch network compared to the percentage of census tracts within the assessment area as well as the percentage of the population that resides in those tracts.

| Table 12<br>Distribution of Branch Offices by Income Category |                              |                     |                                   |       |
|---|------------------------------|---------------------|-----------------------------------|-------|
| Census Tract<br>Income<br>Category                            | Assessment Area Demographics |                     | Bank Offices by Tract<br>Location |       |
|   | Total<br>Census Tracts       | Total<br>Population |                                   |       |
|   | % of #                       | % of #              | #                                 | %     |
| Low   | 0.8                          | 0.5                 | 0                                 | 0.0   |
| Moderate  | 20.6                         | 19.5                | 7                                 | 46.7  |
| Middle  | 58.7                         | 58.0                | 6                                 | 40.0  |
| Upper   | 19.9                         | 22.0                | 2                                 | 13.3  |
| Total   | 100.0                        | 100.0               | 15                                | 100.0 |

2015 ACS

As displayed in the table above, 7 or 46.7 percent of the bank's 15 branches in this assessment area are located in moderate-income census tracts. The bank's branch distribution exceeds the percentage of moderate-income census tracts as well as the percentage of the population that resides in those census tracts. The bank demonstrates its service delivery systems are accessible to geographies and individuals of different income levels in its assessment area. The bank has not opened or closed any branches, therefore, to the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. The bank demonstrates its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. The average number of business

hours for the branches in moderate-income census tracts is in line with the average number of branch hours for all the New Hampshire branches. The bank offers full-service in-person banking Monday-Friday and Saturday mornings hours.

### **Community Development Services**

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

The bank demonstrates it provides a relatively high level of community development services in its assessment area. Although the bank's community development services are not particularly innovative, the relatively high level of community development services is reflected through the extent and degree to which they serve low- and moderate-income areas, and their responsiveness to available opportunities. Bank employees spent 520 hours serving on boards of organizations that benefited the non-MSA AA.

The following details a sampling of the bank's community development service activity:

#### **Employee Services:**

- A bank SVP served on the board of the Mount Washington Valley Housing Coalition. Mount Washington Valley Housing Coalition advocates and promotes affordable, sustainable, community-enhancing housing.
- A bank AVP serves on the board of the Family Resource Center at Gorham. The Family Resource center provides financial information, tax preparation and family assistance services to low-income individuals.
- A bank VP serves of the board of Lakes Region Community Services. Lakes Region Community Services provide services for low- and moderate-income individuals and families.
- A bank VP serves on the board of Hands Across the Table. Hands across the Table is a community meal program that provides a free, weekly hot supper to those in need in the Greater Laconia area.
- A bank AVP serves on the board of Plymouth Area Community Closet. The organization is dedicated to helping individuals and families in Plymouth, as well as the surrounding communities, with access to resources such as food, fuel for home heating, and financial assistance.

#### **Educational Programs and Seminars:**

- The bank's fraud officer provided presentations at senior centers and schools on 10 occasions in the non-MSA AA during the review period. These seminars were taught at senior centers and area schools.



## **COMBINED STATISTICAL AREA NH– Full-Scope Review**

### **SCOPE OF EXAMINATION**

The performance criteria and review periods are consistent with the scope described in the Description of Institution section of this evaluation. Based on the level of deposits, lending, and other activities, the CSA AA was given less weight when arriving at institution ratings.

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE CSA AA**

As previously detailed, the CSA AA includes the southern portion of the Boston-Worcester-Providence, MA-RI-NH-CT CSA, which consists of the Rockingham County-Strafford County, NH MD and the Manchester-Nashua, NH MSA. The Rockingham County-Strafford County, NH MD consists of Rockingham and Strafford counties and the Manchester-Nashua, NH MSA consists of the entirety of Hillsborough County.

The bank operates six branch offices in the CSA portion of the State in Dover, Hillsborough, Manchester and Rochester, NH. According to the FDIC Summary of Deposits report as of June 30, 2024, branch deposits within the CSA AA totaled \$354.5 million, or 16.9 percent of the bank’s total deposits. According to the FDIC Deposit Market Share report as of the same date, there were 35 financial institutions offering deposit services through 208 branches, within the counties that comprise the assessment area. The bank ranked 13<sup>th</sup> with a deposit share of 1.2 percent. TD Bank, N.A. and Citizens Bank, N.A ranked 1<sup>st</sup> and 2<sup>nd</sup>, respectively, while Bank of America, N.A ranked 3<sup>rd</sup>. The bank also faces competition from local and regional community banks including Santander Bank N.A., and Eastern Bank which have significant branch presence in those counties. In terms of lending presence, 29.3 percent of the bank’s home mortgage and small business loans originated during the review period were in the assessment area.

Table 13 displays relevant demographic data for the CSA AA.

