

# **PUBLIC DISCLOSURE**

May 12, 2025

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Mascoma Bank  
RSSD # 268006

67 North Park Street  
Lebanon, New Hampshire 03766

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.

## TABLE OF CONTENTS

Institution Rating	
Institution's CRA Rating .....	2
Table of Performance Test Ratings.....	2
Summary of Major Factors Supporting Rating.....	2
Institution	
Description of Institution .....	4
Scope of Examination .....	5
Conclusions with Respect to Performance Tests .....	8
State of New Hampshire	
State Rating .....	19
Scope of Examination .....	20
Description of Operations .....	20
Conclusions with Respect to Performance Tests .....	25
State of Vermont	
State Rating .....	37
Scope of Examination .....	38
East Central Vermont (Full Review)	
Description of Operations .....	38
Conclusions with Respect to Performance Tests .....	43
Burlington-South Burlington, VT MSA (Limited Review).....	58
Appendices	
CRA Appendix A: Scope of Examination Table .....	A
CRA Appendix B: Summary of State Ratings.....	B
CRA Appendix C: Glossary.....	C

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

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

	<u>Mascoma Bank</u>		
	PERFORMANCE TESTS		
PERFORMANCE LEVELS	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			
Low Satisfactory			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 reference table include:

**Lending Test**

- Excellent responsiveness to the credit needs in its assessment areas, taking into account the number and amount of home mortgage and small business loans in the bank's assessment areas.
- An adequate percentage of its loans are made in the bank's assessment areas.
- A poor geographic distribution of loans, particularly to low- or moderate-income geographies, in the bank's assessment areas.
- An excellent 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.
- The bank is a leader in making of community development loans.
- Extensive 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.
- An excellent 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.

### Investment Test

- An excellent level of qualified investments, particularly those that are not routinely provided by private investors, often in a leadership position.
- Extensive use of innovative or complex qualified investments.
- Excellent responsiveness to credit and community development needs.

### Service Test

- The bank's service delivery systems are accessible to geographies and individuals of different income levels in its assessment areas.
- 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- and moderate-income geographies and to low- and 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- and moderate-income geographies and low- and moderate-income individuals.
- The bank provides an adequate level of community development services.

## DESCRIPTION OF INSTITUTION

Mascoma is a state-chartered savings bank headquartered in Lebanon, New Hampshire. Established in 1899, the bank is wholly owned by Mascoma Mutual Financial Services Corporation. The bank has seven subsidiaries, including Mascoma Community Development (MCD), which is a certified community development entity (CDE) with the primary purpose of community development and responsibility for managing the bank's participation in the U.S. Department of Treasury New Market Tax Credit (NMTC) program. Three subsidiaries are also CDEs that help facilitate the bank's participation in the program. Mascoma is a Certified Benefit Corporation, meaning the bank meets certified standards that ensure its activities are helping to build a more inclusive and sustainable economy.

In addition to its headquarters at 67 North Park Street in Lebanon, NH, the bank operates 26 full-service branches, of which 13 are in New Hampshire and 13 are in Vermont. Of the branches in New Hampshire, eight are in Grafton County, two are in Cheshire County, two are in Sullivan County, and one each in Coos and Merrimack counties. The branches in Grafton County are in Hanover (2), Lebanon (2), Canaan, Enfield, Littleton, and Lyme. The branches in Cheshire County are in Keene and Walpole. The branches in Sullivan County are in Charlestown and Claremont, the branch in Coos County is in Lancaster, and the branch in Merrimack County is in New London. All branches in New Hampshire are in a non-metropolitan statistical area (non-MSA).

Of the branches in Vermont, eight are in Windsor County, three are in Chittenden County, and two are in Orange County. The branches in Windsor County are in Hartford (2), Bethel, Hartland, Norwich, Springfield, Windsor, and Woodstock. The branches in Chittenden County are in Burlington (2) and South Burlington, and the branches in Orange County are in Chelsea and Strafford. Windsor and Orange counties are in the non-MSA portion of Vermont, and Chittenden County is in the Burlington-South Burlington, VT (Burlington) metropolitan statistical area (MSA). The bank also has loan offices in Burlington and Portland, Maine. The bank has not opened or closed any branches since the last evaluation.

The bank offers personal products and services such as checking and savings accounts, online and mobile banking, mortgages, home equity loans, and consumer loans. Business products and services include checking and savings accounts, cash management services, and commercial real estate loans. Information about the bank's products and services can be found at [www.mascomabank.com](http://www.mascomabank.com).

As of March 31, 2025, bank assets totaled \$2.9 billion, loans totaled \$2.4 billion, and deposits totaled \$2.6 billion. Since the last evaluation on January 30, 2023, bank assets increased by 7.5 percent, which is attributed to a \$297.2 million increase in the bank's loan portfolio. The increase in the dollar volume of loans is largely attributed to an \$84.1 million increase in closed-end one-to-four family loans, a \$63.5 million increase in construction and land development loans, and a \$39.2 million increase in loans secured by non-farm non-residential properties.

Table 1 shows the bank's loan portfolio distribution by dollar as of March 31, 2025. The loan portfolio is primarily comprised of residential real estate loans, at 52.4 percent, followed by commercial real estate, at 43.7 percent. Agriculture, consumer, and other loans account for a nominal share of the bank's loan portfolio by dollar.