| Table 13<br>Assessment Area Demographics<br>CSA AA |                           |                        |                                    |              |  |              |                           |              |
|--|---------------------------|------------------------|------------------------------------|--------------|--|--------------|---------------------------|--------------|
| Income Categories                                  | Tract Distribution        |                        | Families by Tract Income           |              | Families < Poverty Level as % of Families by Tract |              | Families by Family Income |              |
|  | #                         | %                      | #                                  | %            | #  | %            | #                         | %            |
| Low-income   | 10                        | 4.9                    | 6,876                              | 3.1          | 1,338  | 19.5         | 41,345                    | 18.7         |
| Moderate-income                                    | 38                        | 18.4                   | 38,394                             | 17.3         | 2,896  | 7.5          | 42,329                    | 19.1         |
| Middle-income                                      | 101                       | 49.0                   | 111,137                            | 50.2         | 3,827  | 3.4          | 51,351                    | 23.2         |
| Upper-income                                       | 53                        | 25.7                   | 64,750                             | 29.2         | 1,049  | 1.6          | 86,373                    | 39.0         |
| Unknown-income                                     | 4                         | 1.9                    | 241                                | 0.1          | 11   | 4.6          | 0                         | 0.0          |
| <b>Total Assessment Area</b>                       | <b>206</b>                | <b>100.0</b>           | <b>221,398</b>                     | <b>100.0</b> | <b>9,121</b>                                       | <b>4.1</b>   | <b>221,398</b>            | <b>100.0</b> |
|  | Housing Units by Tract    | Housing Types by Tract |                                    |              |  |              |                           |              |
|  |                           | Owner-Occupied         |                                    |              | Rental   |              | Vacant                    |              |
|  |                           | #                      | %                                  | %            | #  | %            | #                         | %            |
| Low-income   | 15,016                    | 3,070                  | 1.3                                | 20.4         | 10,917   | 72.7         | 1,029                     | 6.9          |
| Moderate-income                                    | 72,460                    | 33,415                 | 14.2                               | 46.1         | 34,551   | 47.7         | 4,494                     | 6.2          |
| Middle-income                                      | 177,967                   | 124,760                | 52.9                               | 70.1         | 39,534   | 22.2         | 13,673                    | 7.7          |
| Upper-income                                       | 93,549                    | 74,091                 | 31.4                               | 79.2         | 14,489   | 15.5         | 4,969                     | 5.3          |
| Unknown-income                                     | 854                       | 340                    | 0.1                                | 39.8         | 27   | 3.2          | 487                       | 57.0         |
| <b>Total Assessment Area</b>                       | <b>359,846</b>            | <b>235,676</b>         | <b>100.0</b>                       | <b>65.5</b>  | <b>99,518</b>                                      | <b>27.7</b>  | <b>24,652</b>             | <b>6.9</b>   |
|  | Total Businesses by Tract |                        | Businesses by Tract & Revenue Size |              |  |              |                           |              |
|  |                           |                        | Less Than or = \$1 Million         |              | Over \$1 Million                                   |              | Revenue Not Reported      |              |
|  | #                         | %                      | #                                  | %            | #  | %            | #                         | %            |
| Low-income   | 1,873                     | 3.7                    | 1,723                              | 3.7          | 136  | 3.9          | 14                        | 3.7          |
| Moderate-income                                    | 7,973                     | 15.9                   | 7,342                              | 15.9         | 567  | 16.1         | 64                        | 17.0         |
| Middle-income                                      | 23,979                    | 47.9                   | 22,095                             | 47.8         | 1,708  | 48.6         | 176                       | 46.7         |
| Upper-income                                       | 16,040                    | 32.0                   | 14,865                             | 32.2         | 1,054  | 30.0         | 121                       | 32.1         |
| Unknown-income                                     | 204                       | 0.4                    | 151                                | 0.3          | 51   | 1.5          | 2                         | 0.5          |
| <b>Total Assessment Area</b>                       | <b>50,069</b>             | <b>100.0</b>           | <b>46,176</b>                      | <b>100.0</b> | <b>3,516</b>                                       | <b>100.0</b> | <b>377</b>                | <b>100.0</b> |
| <b>Percentage of Total Businesses:</b>             |                           |                        |                                    | <b>92.2</b>  |  | <b>7.0</b>   |                           | <b>0.8</b>   |

Source: 2021 FFIEC Census Data  
2021 Dun & Bradstreet Data  
2011-2015 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

### Composition

Based on the 2015 American Community Survey (ACS), the CSA AA consists of 206 census tracts, of which 10, or 4.9 percent, are low-income, 38, or 18.4 percent, are moderate-income, 101, or 49.0 percent, are middle-income, and 53, or 25.7 percent, are upper income. The low level of low-income census tracts limits opportunities for the origination of residential and small business loans in these census tracts.

| Table 14<br>Assessment Area Low and Moderate-Income Tracts |     |          |
|--|-----|----------|
| County   | Low | Moderate |
| Hillsborough   | 9   | 21       |
| Rockingham   | 0   | 7        |
| Strafford  | 1   | 10       |
| FFIEC 2023 Census Report                                   |     |          |

### *Housing*

The CSA AA contains 359,846 housing units, of which 4.2 percent are in low-income tracts, 20.1 percent in moderate-income tracts, 49.5 percent in middle-income tracts and 26.0 percent are in upper-income tracts. In 2023, according to the NH Association of Realtors, the median housing value in the assessment area ranged from \$453,000 in Strafford County to \$600,000 in Rockingham County.

Of the total housing units in the assessment area 65.5 percent are owner-occupied. Rental units account for 27.7 percent of total housing units. Vacant units comprise 6.9 percent of total housing units. One-to-four family housing units comprise 78.3 percent of total housing units. Multifamily housing units comprise 17.4 percent of the housing stock, suggesting that opportunities to finance larger affordable housing properties may be limited. Mobile homes comprise 4.4 percent of the total housing stock; manufactured homes are an affordable housing option for many borrowers within the assessment area given the high cost of housing compared to MFIs.

### *Population*

The assessment area has a population of 868,002 individuals, of which 3.9 percent reside in a low-income tract, 18.9 percent reside in moderate-income tracts, 48.6 percent reside in middle-income tracts, and 28.5 percent reside in upper-income tracts.

There are 335,194 households, of which 221,398 are families. Of these families, 3.1 percent reside in low-income census tracts, 17.3 percent reside in moderate-income census tracts, 50.2 percent reside in middle-income census tracts, and 29.3 percent reside in upper-income census tracts. Of the families in the assessment area, 18.7 percent are low-income, 19.1 percent are moderate-income, 23.2 percent are middle-income, 39.0 percent are upper-income, and 4.1 percent of families are below the poverty level.

### *Business Characteristics*

According to D&B data, there are 50,069 businesses operating within the assessment area. Of the businesses, the vast majority, at 92.2 percent, have GARs of \$1 million or less. At 47.8 percent, the majority of these businesses are located in middle-income census tracts, which is reflective of the overall census tract distribution of the assessment area. Similarly, 32.2 percent of businesses are located in upper-income census tracts. Primary industries in the assessment area include health care, retail services, manufacturing, and education. Large employers include Southern NH Medical Center, Elliot Hospital, University of New Hampshire, and Easterseals New Hampshire.

## Income

Table 15 displays the MFI used to classify borrowers within the MSA / MD portion(s) of the CSA AA.

| Table 15<br>Median Family Income              |            |            |          |
|---|------------|------------|----------|
| MSA / MD                                      | 2022       | 2023       | % Change |
| Manchester-Nashua, NH (MSA)                   | \$ 114,500 | \$ 121,800 | 6.3      |
| Rockingham County – Strafford County, NH (MD) | \$ 122,500 | \$ 135,200 | 10.3     |
| <i>FFIEC median family income estimates</i>   |            |            |          |

## Employment Statistics

Employment within the assessment area is stable. According to the U.S. Bureau of Labor Statistics, the unemployment rates for the counties within the assessment area in 2023 compared favorably to unemployment rate of New Hampshire at 3.6 percent, with Hillsborough and Rockingham County each at 2.3 percent, and Strafford County at 2.1 percent.

## Community Contacts

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available.

A community contact was conducted with a loan fund that has historically focused on southern New Hampshire. The organization serves underserved communities. An area of focus is manufactured housing, which can be more affordable for low- and moderate-income individuals. The organization provides mortgages for single-family mortgages for manufactured homes and financing so residents of manufactured homes can create resident owned communities. The contacted cited the need for affordable housing, in particular assistance for owners of manufactured housing to protect them from private developers. In addition, the contact stated the higher rate environment is causing development activity to decline overall.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CSA ASSESSMENT AREA

### LENDING TEST

BNH's performance relative to the Lending Test in the CSA AA is Low Satisfactory. While the bank demonstrates good performance in Geographic Distribution and Borrower Distribution; poor performance in Community Development Lending criteria resulted in this conclusion.

#### **Lending Activity**

The bank demonstrates good responsiveness to the credit needs in the CSA AA, the bank extended 239 HMDA and small business loans in this assessment area, while the overall volume of lending and market ranks were lower and this AA, that is not unreasonable given the volume of competition and bank's operations.

#### **Geographic Distribution of Loans**

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The bank demonstrates a good geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment area.

#### *Residential Lending*

Table 16 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank's geographic distribution of residential loans is excellent.