Table 1 Loan Distribution as of March 31, 2025		
Loan Type	Dollar Amount \$(000)	Percent of Total Loans (%)
Residential RE	1,263,737	52.4
Agriculture	97	0.0
Commercial*	1,054,503	43.7
Consumer	21,720	0.9
Other	71,356	3.0
<b>Total Loans</b>	<b>2,411,413</b>	<b>100.0</b>
<i>Call Report as of March 31, 2025.            *May include construction, land development, and other land loans reported on the HMDA LAR            Total percentages shown may vary by 0.1 percent due to automated rounding differences.</i>		

The bank faces competition for residential lending from local and regional financial institutions, and nationwide mortgage companies. Top competitors for residential mortgage loans across the bank's assessment areas include EastRise Federal Credit Union; Rocket Mortgage, LLC (Rocket); Citizens Bank, N.A. (Citizens), Vermont Federal Credit Union; CMG Mortgage, Inc. (CMG Mortgage); TD Bank, N.A. (TD Bank); and Bar Harbor Bank & Trust (Bar Harbor). The bank's primary competition for small business lending includes banks nationwide and credit card lenders. Top small business lenders in the assessment areas include American Express, N.A. (American Express); JPMorgan Chase Bank, N.A. (Chase), Capital One, N.A. (Capital One); Citibank, N.A. (Citibank); Synchrony Bank, Bank of America, N.A. (BOA); and US Bank, N.A. (US Bank).

Considering the bank's financial capacity, local economic conditions, assessment area demographics, and the competitive market in which it operates, the bank has demonstrated an ability to meet the credit needs in 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 areas in which it operates.

## SCOPE OF EXAMINATION

Mascoma'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 bank received an overall institution rating and individual ratings for the Lending Test, Investment Test, and Service Test and for New Hampshire and Vermont. The state rating for New Hampshire was weighted more than the state rating for Vermont when arriving at the overall institution rating.

The bank's performance was evaluated in three assessment areas: the New Hampshire assessment area, the East Central Vermont assessment area, and the Burlington assessment area. The New Hampshire assessment area is comprised of Grafton County, Sullivan County, and

<sup>1</sup> "Large institutions" are banks or savings associations with assets of at least \$1.609 billion as of December 31 of both of the prior two calendar years.

portions of Cheshire, Merrimack, and Coos counties. All geographies included in the New Hampshire assessment area are in the non-MSA portion of New Hampshire. The rating for New Hampshire was based on a full scope examination of the New Hampshire assessment area and considered community development activities outside the assessment area but within the state of New Hampshire.

The East Central Vermont assessment area is comprised of portions of Windsor, Orange, and Windam counties, which are in the non-MSA portion of Vermont. The rating for Vermont was based on a full scope examination of the East Central Vermont assessment area and considered community development activities outside the assessment area but within the state of Vermont. The Burlington assessment area is comprised of Chittenden County, which is one of three counties in the Burlington MSA. The bank's performance in the Burlington assessment area was evaluated using limited scope examination procedures and was not a determinative factor in the rating for Vermont.

Factors used to determine which assessment areas would receive full scope examination procedures include, but are not limited to, the bank's lending, investment, and service opportunities in different assessment areas, the level of the bank's lending, investment, and service activity in different assessment areas, including in low- and moderate-income areas, and the bank's prior CRA performance in different assessment areas.

The Lending Test evaluates the bank's lending performance pursuant to the following criteria: lending activity, assessment area 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.

The Lending Test analyzed residential mortgage loans and small business loans originated from January 1, 2022, to December 31, 2023. Residential mortgage loans were weighted more heavily than small business loans based on the number of originations within each assessment area during the evaluation period. While both the number and dollar volume of the bank's loans were reviewed, the number of originations was weighted more heavily as the number of loans is more indicative of loan demand.

Analysis of the bank's residential mortgage lending was conducted utilizing loans reported under the Home Mortgage Disclosure Act (HMDA). Residential loans with a purpose of "other" and/or "not applicable" were excluded from the evaluation. The bank's residential lending activity was compared to the aggregate of all lenders operating within the assessment areas. Aggregate data was obtained from the Consumer Financial Protection Bureau and consists of lending information from all HMDA reporters that originated or purchased residential mortgage loans in the assessment areas. The bank's residential mortgage lending performance was also compared to demographics from the 2020 U.S. Census (Census).

Small business loans included commercial real estate loans and commercial and industrial 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 to demographic information obtained from Dun & Bradstreet, Inc., Short Hills, NJ (D&B).

The review period for the Investment Test and the Service Test was January 31, 2023, through May 12, 2025. Qualified investments and community development services were evaluated in the context of community needs and the capacity of the bank. Under the Lending Test, community development loans were also considered from January 31, 2023 through May 12, 2025.

### **Community Contacts**

As part of the examination 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 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.

A community contact was conducted with the executive director of a community action agency that offers numerous services supporting low- and moderate-income individuals and families and technical support to small businesses in the Upper Valley, which includes portions of both the New Hampshire assessment area and the East Central Vermont assessment area. Based on a recent needs assessment, the contact indicated that healthcare was a priority in the Upper Valley, which coincided with the aging population in Vermont and New Hampshire. The contact indicated that financial difficulties and potential closures of Federally Qualified Health Care facilities have resulted in inefficient healthcare services for low- and moderate-income individuals and families. In terms of residential housing, the contact spoke to the potential of accessory dwelling units (ADU) to support additional housing, although financing activities have declined since the COVID-19 pandemic. The contact also indicated that manufactured home building is an opportunity to support affordable housing efforts. These types of units are gaining momentum and buy-in from affordable housing advocates and have synergies with an infrastructure for an aging population.



## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Mascoma's performance under the Lending Test is rated Outstanding. The Lending Test is rated Outstanding for New Hampshire and Outstanding for Vermont.

The following information details the data compiled and reviewed, as well as conclusions on the bank's performance at the institution level and within each assessment area.

#### **Lending Activity**

The bank demonstrated excellent responsiveness to the credit needs in its assessment areas, taking into account the number and amount of home mortgage and small business loans in its assessment areas. During the evaluation period, the bank originated a total of 3,147 residential and small business loans, of which 2,546 loans were originated inside the assessment areas. Of the loans inside the assessment areas, 1,765 were home mortgage loans and 781 were small business loans. The bank demonstrated excellent responsiveness to the credit needs within the New Hampshire and East Central Vermont assessments areas. The bank's performance in the Burlington assessment area was below the performance in the East Central Vermont assessment area.

#### *Home Mortgage Lending*

Of the total home mortgage loans inside the assessment areas, 1,019 loans were originated in 2022, and 746 loans were originated in 2023. From 2022 to 2023, the 26.8 percent decline in home mortgage originations inside the assessment areas is less than the decline in HMDA lending across New Hampshire and Vermont by all home mortgage lenders. From 2022 to 2023, overall home mortgage lending declined by 58.6 percent in New Hampshire and declined by 63.8 percent in Vermont. In 2022, the bank was ranked 2<sup>nd</sup> of 340 home mortgage lenders and was in the 99<sup>th</sup> percentile in loan originations and purchases. In 2023, the bank was ranked 2<sup>nd</sup> of 324 home mortgage lenders and was again in the 99<sup>th</sup> percentile.

#### *Small Business Lending*

Of the total small business loans inside the assessment areas, 366 loans were originated in 2022, and 415 loans were originated in 2023. At 13.4 percent, the bank outpaced overall small business originations from 2022 to 2023 in New Hampshire, which increased by 4.4 percent. For the same period, the bank's increase in lending aligned with Vermont, which also increased 13.4 percent. In 2022, the bank was ranked 8<sup>th</sup> of 112 small business lenders and was in the 94<sup>th</sup> percentile in loan originations and purchases. In 2023, the bank was ranked 5<sup>th</sup> of 98 small business lenders and was in the 96<sup>th</sup> percentile.

#### **Distribution of Lending within the Assessment Area**

This criterion evaluates the concentration of loans originated by the bank within its assessment areas. Table 2 presents the bank's level of lending inside and outside of the assessment areas during the evaluation period. The bank demonstrated that an adequate percentage of loans were made inside the assessment areas.

Table 2 Lending Inside and Outside of the Assessment Areas												
Loan Type	Inside				Outside				Total			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase	736	67.7	280,331	64.9	351	32.3	151,803	35.1	1,087	100.0	432,134	100.0
Home Improvement	471	89.2	51,887	86.4	57	10.8	8,140	13.6	528	100.0	60,027	100.0
Multi-Family Housing	28	62.2	47,937	32.7	17	37.8	98,463	67.3	45	100.0	146,400	100.0
Refinancing	530	87.7	99,410	83.2	74	12.3	20,082	16.8	604	100.0	119,492	100.0
Total HMDA	1,765	78.0	479,565	63.3	499	22.0	278,488	36.7	2,264	100.0	758,053	100.0
Total Small Business	781	88.4	95,548	82.9	102	11.6	19,689	17.1	883	100.0	115,237	100.0
TOTAL LOANS	2,546	80.9	575,113	65.9	601	19.1	298,177	34.1	3,147	100.0	873,290	100.0
HMDA and small business lending data for 2022 and 2023 Percentages may not total 100.0 percent due to rounding												

HMDA and small business lending data for 2022 and 2023  
Percentages may not total 100.0 percent due to rounding.

### *Home Mortgage Lending*

The bank originated 2,264 home mortgage loans during the evaluation period, of which 1,765 loans, or 78.0 percent, were inside the assessment areas. Of the loans inside the assessment areas, 889 were in the New Hampshire assessment area, 746 were in the East Central Vermont assessment area, and 130 were in the Burlington assessment area. Of the total home mortgage loans inside the assessment areas, 1,019 loans were originated in 2022, and 746 loans were originated in 2023. Home purchase loans represented the largest share of loans originated during the evaluation period with 736 loans, followed by refinance loans with 530, and home improvement loans with 471.

### *Small Business Lending*

The bank originated 883 small business loans during the evaluation period, of which 781 loans, or 88.4 percent, were inside the assessment areas. Of the loans inside the assessment areas, 439 were in the New Hampshire assessment area, 289 were in the East Central Vermont assessment area, and 53 were in the Burlington assessment area. Of the total small business loans inside the assessment areas, 366 loans were originated in 2022, and 415 loans were originated in 2023.

### **Geographic Distribution of Loans**

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The bank demonstrated a poor geographic distribution of loans, particularly to low- or moderate-income geographies, in its assessment areas. The bank demonstrated a poor geographic distribution on loans, particularly to low- or moderate-income geographies, in both the New Hampshire and East Central Vermont assessment areas.