| Table 16<br>Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography<br>Assessment Area: NH CSA AA |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
|--|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|------------------------------|
| Geographic<br>Income Level   | Bank And Aggregate Loans By Year |       |       |         |       |       |      |       |       |         |       |       | Owner<br>Occupied<br>Units % |
|  | 2022                             |       |       |         |       |       | 2023 |       |       |         |       |       |                              |
|  | Bank                             |       | Agg   | Bank    |       | Agg   | Bank |       | Agg   | Bank    |       | Agg   |                              |
|  | #                                | #%    | #%    | \$(000) | \$%   | \$%   | #    | #%    | #%    | \$(000) | \$%   | \$%   |                              |
| Home Purchase Loans  |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
| Low  | 1                                | 0.9   | 2.2   | 84      | 0.3   | 1.8   | 0    | 0.0   | 2.3   | 0       | 0.0   | 1.8   | 1.3                          |
| Moderate   | 26                               | 24.5  | 18.2  | 5,573   | 17.9  | 13.9  | 21   | 43.8  | 18.3  | 3,844   | 30.9  | 14.3  | 14.2                         |
| Middle   | 64                               | 60.4  | 50.5  | 19,172  | 61.7  | 48.3  | 20   | 41.7  | 51.4  | 5,295   | 42.5  | 49.2  | 52.9                         |
| Upper  | 14                               | 13.2  | 28.9  | 6,100   | 19.6  | 35.5  | 6    | 12.5  | 27.9  | 3,140   | 25.2  | 34.3  | 31.4                         |
| Unknown  | 1                                | 0.9   | 0.2   | 120     | 0.4   | 0.4   | 1    | 2.1   | 0.2   | 168     | 1.3   | 0.3   | 0.1                          |
| Tract-Unk  | 0                                | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0       | 0.0   | 0.0   |                              |
| Total  | 106                              | 100.0 | 100.0 | 31,049  | 100.0 | 100.0 | 48   | 100.0 | 100.0 | 12,447  | 100.0 | 100.0 | 100.0                        |
| Refinance Loans  |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
| Low  | 0                                | 0.0   | 1.9   | 0       | 0.0   | 1.7   | 0    | 0.0   | 1.1   | 0       | 0.0   | 0.9   | 1.3                          |
| Moderate   | 7                                | 25.9  | 14.3  | 1,463   | 23.1  | 11.3  | 0    | 0.0   | 13.6  | 0       | 0.0   | 11.4  | 14.2                         |
| Middle   | 14                               | 51.9  | 53.3  | 2,610   | 41.1  | 50.9  | 5    | 83.3  | 52.9  | 1,068   | 72.2  | 49.0  | 52.9                         |
| Upper  | 6                                | 22.2  | 30.4  | 2,273   | 35.8  | 35.9  | 1    | 16.7  | 32.2  | 411     | 27.8  | 38.3  | 31.4                         |
| Unknown  | 0                                | 0.0   | 0.1   | 0       | 0.0   | 0.1   | 0    | 0.0   | 0.2   | 0       | 0.0   | 0.3   | 0.1                          |
| Tract-Unk  | 0                                | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0       | 0.0   | 0.0   |                              |
| Total  | 27                               | 100.0 | 100.0 | 6,346   | 100.0 | 100.0 | 6    | 100.0 | 100.0 | 1,479   | 100.0 | 100.0 | 100.0                        |
| Home Improvement Loans   |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
| Low  | 0                                | 0.0   | 0.7   | 0       | 0.0   | 0.5   | 0    | 0.0   | 1.0   | 0       | 0.0   | 0.7   | 1.3                          |
| Moderate   | 0                                | 0.0   | 10.4  | 0       | 0.0   | 7.9   | 2    | 66.7  | 13.4  | 155     | 23.9  | 9.3   | 14.2                         |
| Middle   | 1                                | 100.0 | 52.7  | 224     | 100.0 | 48.7  | 1    | 33.3  | 54.7  | 494     | 76.1  | 52.7  | 52.9                         |
| Upper  | 0                                | 0.0   | 36.0  | 0       | 0.0   | 41.7  | 0    | 0.0   | 30.8  | 0       | 0.0   | 36.7  | 31.4                         |
| Unknown  | 0                                | 0.0   | 0.2   | 0       | 0.0   | 1.2   | 0    | 0.0   | 0.1   | 0       | 0.0   | 0.6   | 0.1                          |
| Tract-Unk  | 0                                | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0       | 0.0   | 0.0   |                              |
| Total  | 1                                | 100.0 | 100.0 | 224     | 100.0 | 100.0 | 3    | 100.0 | 100.0 | 649     | 100.0 | 100.0 | 100.0                        |
|  | Multifamily Loans                |       |       |         |       |       |      |       |       |         |       |       | Multi-family<br>Units %      |
| Low  | 0                                | 0.0   | 20.3  | 0       | 0.0   | 4.5   | 0    | 0.0   | 20.1  | 0       | 0.0   | 12.5  | 8.8                          |
| Moderate   | 3                                | 37.5  | 35.2  | 5,938   | 57.7  | 55.2  | 0    | 0.0   | 38.8  | 0       | 0.0   | 52.2  | 35.7                         |
| Middle   | 4                                | 50.0  | 34.3  | 2,474   | 24.0  | 28.7  | 0    | 0.0   | 32.1  | 0       | 0.0   | 25.0  | 41.6                         |
| Upper  | 1                                | 12.5  | 10.2  | 1,880   | 18.3  | 11.6  | 0    | 0.0   | 9.0   | 0       | 0.0   | 10.4  | 13.9                         |
| Unknown  | 0                                | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0.0                          |
| Tract-Unk  | 0                                | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0       | 0.0   | 0.0   |                              |
| Total  | 8                                | 100.0 | 100.0 | 10,292  | 100.0 | 100.0 | 0    | 0.0   | 100.0 | 0       | 0.0   | 100.0 | 100.0                        |
|  | Total Home Mortgage Loans        |       |       |         |       |       |      |       |       |         |       |       | Owner<br>Occupied<br>Units % |
| Low  | 1                                | 0.7   | 1.9   | 84      | 0.2   | 2.0   | 0    | 0.0   | 1.8   | 0       | 0.0   | 2.1   | 1.3                          |
| Moderate   | 36                               | 25.2  | 15.3  | 12,974  | 27.1  | 17.5  | 23   | 39.0  | 16.2  | 3,999   | 27.0  | 15.4  | 14.2                         |
| Middle   | 84                               | 58.7  | 51.8  | 24,520  | 51.1  | 46.8  | 28   | 47.5  | 52.2  | 7,077   | 47.8  | 47.9  | 52.9                         |
| Upper  | 21                               | 14.7  | 30.8  | 10,253  | 21.4  | 33.4  | 7    | 11.9  | 29.7  | 3,551   | 24.0  | 34.2  | 31.4                         |
| Unknown  | 1                                | 0.7   | 0.2   | 120     | 0.3   | 0.3   | 1    | 1.7   | 0.2   | 168     | 1.1   | 0.3   | 0.1                          |
| Tract-Unk  | 0                                | 0.0   | 0.0   | 0       | 0.0   | 0.0   | 0    | 0.0   | 0.0   | 0       | 0.0   | 0.0   |                              |
| Total  | 143                              | 100.0 | 100.0 | 47,951  | 100.0 | 100.0 | 59   | 100.0 | 100.0 | 14,795  | 100.0 | 100.0 | 100.0                        |
| Source: 2023 FFIEC Census Data   |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
| 2016-2020 U.S. Census Bureau: American Community Survey  |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |
| Note: Percentages may not total 100.0 percent due to rounding.   |                                  |       |       |         |       |       |      |       |       |         |       |       |                              |

As displayed in the table above, the bank extended 1 loan or 0.7 percent in a low-income census tract in 2022. While the bank's percentage was below that achieved by the aggregate, the low-percentage of loans extended by the aggregate, at 1.9 percent, and the low-percentage of owner-occupied units in those tracts, at 1.3 percent, indicate that opportunities are limited. The bank achieved a much higher percentage of lending in moderate-income census tracts, where the bank maintains a stronger branch network. In 2022, the bank extended 36 loans, or 25.2 percent, within moderate-income geographies exceeding the 15.3 percent achieved by the aggregate and 14.2 percent of owner-occupied units in those tracts. The bank extended the majority of its loans

in that year, 84 or 58.7 percent in middle-income census tracts. The bank made an additional 21 loans in upper-income geographies and 1 loan in a census tract where the income is unknown.

In 2023, the bank did not extend any home mortgage loans within the low-income census tracts. As previously discussed, there is limited opportunity in those tracts. The bank made 23 loans, 39.0 percent of total loans in the assessment area in that year within moderate-income census tracts, which was well above the percentage extended by the aggregate, at 16.2 percent, and the percentage of owner-occupied units in those tracts, at 14.2 percent. The bank made an additional 28 loans in middle-income geographies, 7 loans in upper-income census tract and 1 loan in an unknown tract.

The bank's lending was generally consistent across product categories with the exception of multi-family loans where the volume was very low. There were no conspicuous gaps in lending unexplained by performance context.

### Small Business Lending

Table 17 represents the distribution of small business loans by census tract income level. The bank's geographic distribution of small business loans is adequate.

| Table 17<br>Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography<br>Assessment Area: NH CSA AA |                                  |       |       |         |       |       |      |       |       |         |       |       |                          |
|---|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|--------------------------|
| Geographic<br>Income Level  | Bank And Aggregate Loans By Year |       |       |         |       |       |      |       |       |         |       |       | Total<br>Businesses<br>% |
|   | 2022                             |       |       |         |       |       | 2023 |       |       |         |       |       |                          |
|   | Bank                             |       | Agg   | Bank    |       | Agg   | Bank |       | Agg   | Bank    |       | Agg   |                          |
|   | #                                | %     | %     | \$(000) | %     | \$%   | #    | %     | %     | \$(000) | %     | \$%   |                          |
| Low   | 0                                | 0.0   | 3.1   | 0       | 0.0   | 3.7   | 0    | 0.0   | 2.9   | 0       | 0.0   | 3.0   | 3.7                      |
| Moderate  | 5                                | 18.5  | 13.8  | 768     | 8.4   | 12.8  | 1    | 10.0  | 14.3  | 80      | 2.6   | 14.2  | 15.9                     |
| Middle  | 15                               | 55.6  | 49.5  | 4,100   | 45.0  | 49.8  | 6    | 60.0  | 48.4  | 2,421   | 77.5  | 49.4  | 47.9                     |
| Upper   | 7                                | 25.9  | 32.5  | 4,242   | 46.6  | 32.8  | 3    | 30.0  | 33.3  | 623     | 19.9  | 32.0  | 32.0                     |
| Unknown   | 0                                | 0.0   | 0.5   | 0       | 0.0   | 0.7   | 0    | 0.0   | 0.4   | 0       | 0.0   | 1.0   | 0.4                      |
| Tract-Unk   | 0                                | 0.0   | 0.6   | 0       | 0.0   | 0.3   | 0    | 0.0   | 0.7   | 0       | 0.0   | 0.4   |                          |
| Total   | 27                               | 100.0 | 100.0 | 9,110   | 100.0 | 100.0 | 10   | 100.0 | 100.0 | 3,124   | 100.0 | 100.0 | 100.0                    |
| Source: 2023 FFIEC Census Data  |                                  |       |       |         |       |       |      |       |       |         |       |       |                          |
| 2023 Dun & Bradstreet Data  |                                  |       |       |         |       |       |      |       |       |         |       |       |                          |
| 2016-2020 U.S. Census Bureau: American Community Survey   |                                  |       |       |         |       |       |      |       |       |         |       |       |                          |
| Note: Percentages may not total 100.0 percent due to rounding.  |                                  |       |       |         |       |       |      |       |       |         |       |       |                          |

The bank did not extend any small business loans within the assessment area's low-income census tracts. While there are 10 low-income census tracts, the lower percentage of loans extended by the aggregate indicates opportunities are limited. The bank extended five small business loans in moderate-income census tracts in 2022, which accounted for 18.5 percent of its small business lending in that year, exceeding the percentage extended by the aggregate, at 13.8 percent. The majority of loans were in middle-income census tracts and an additional seven loans were made within upper-income census tracts. In 2023, the bank made just 10 small business loans within this assessment area. The bank made no small business loans in low-income census tracts and just 1 loan, or 10.0 percent, was made in moderate income geographies. While the bank's percentage was below market and demographic indicators, given the low- volume drawing meaningful conclusions on the bank's performance is difficult.

### Borrowers' Profile

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

### *Residential Lending*

Table 18 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The table further outlines the bank's performance by loan type in comparison to the aggregate group. The bank's performance in extending residential loans to individuals of different income levels, including low- and moderate-income borrowers, is excellent.