Applicable demographic and aggregate data used to assess the bank's geographic distribution performance for home mortgage lending increased significantly compared to the last examination. Based on the analysis years, examiners utilized demographic data from the 2015 American Community Survey (ACS) for the last examination and utilized the Census for the current examination. Due to census tract income changes from the ACS to the Census, the composition of moderate-income tracts shifted from less populated tracts to more populated tracts. For example, the population in the moderate-income tracts in the East Central Vermont assessment area increased nearly 400.0 percent from the ACS to the Census. Based on such increases in population, both the demographic data (i.e., percentage of owner-occupied housing units in moderate-income tracts) and aggregate lending percentages increased due to greater opportunity and loan demand in these tracts. Overall, the bank's home mortgage lending percentages within

moderate-income tracts grew by a few percentage points since the last examination; however, the aggregate lending percentage increased substantially due to the demographic changes.

For each year and within each assessment area, the bank's lending percentage of home mortgage loans in moderate-income tracts was notably lower than both the percentage of owner-occupied housing units and the aggregate lending percentage. Although the bank's lending percentage trailed the aggregate in both 2022 and 2023 in each assessment area, the bank was still one of the top home mortgage lenders in moderate-income tracts (i.e., ranked 2<sup>nd</sup> or 3<sup>rd</sup>). However, given that the bank ranks first in market share for both deposits and home mortgage lending in each assessment area as well as having branches in moderate-income tracts in each assessment area, examiners considered the bank's share of home mortgage loans originated in moderate-income tracts more heavily than the number of loans originated in these tracts.

Overall, although the bank's geographic distribution is considered poor, this Lending Test component was weighted less heavily than other Test components when arriving at the Lending Test rating for the institution and for each state. Examiners considered that the bank's lending percentage in moderate-income tracts increased compared to the last examination, that the bank is one of the top lenders in moderate-income tracts in both assessment area, and that the significant demographic and aggregate data increase was the result utilizing the Census compared to the ACS based on the years analyzed.

The bank's performance in the Burlington assessment area exceeded the bank's performance in the East Central Vermont assessment area.

### **Borrowers' Profile**

This criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The bank demonstrated an excellent 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. The bank demonstrated an excellent distribution in the New Hampshire assessment area and a good distribution in the East Central Vermont assessment area. The bank's performance in the Burlington assessment area was below the bank's performance in the East Central Vermont assessment area.

### **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 area(s); 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 demonstrated it is a leader in making community development loans. The bank originated 62 community development loans, totaling \$171.4 million. Of the \$171.4 million, \$138.5 million, or 80.8 percent, were qualified as economic development loans supporting businesses who met the Small Business Association (SBA) size standards and based on Bureau of Labor Statistics wage data compared to median family income (MFI).

The bank was a leader in originating community development loans in New Hampshire with 22 loans totaling \$38.9 million. Of the 22 loans, 19 loans totaling \$27.9 million were in the New Hampshire assessment area and the remainder were in the statewide area. Loans supporting economic development accounted for 78.1 percent by dollar volume.

In Vermont, the bank was a leader in originating community development loans with 37 loans totaling \$123.6 million. Of the 37 loans, 14 loans totaling \$15.1 million were in the East Central Vermont assessment area, 10 loans totaling \$37.9 million were in the statewide area that excluded the assessment areas, and 13 loans totaling \$70.6 million were in the Burlington assessment area. The bank's origination of community development loans in the Burlington assessment area was consistent with the East Central Vermont assessment area.

The following is a summary of community development loans allocated at the institution level:

- A \$1.1 million loan for flood recovery assistance in a Federal Emergency Management Agency (FEMA) federally declared disaster area in Maine. This loan helped support revitalization and stabilization efforts in a broader regional area that includes the bank's assessment areas.
- A \$1.3 million loan supporting economic development for a small business to improve and repair its commercial real estate holdings in both the New Hampshire and East Central Vermont assessment areas.
- A \$6.5 million loan to a newly established small business entity to purchase and improve a historic building in Portland, ME.

The bank demonstrated extensive use of innovative and/or flexible loan programs to help meet the credit needs of low- and moderate-income borrowers and small businesses, including in New Hampshire and Vermont. The bank's use of innovative and flexible loan programs in the Burlington assessment area was consistent with the East Central Vermont assessment area. The following is a description of innovative and/or flexible lending programs offered by the bank applicable to loans originated in each state:

- *First Time Home Buyers with Downpayment Assistance* – This bank program is targeted to first time homebuyers purchasing a one-or-two-unit primary residence. It requires only a 3.0 percent down payment and participation in a homeownership class. The bank provides \$2,500 toward closing costs. During the evaluation period, the bank originated 72 loans, totaling \$18.7 million, and provided \$288,000 in closing cost assistance.
- *United Way Income Advance Loan Program (IALP)* - This partnership between United Way and employers was focused on giving employees the resources they need to gain, keep, and grow in stable employment. The IALP was a partnership between employers and financial institutions to help employees meet emergency needs and begin saving and building credit. Mascoma processed these applications, and loan amounts could be up to \$2,000. During the evaluation period, the bank originated 288 loans, totaling \$424,900.

- *Resources@Work Loan Program* – When the United Way IALP ended, Mascoma recognized the importance of continuing to support these borrowers and developed the Resources@Work program in 2024. Through this program, eligible employees of participating employers can obtain loans from \$500 to \$1,500 for emergency credit needs and/or to enhance or rebuild credit. Borrowers must agree to participate in financial literacy training. The program primarily targets low- or moderate-income individuals. Establishing this program to continue meeting the emergency credit needs of low- and moderate-income individuals was considered particularly responsive.
- *80-20 Purchase Money Jr. Lien Program* - This loan program is intended to benefit borrowers looking to purchase a primary residence who do not have a sizeable down payment. The program provides insured second lien mortgages that are a more cost-effective option than paying for private mortgage insurance and allows the borrower to finance up to 100.0 percent of the property value. During the evaluation period, the bank originated 8 loans, totaling \$793,400.
- *Manufactured Home Lending* - This program provides financing for manufactured homes located on a borrower's own land or in a manufactured home park, which often has a lower monthly cost than rental housing in a traditional apartment. Owning a manufactured home allows the borrower to build wealth through equity and ensures stability in their housing. Within the bank's assessment areas, manufactured homes represent an affordable housing option as real estate prices make traditional home ownership unattainable based on MFI and there is also an acknowledged lack of workforce housing. During the evaluation period, the bank originated 49 manufactured home loans, totaling \$3.0 million. Two community contacts spoke to the importance of manufactured housing as a strategy to address affordable housing in the New Hampshire and East Central Vermont assessment areas.
- *Equity Builder Program (EBP)* - As a member of the Federal Home Loan Bank of Boston (FHLBB), Mascoma participates in the EBP, which provides low- and moderate-income borrowers with down payment, closing cost, home-buyer counseling, and rehabilitation assistance. During the evaluation period, the bank provided 4 grants, totaling \$109,000.
- *Municipal Disaster Recovery Loans* – The bank originated loans to municipalities to help support the rebuilding efforts in FEMA declared designated disaster areas. The low-interest rate loans are unsecured and used to help offset reconstruction costs and provide bridge funding to help minimize cash outflows before federal reimbursement. During the evaluation period, the bank originated 7 loans, totaling \$8.2 million, to specifically support flood disaster recovery efforts stemming from the July 2023 flood event.
- *SBA 7(a) Loan Program* – This program is the SBA's primary business loan program that provides loan guaranties to lenders that allow them to offer financial help for small businesses. Loans can be used for acquiring or improving real estate, short- and long-term working capital, refinancing business debt, installation of equipment or machinery, or purchasing other business assets. During the evaluation period the bank originated 11 loans, totaling \$1.7 million.

The bank has an excellent record of serving the credit needs of highly economically

disadvantaged areas in its assessment areas, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations. At the institution level, the bank's excellent record is demonstrated by its performance in originating loans to low- and moderate-income borrowers and the responsiveness of community development loans supporting municipalities with flood recovery efforts in FEMA designated disaster areas. The bank demonstrated a good record of serving the needs of such areas and borrowers in the New Hampshire assessment area and an excellent record in the Vermont assessment area. The bank's record of serving these areas and borrowers in the Burlington assessment area was consistent with its record in the East Central Vermont assessment area.

## INVESTMENT TEST

Mascoma's performance under the Investment Test is rated Outstanding. The Investment Test for New Hampshire is rated Outstanding, and the Investment Test for Vermont is rated High Satisfactory.

The Investment Test evaluates the institution's record of meeting the credit needs of its assessment area through its use of qualified investments<sup>2</sup> that benefit the assessment area or a broader statewide or regional area that includes the institution's assessment area. 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; and 4) the degree to which qualified investments are not routinely provided by private investors.

The bank demonstrated an excellent level of qualified investments, particularly those that are not routinely provided by private investors, often in a leadership position. The bank's excellent performance is attributable to the excellent level of qualified investment activity at the bank level, which was not attributed to a specific state but within a broader region that includes the assessment areas, and excellent performance in New Hampshire. The bank demonstrated a significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position, in Vermont. The level of qualified investments in Burlington was below that of the East Central Vermont assessment area.

Overall, qualified investments totaled \$46.7 million, of which \$1.2 million were donations and grants, and \$45.5 million were in other forms of investments, such as investment funds and tax credits. Investments at the bank level totaled \$27.1 million and consisted of \$769,253 in donations and grants and \$26.3 million in other types of investments. In comparison to the previous examination, which had a similar length for its evaluation period, the total dollar volume of donations and grants decreased by 55.4 percent, while the total dollar volume of other qualified investments increased by 234.5 percent, and overall total qualified investments increased by 187.4 percent.

Overall, the bank demonstrated extensive use of innovative or complex investments. The bank demonstrated extensive use of innovative or complex qualified investments in New Hampshire and significant use in Vermont. The bank's use of innovative or complex qualified investments

---

<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.

in Burlington was below that of the East Central Vermont assessment area.

The bank's extensive use of innovative and/or complex qualified investments to support community development initiatives is demonstrated by the use of low-income housing tax credits (LIHTCs), which are tax credits purchased through the New Hampshire Community Development Finance Authority (NHCDFA); annual funding contributions to the Mascoma Bank Foundation (the Foundation); and direct donations to support community development activities inside each assessment area, within larger regional areas that include the assessment areas, and outside the assessment areas.

Additionally, MCD is a CDE with the primary mission of community development. MCD is responsible for managing the bank's NMTC program activities, which encourages investment of private capital for economic development in both rural and urban low-income communities<sup>3</sup>. Typical projects involve the acquisition, rehabilitation, or construction of commercial real estate developments or the expansion of operating businesses in low-income communities.

Although MCD's primary activity is the allocation of NMTCs to private investors, the bank has been an equity investor in NMTC projects, purchased tax credits, and made grants to community development financial institutions (CDFIs) through MCD. The function of MCD and its associated activities related to the NMTC program illustrates the bank's extensive use of innovative and/or complex qualified investments to support community development initiatives.