| Table 18<br>Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level<br>Assessment Area: NH CSA AA   |                                  |       |       |         |       |       |      |       |       |         |       |       |                             |
|--|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|-----------------------------|
| Borrower Income Level  | Bank And Aggregate Loans By Year |       |       |         |       |       |      |       |       |         |       |       | Families by Family Income % |
|  | 2022                             |       |       |         |       |       | 2023 |       |       |         |       |       |                             |
|  | Bank                             |       | Agg   | Bank    |       | Agg   | Bank |       | Agg   | Bank    |       | Agg   |                             |
|  | #                                | ­%    | ­%    | \$(000) | ­%    | ­%    | #    | ­%    | ­%    | \$(000) | ­%    | ­%    |                             |
| Home Purchase Loans  |                                  |       |       |         |       |       |      |       |       |         |       |       |                             |
| Low  | 22                               | 20.8  | 6.3   | 2,543   | 8.2   | 3.1   | 6    | 12.5  | 5.0   | 694     | 5.6   | 2.2   | 18.7                        |
| Moderate   | 25                               | 23.6  | 20.6  | 5,331   | 17.2  | 15.1  | 19   | 39.6  | 20.2  | 3,894   | 31.3  | 14.4  | 19.1                        |
| Middle   | 23                               | 21.7  | 26.9  | 6,962   | 22.4  | 24.8  | 13   | 27.1  | 27.6  | 3,635   | 29.2  | 25.5  | 23.2                        |
| Upper  | 33                               | 31.1  | 34.8  | 15,206  | 49.0  | 45.0  | 10   | 20.8  | 34.3  | 4,224   | 33.9  | 44.3  | 39.0                        |
| Unknown  | 3                                | 2.8   | 11.4  | 1,007   | 3.2   | 11.9  | 0    | 0.0   | 12.9  | 0       | 0.0   | 13.6  | 0.0                         |
| Total  | 106                              | 100.0 | 100.0 | 31,049  | 100.0 | 100.0 | 48   | 100.0 | 100.0 | 12,447  | 100.0 | 100.0 | 100.0                       |
| Refinance Loans  |                                  |       |       |         |       |       |      |       |       |         |       |       |                             |
| Low  | 10                               | 37.0  | 12.1  | 1,190   | 18.8  | 7.3   | 2    | 33.3  | 11.6  | 265     | 17.9  | 6.8   | 18.7                        |
| Moderate   | 6                                | 22.2  | 26.2  | 1,089   | 17.2  | 21.9  | 2    | 33.3  | 25.4  | 511     | 34.6  | 20.6  | 19.1                        |
| Middle   | 6                                | 22.2  | 26.7  | 1,899   | 29.9  | 26.1  | 0    | 0.0   | 26.2  | 0       | 0.0   | 24.5  | 23.2                        |
| Upper  | 4                                | 14.8  | 26.9  | 1,805   | 28.4  | 34.9  | 2    | 33.3  | 29.3  | 703     | 47.5  | 35.8  | 39.0                        |
| Unknown  | 1                                | 3.7   | 8.1   | 363     | 5.7   | 9.8   | 0    | 0.0   | 7.5   | 0       | 0.0   | 12.3  | 0.0                         |
| Total  | 27                               | 100.0 | 100.0 | 6,346   | 100.0 | 100.0 | 6    | 100.0 | 100.0 | 1,479   | 100.0 | 100.0 | 100.0                       |
| Home Improvement Loans   |                                  |       |       |         |       |       |      |       |       |         |       |       |                             |
| Low  | 0                                | 0.0   | 7.3   | 0       | 0.0   | 5.4   | 1    | 33.3  | 7.7   | 140     | 21.6  | 5.2   | 18.7                        |
| Moderate   | 1                                | 100.0 | 21.3  | 224     | 100.0 | 16.8  | 1    | 33.3  | 21.8  | 15      | 2.3   | 15.9  | 19.1                        |
| Middle   | 0                                | 0.0   | 29.2  | 0       | 0.0   | 24.8  | 0    | 0.0   | 29.5  | 0       | 0.0   | 25.8  | 23.2                        |
| Upper  | 0                                | 0.0   | 40.6  | 0       | 0.0   | 51.1  | 1    | 33.3  | 38.0  | 494     | 76.1  | 49.5  | 39.0                        |
| Unknown  | 0                                | 0.0   | 1.6   | 0       | 0.0   | 1.9   | 0    | 0.0   | 3.0   | 0       | 0.0   | 3.6   | 0.0                         |
| Total  | 1                                | 100.0 | 100.0 | 224     | 100.0 | 100.0 | 3    | 100.0 | 100.0 | 649     | 100.0 | 100.0 | 100.0                       |
| Total Home Mortgage Loans  |                                  |       |       |         |       |       |      |       |       |         |       |       |                             |
| Low  | 33                               | 24.4  | 8.4   | 3,773   | 10.0  | 4.6   | 9    | 15.3  | 7.4   | 1,099   | 7.4   | 3.4   | 18.7                        |
| Moderate   | 32                               | 23.7  | 22.3  | 6,644   | 17.6  | 17.1  | 23   | 39.0  | 21.9  | 4,440   | 30.0  | 15.6  | 19.1                        |
| Middle   | 29                               | 21.5  | 27.1  | 8,861   | 23.5  | 25.1  | 13   | 22.0  | 27.6  | 3,635   | 24.6  | 25.2  | 23.2                        |
| Upper  | 37                               | 27.4  | 33.5  | 17,011  | 45.2  | 42.6  | 14   | 23.7  | 33.7  | 5,621   | 38.0  | 43.3  | 39.0                        |
| Unknown  | 4                                | 3.0   | 8.7   | 1,370   | 3.6   | 10.6  | 0    | 0.0   | 9.4   | 0       | 0.0   | 12.6  | 0.0                         |
| Total  | 135                              | 100.0 | 100.0 | 37,659  | 100.0 | 100.0 | 59   | 100.0 | 100.0 | 14,795  | 100.0 | 100.0 | 100.0                       |
| Source: 2023 FFIEC Census Data<br>2016-2020 U.S. Census Bureau: American Community Survey<br>Note: Percentages may not total 100.0 percent due to rounding.<br>Multifamily loans are not included in the borrower distribution analysis. |                                  |       |       |         |       |       |      |       |       |         |       |       |                             |