The bank demonstrated excellent responsiveness to credit and community development needs. The bank demonstrated excellent responsiveness to the credit and community development needs in New Hampshire, and good responsiveness to the credit and community development needs in Vermont. The responsiveness to credit and community development needs in Burlington was below that of the East Central Vermont assessment area.

The bank's excellent responsiveness was exhibited through the alignment between the needs and opportunities within the assessment areas and larger regional areas that include the assessment areas and the allocation of investments for specific purposes. The intent and primary purpose of the bank's investments, particularly the level of investments earmarked for affordable housing initiatives and childcare, demonstrated the bank's excellent level of responsiveness. This level of responsiveness was also exhibited through the leadership and proactive nature of the bank's use of MCD fee income to provide grants to CDFIs associated with NMTC projects; large annual contributions to the Foundation, which has the primary purpose of community development; the level of new investments in the New Hampshire assessment area; and the particularly responsive economic development investments and the dollar increase of donations in the Burlington assessment area.

The bank's excellent responsiveness is also exhibited through its alignment of investments to support community needs. In 2024, the bank conducted a community needs assessment within the assessment areas. The needs assessment highlighted affordable housing, childcare, and healthcare as the most prevalent issues within the assessment areas. In addition to providing donations to organizations that support affordable housing across the assessment areas, the bank

---

<sup>3</sup> The NMTC Program attracts private capital into low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments in specialized financial intermediaries called CDEs. The credit totals 39 percent of the original investment amount and is claimed over a period of seven years.

responded to this need by leading an effort, with other local businesses, to raise nearly \$9.0 million to provide below market, flexible capital to create as many as 260 rental homes with 94.0 percent of new units deemed affordable. The purpose of these funds is to increase capital for affordable housing by raising equity through a diversified investment in a variety of affordable properties. The non-profit organization offering these funds has the mission of serving the low- and moderate-income people of the region through affordable housing and community investments.

In addition to directly investing in or purchasing tax credits for NMTC projects through MCD, the bank's investment activities included the reinvestment of a portion of the fees associated with MCD's facilitation of NMTC activities in the form of grants to CDFI partners that are local to underlying NMTC projects. The bank demonstrated leadership with its commitment to provide grants in this manner with the intent of fostering positive change by supporting CDFIs with a direct understanding of the underlying low-income community and helping to alleviate additional community development needs in the area. During the evaluation period, the bank provided \$225,000 in grants to CDFIs through this initiative in a larger regional area that includes the assessment areas and to CDFIs outside the assessment areas related to NMTC projects as the bank satisfactorily met the needs and opportunities within the New Hampshire, East Central Vermont, and Burlington assessment areas.

The excellent responsiveness was further demonstrated by the bank's annual contributions to fund the Foundation. The Foundation was established in 1988, with the purpose of giving back to its communities in the form of grants. The foundation provides capital funding to non-profit organizations within the bank's market area with the goal of contributing to the long-term benefit of its communities. Typical projects include facility and infrastructure improvements, new construction, capital campaigns, and capital items outside normal operating budgets. The Foundation has a primary purpose of community development. During the evaluation period, the bank made two contributions, totaling \$483,889.

## **SERVICE TEST**

Mascoma's performance under the Service Test is rated Low Satisfactory. The Service Test for New Hampshire is rated Low Satisfactory, and the Service Test for Vermont 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.

### **Retail Banking Services**

Retail banking services evaluate 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- and moderate-income geographies or primarily serving low- and 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.

The bank's service delivery systems are considered accessible to geographies and individuals of different income levels in its assessment areas. Delivery systems are considered accessible in New Hampshire and reasonably accessible in Vermont. Delivery system accessibility in the Burlington assessment area exceeded that of delivery systems in the East Central Vermont assessment area, which was considered reasonably accessible.

As no branches were opened or closed in New Hampshire or Vermont, changes in bank branches have not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.

As services are uniform in New Hampshire and Vermont, bank services do not vary in a way that inconveniences its assessment areas, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. The bank maintains retail products and services that promote accessibility to low- and moderate-income individuals and other underserved populations.

- The bank offers a BankOn-certified deposit account which is geared towards serving unbanked populations in northern New England. BankOn is a national initiative with the mission to help low- and moderate-income individuals achieve economic mobility with better access to financial services at lower or no fees.
- The bank engages an interpreter translation service to assist customers with limited English proficiency to access bank services in more than 350 languages. The service provides live translation services by phone.

### **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.

#### *Employee Services*

Overall, the bank demonstrated it provided an adequate level of community development services. An adequate level of community development services is provided in New Hampshire, and a relatively high level is provided in Vermont. The level of activity in Burlington was consistent with that in the East Central Vermont assessment area.

Through the bank's volunteer program, bank employees are encouraged to use paid time to volunteer within their community. Bank employees provided time and expertise to organizations throughout each state, including within the assessment areas, and organizations that serve the broader New England regional area. Community development services support community

services to low- and moderate-income individuals, financial education, affordable housing, access to affordable medical services, and economic development.

Overall, 56 bank employees provided community development services to 78 organizations. Of the 56 employees, 14 employees provided community development services to 21 organizations that served the broader New England regional area; 20 provided community development services to 24 organizations in the New Hampshire assessment area; and 32 employees provided community development services to 33 organizations in Vermont.

Below are examples of community development services that impacted the broader regional area.

- *Evernorth* - A senior vice president (SVP) serves on the investment committee. Evernorth is an organization that serves low- and moderate-income people with affordable housing and community development investments throughout northern New England.
- *Healthy Homeworks* - An SVP serves as board president for this Maine-based organization that seeks to improve homeownership rates for low- and moderate-income individuals by creating inventory of affordable starter homes.
- *Northern Community Investment Corporation (NCIC)* - A loan officer serves as the treasurer for NCIC, which provides capital and professional assistance to business community development ventures and investments in northeastern Vermont and northern New Hampshire.
- *The Housing Partnership* – An SVP serves on the board of this organization whose mission is to strengthen eastern New Hampshire communities by creating diverse housing opportunities, utilizing innovative approaches to housing development, and advocating for affordable housing policies.
- *Granite State Development Corporation* – An SVP serves on the credit committee of this community development corporation that originates SBA 504 loans to small businesses to promote economic development throughout New England.
- *Greater Portland Immigrant Welcome Center* - A commercial lending development officer serves as secretary and fundraising committee chair of this Maine-based organization which promotes workforce development, educational advancement, food and healthcare access, and homeownership for low- and moderate-income immigrants that have recently arrived in New England.

### *Financial Literacy Education*

Mascoma maintains a financial wellness taskforce to ensure the bank plays a role in fostering financial wellness within its assessment areas. The taskforce consists of stakeholders from multiple lines of business across the bank and supports bank staff in delivering programs for credit counseling, homebuying, and fraud prevention. Though most of these sessions are provided to the public and do not target low- and moderate-income individuals, a total of 16 financially literacy sessions were provided in conjunction with community development

organizations that primarily serve low- and moderate-income individuals during the evaluation period.

In addition, the bank partners with financial education platform Banzai to offer financial literacy courses through live and remote presentations, using the bank's website and social media. The bank created and supported customized Banzai financial wellness websites for employees and constituents of several community development organizations including Granite United Way, Lebanon Housing Authority, and Southeastern Vermont Community Action.

#### **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.

## STATE OF NEW HAMPSHIRE

<b><i>CRA RATING FOR New Hampshire:</i></b>	<b><i>Outstanding</i></b>
<b><i>The Lending Test is rated:</i></b>	<b><i>Outstanding</i></b>
<b><i>The Investment Test is rated:</i></b>	<b><i>Outstanding</i></b>
<b><i>The Service Test is rated:</i></b>	<b><i>Low Satisfactory</i></b>

### Lending Test

- Excellent responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage, and small business loans in the bank's assessment area.
- Extensive 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.
- A poor geographic distribution of loans, particularly to low- or moderate-income geographies, in the bank's assessment area.
- An excellent distribution, particularly in the bank's assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- The bank is a leader in making community development loans.
- A good record of serving the credit needs of highly economically disadvantaged areas in the bank's assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

### Investment Test

- An excellent level of qualified investments, particularly those that are not routinely provided by private investors, often in a leadership position.
- Extensive use of innovative or complex qualified investments.
- Excellent responsiveness to credit and community development needs.

### Service Test

- The bank's service delivery systems are accessible to geographies and individuals of different income levels in its assessment area.
- 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- and moderate-income geographies or to low- and moderate-income individuals.

- The bank's services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies or low- and moderate-income individuals.
- The bank provides an adequate level of community development services.

## **SCOPE OF EXAMINATION**

The New Hampshire assessment area was evaluated using full examination procedures. The New Hampshire state rating for each test aligned with the conclusions of each test for the New Hampshire assessment area. The Lending, Investment, and Service test ratings for the state of New Hampshire considered community development activities in the assessment area and the statewide area that included the assessment area. Based on the level of deposits, lending, and other activities, the state of New Hampshire was given more weight compared to the state of Vermont when arriving at overall ratings. The performance criteria and review periods are consistent with the scope as outlined in the Description of Institution section of this evaluation.

## **DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE NEW HAMPSHIRE ASSESSMENT AREA**

The New Hampshire assessment area consists of the entirety of Sullivan and Grafton counties and portions of Cheshire County, Coos County, and Merrimack County. These counties are not located in an MSA. Since the last examination, the bank expanded this assessment area to include the entirety of Grafton County by adding the towns of Ashland, Benton, Campton, Ellsworth, Holderness, Lincoln, Livermore, Plymouth, Rumney, Thornton, Warren, Waterville Valley, and Woodstock. Many of the towns added to the assessment area are either within or adjacent to the White Mountain National Forest.

The assessment area covers nearly the entire western portion of the state, from the Massachusetts state boundary to the south, to southern Coos County, which borders Canada, to the north. In addition to its headquarters in Lebanon, NH, the bank operates 13 full-service branches in the state. Each full-service branch has an automated teller machine (ATM). The bank did not open, close, or relocate any branches in the assessment area during the review period.

According to the Federal Deposit Insurance Corporation (FDIC) Summary of Deposits report as of June 30, 2024, branch deposits within the New Hampshire assessment area totaled \$1.6 billion, or 63.8 percent, of the bank's total deposits. There were 16 financial institutions offering deposit services through 71 branches within the assessment area. The bank ranked 1<sup>st</sup> with a deposit market share of 21.8 percent, followed by Savings Bank of Walpole, Ledyard National Bank, and Bar Harbor. National and regional banks, such as BOA, Citizens, and TD Bank, also have notable shares of deposits within the assessment area.