As displayed in the table above, the bank extended 33 loans or 24.4 percent to low-income borrowers in this assessment area in 2022. The bank's percentage significantly exceeded the 8.4 percent of loans made by the aggregate and the bank achieved a higher percentage of loans to low-income borrowers than projected by the demographic benchmark with 18.7 percent of assessment area families classified as low-income. In the case of low-income families, matching or exceeding the demographic benchmark can be unlikely as not all low-income families can afford a home mortgage loan, particularly in areas with high housing costs. The bank's strong performance and ability to outperform the aggregate may be in part attributable to product offering. In 2022, 45 home mortgage loans accounting 31.5 percent of the bank's loans in this assessment area were secured by manufactured homes, which as mentioned by a community contact is an affordable option for borrowers. The bank also exceeded peer and demographic

indicators in terms of percentage of loans made to moderate-income borrowers. The bank made 32 loans, or 23.7 percent to moderate-income borrowers, exceeding the aggregate's 22.3 percent and the 19.1 percent of moderate-income families.

In 2023, the bank was again able to outperform the aggregate in lending to low-income borrowers with 15.3 percent of its loans made to low-income borrowers compared to 7.4 percent made by the aggregate. The bank also outperformed the aggregate in lending to moderate-income borrowers with 39.0 percent of loans made to borrowers in this income category compared to 21.9 percent. The bank's home purchase and refinance activity demonstrated strong responsiveness in assisting low- and moderate-income borrowers purchase and maintain homes.

### Small Business Lending

The bank's small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 19 details the bank's lending to small businesses according to revenue size. The bank's performance in lending to businesses with GARs of \$1 million or less is adequate

| Table 19   |                                  |       |       |         |       |       |      |       |       |         |       |       |                          |
|--|----------------------------------|-------|-------|---------|-------|-------|------|-------|-------|---------|-------|-------|--------------------------|
| Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses |                                  |       |       |         |       |       |      |       |       |         |       |       |                          |
| Assessment Area: NH CSA AA   |                                  |       |       |         |       |       |      |       |       |         |       |       |                          |
|  | Bank And Aggregate Loans By Year |       |       |         |       |       |      |       |       |         |       |       | Total<br>Businesses<br>% |
|  | 2022                             |       |       |         |       |       | 2023 |       |       |         |       |       |                          |
|  | Bank                             |       | Agg   | Bank    |       | Agg   | Bank |       | Agg   | Bank    |       | Agg   |                          |
|  | #                                | %     | %     | \$(000) | %     | \$%   | #    | %     | %     | \$(000) | %     | \$%   |                          |
| By Revenue   |                                  |       |       |         |       |       |      |       |       |         |       |       |                          |
| \$1 Million or Less  | 10                               | 37.0  | 48.6  | 4,072   | 44.7  | 32.3  | 1    | 10.0  | 53.1  | 80      | 2.6   | 33.1  | 92.2                     |
| Over \$1 Million   | 12                               | 44.4  |       | 2,817   | 30.9  |       | 9    | 90.0  |       | 3,044   | 97.4  |       | 7.0                      |
| Revenue Unknown  | 5                                | 18.5  |       | 2,221   | 24.4  |       | 0    | 0.0   |       | 0       | 0.0   |       | 0.8                      |
| Total  | 27                               | 100.0 |       | 9,110   | 100.0 |       | 10   | 100.0 |       | 3,124   | 100.0 |       | 100.0                    |
| By Loan Size   |                                  |       |       |         |       |       |      |       |       |         |       |       |                          |
| \$100,000 or Less  | 5                                | 18.5  | 95.1  | 326     | 3.6   | 47.1  | 2    | 20.0  | 95.2  | 155     | 5.0   | 47.1  |                          |
| \$100,001 - \$250,000  | 8                                | 29.6  | 2.8   | 1,493   | 16.4  | 16.0  | 3    | 30.0  | 2.7   | 567     | 18.1  | 15.8  |                          |
| \$250,001 - \$1 Million  | 14                               | 51.9  | 2.1   | 7,291   | 80.0  | 36.9  | 5    | 50.0  | 2.1   | 2,402   | 76.9  | 37.1  |                          |
| Total  | 27                               | 100.0 | 100.0 | 9,110   | 100.0 | 100.0 | 10   | 100.0 | 100.0 | 3,124   | 100.0 | 100.0 |                          |

Source: 2023 FFIEC Census Data  
2023 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

As displayed, the bank made a lower percentage of loans to businesses with revenues under \$1 million than that extended by the aggregate in both years under review. As referenced earlier, this may be in part attributable to the bank's higher concentration in real estate loans. The aggregate also includes large credit card lenders, which can impact loan size.

## **Community Development Lending Activities**

The institution's community development lending activities are evaluated pursuant to the five criteria previously outlined. The bank did not originate any qualified community development loans in this assessment area.

## **INVESTMENT TEST**

BNH's performance under the Investment Test is rated Low Satisfactory. The bank demonstrates an adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position. The bank demonstrates occasional use of innovative or complex qualified investments and adequate responsiveness to credit and community development needs of the assessment area.

## **Equity Investments**

As discussed previously, of the equity type investments, three totaling \$15,000 were allocated to the CSA AA. The following details the bank's investment activity.

- The bank contributed \$10,000 towards the CDFA's tax credit program in support of two separate redevelopment projects, which primarily benefited low and moderate-income individuals.
- The bank contributed \$5,000 towards the CDFA's tax credit program in support of NeighborWorks of Southern New Hampshire. The NeighborWorks project supported the development of 45 residential units located in a low-income census tract.

## **Grants and Donations**

Table 20 displays the bank and charitable foundation's qualified grants and donations by year and community development purpose. During the evaluation period, the bank provided 66 donations totaling \$155,685, of which 92.6 percent by dollar supported community services primarily benefiting low- and moderate-individuals and families.

| <b>Table 20</b><br><b>Qualified Donations by Purpose</b><br><b>CSA Assessment Area</b> |                     |               |           |               |           |               |           |                |
|--|---------------------|---------------|-----------|---------------|-----------|---------------|-----------|----------------|
| Community Development Category   | 9/13/2022-12/2/2022 |               | 2023      |               | YTD 2024  |               | Total     |                |
|  | #                   | \$            | #         | \$            | #         | \$            | #         | \$             |
| Affordable Housing   | 2                   | 5,500         | 2         | 5,000         | 1         | 1,000         | 5         | 11,500         |
| Community Services   | 34                  | 33,535        | 17        | 80,800        | 10        | 29,850        | 61        | 144,185        |
| <b>Total</b>   | <b>36</b>           | <b>39,035</b> | <b>19</b> | <b>85,800</b> | <b>11</b> | <b>30,850</b> | <b>66</b> | <b>155,685</b> |
| <i>Bank provided qualified investment data</i>   |                     |               |           |               |           |               |           |                |

The following is a sample of organizations operating in the CSA AA that benefited from the bank's contributions:

- *Greater Seacoast Community Health (GSCH)* – GSCH is a network of community health centers providing primary care, pediatrics, dental care, prenatal care, behavioral health

counseling, substance use disorder treatment, mobile health services, WIC, and social services. CSCH's services are available to everyone regardless of ability to pay. The bank provided two donations, totaling \$20,000.

- *Boys & Girls Club of Manchester* – Located in a moderate-income census tract, the Boys & Girls Club of Manchester provides various programs and services for children and their families to help support working parents, such as summer camp and after-school childcare. The club also serves its members through a food pantry and food programs. The bank provided the club four donations, totaling \$13,000.
- *The Mental Health Center of Greater Manchester (MHCGM)* – Located in a moderate-income census tract, the MHCGM offers youth and adult programs aimed at restoring mental health and improving quality of life for its patients. The bank provided two donations totaling \$8,500, in support of MHCGM's youth services.

## SERVICE TEST

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

### Retail Banking Services

Table 21 displays the distribution of the bank's current branch network compared to the percentage of census tracts within the assessment area as well as the percentage of the population that resides in those tracts.

| Table 21<br>CSA AA<br>Distribution of Branch Offices by Income Category |                                 |                     |                                   |       |
|---|---------------------------------|---------------------|-----------------------------------|-------|
| Census Tract<br>Income<br>Category                                      | Assessment Area<br>Demographics |                     | Bank Offices by Tract<br>Location |       |
|   | Total<br>Census Tracts          | Total<br>Population |                                   |       |
|   | % of #                          | % of #              | #                                 | %     |
| Low   | 4.9                             | 3.9                 | 0                                 | 0.0   |
| Moderate  | 18.5                            | 18.9                | 2                                 | 33.3  |
| Middle  | 49.0                            | 48.6                | 3                                 | 50.0  |
| Upper   | 25.7                            | 28.5                | 1                                 | 16.7  |
| NA  | 1.9                             | 0.1                 | 0                                 | 0.0   |
| Total   | 100.0                           | 100.0               | 6                                 | 100.0 |

2015 ACS

BNH does not operate any branch offices within the assessment area's low-income census tracts. With two branches or 33.3 percent of branches in moderate-income census tracts, the bank's branch distribution exceeds the percentage of moderate-income census tracts as well as the percentage of the population that resides in those tracts. The bank demonstrates its service

delivery systems are accessible to geographies and individuals of different income levels in its assessment area. The bank has not opened or closed any branches, therefore to the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. The bank demonstrates its services including business hours do not vary in a way that inconveniences its assessment area, particularly low- or moderate-income geographies or low- or moderate-income individuals. The average number of business hours for the branches in moderate-income tracts is in line with the average number of branch hours for all the New Hampshire branches. The bank offers full-service in-person banking Monday-Friday and Saturday mornings hours.

### **Community Development Services**

The bank demonstrates it provides a relatively high level of community development services in its assessment area. Although the bank's community development services are not particularly innovative, the relatively high level of community development services is reflected through the extent and degree to which they serve low- and moderate-income areas, and their responsiveness to available opportunities. Bank employees spent 520 hours in the CSA portion of the State. The following details the bank's community development service activity:

- A bank AVP serves on the board of an organization whose mission is to improve a moderate-income community by enhancing the public health, prosperity, quality of life, safety, and general welfare of its citizens.
- A banking administrator and commercial credit officer both serve on the board of an organization whose mission is to engage the community to financially support local children and families in need.
- A bank SVP serves on the board of an organization that provides various programs and services for children and families, such as summer camp and after-school childcare. Located in a moderate-income census tract, the organization also operates a food pantry and food programs.
- A bank VP serves on the board of an organization dedicated to supporting a vibrant economic climate in primarily moderate-income geographies.

## APPENDIX

### GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

**Household:** One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

**Housing affordability ratio:** Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

**Limited-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

**Median family income:** The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

**Multifamily:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan statistical area (nonMSA):** Not part of a metropolitan area. (See metropolitan area.)

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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



**Performance context:** The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

**Performance criteria:** These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

**Performance evaluation (PE):** A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

**Small businesses/small farms:** A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

**Small loan(s) to business(es):** That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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

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

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12