Mascoma was the top ranked home mortgage lender in the assessment area during the evaluation period. In 2022, the bank ranked 1<sup>st</sup> out of nearly 300 home mortgage reporters and originated 10.6 percent of all home mortgage loans in the assessment area. In 2023, the bank again ranked 1<sup>st</sup> and originated 11.9 percent of all home mortgage loans in the assessment area. Other prominent home mortgage lenders in the assessment area included Rocket, CMG Mortgage, Citizens, Bar Harbor, and Service Federal Credit Union.

The bank was also competitive in its origination of small business loans during the evaluation period. In 2022, the bank ranked 7<sup>th</sup> of 82 small business reporters and originated 4.4 percent of all small business loans in the assessment area. In 2023, the bank ranked 5<sup>th</sup> of 74 small business reporters and originated 5.3 percent of all small business loans. Top competitors for small business lending in the assessment area were primarily large nationwide institutions such as American Express, Chase, Capital One, Citibank, BOA, and US Bank.

Table 3 provides relevant demographic data for the New Hampshire assessment area.

Table 3 Assessment Area Demographics New Hampshire Assessment Area								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0	0	0.0	10,523	20.3
Moderate-income	14	23.3	11,671	23	1,207	10.3	9,949	19.2
Middle-income	37	61.7	33,514	65	1,767	5.3	12,408	23.9
Upper-income	9	15.0	6,766	13	123	1.8	19,071	36.7
Total Assessment Area	60	100.0	51,951	100.0	3,097	6.0	51,951	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	27,603	12,328	20.8	44.7	7,123	25.8	8,152	29.5
Middle-income	71,646	38,778	65.4	54.1	14,834	20.7	18,034	25.2
Upper-income	15,359	8,148	13.8	53.1	2,763	18.0	4,448	29.0
Total Assessment Area	114,608	59,254	100.0	51.7	24,720	21.6	30,634	26.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	2,447	21.5	2,221	21.4	197	24.3	29	16.1
Middle-income	7,230	63.6	6,595	63.5	510	63.0	125	69.4
Upper-income	1,696	14.9	1,567	15.1	103	12.7	26	14.4
Total Assessment Area	11,373	100.0	10,383	100.0	810	100.0	180	100.0
	Percentage of Total Businesses:			91.3		7.1		1.6
2023 FFIEC Census Data and 2023 D&B Information								
Percentages may not total 100.0 percent due to rounding.								

### Composition

The assessment area consists of 60 census tracts, of which 14 tracts, or 23.3 percent, are moderate-income; 37 tracts, or 61.7 percent, are middle-income; and 9<sup>nine</sup> tracts, or 15.0 percent, are upper-income. There are no low-income tracts in the assessment area. Of the moderate-income tracts, six are in Grafton County, four are in Sullivan County, three are in

Cheshire County, and one is in Coos County. Of the six moderate-income tracts in Grafton County, two of the tracts encompass the towns of Benton, Warren, Woodstock, Lincoln, Livermore, and Waterville Valley. The other four moderate-income tracts in Grafton County are in Plymouth (2), Littleton, and Ashland. Of the four moderate-income tracts in Sullivan County, two are in Claremont and one each in Newport and Charlestown. In Cheshire County, there is one moderate-income tract each in Keene, Hinsdale, and Winchester. The moderate-income tract in Coos County encompasses the towns of Dalton and Whitefield.

### *Population*

The assessment area has a population of 211,596 individuals. There are 83,974 households, of which 51,951 are families. Upper-income families comprise of the largest share of families at 36.7 percent, followed by middle-income families at 23.9 percent, low-income families at 20.3 percent, and moderate-income families at 19.2 percent. Major population centers are in the Upper Valley along the I-91 corridor and include Lebanon and Hanover, which is the home of Dartmouth College. The city of Keene in Cheshire County is another population center and is home to Keene State College. Outside of these population centers, the New Hampshire assessment area is generally rural, consisting of small villages and forests, including the White Mountain National Forest.

According to the New Hampshire Fiscal Policy Institute (NHFPI), which is a nonpartisan, independent research nonprofit with the mission of promoting opportunity and economic well-being for all New Hampshire residents, as of 2023, the median age in New Hampshire was 43.4 years old, which tied Vermont as the second oldest state in the U.S. by median age<sup>4</sup>. According to the same source, by 2030, the New Hampshire Department of Business and Economic Affairs projects that the population of adults over 65 is expected to be larger than the number of children<sup>5</sup>. Based on a 2023 statewide housing needs assessment by New Hampshire Housing (NHH), which is a public corporation that promotes, finances, and supports housing solutions for the people of New Hampshire, it is expected that New Hampshire's population growth will slow through 2040 and as the population becomes older, a desire to "age in place" will continue to limit the support of homes available to purchase<sup>6</sup>. Given the combination of an aging and slow growing population, there is the potential increased need for additional services for seniors and home improvement, rehabilitation, and weatherization services that allow this population to stay in their homes for longer periods of time.

### *Income*

The FFIEC adjusts MFI of metropolitan and non-metropolitan areas annually, based on estimates. MFI is used to classify the income level of a borrower within each area. 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

---

4 "New Hampshire's Growing Population and Changing Demographics Before and Since the COVID-19 Pandemic." *New Hampshire Fiscal Policy Institute*, 16 August 2024. <https://nhfpi.org/resource/new-hampshires-growing-population-and-changing-demographics-before-and-since-the-covid-19-pandemic/>. Accessed 5 May 2025

5 "Multiple Affordable Housing Barriers Adversely Impact Communities, Adding Housing Expands Tax Base Beyond Key Costs." *New Hampshire Fiscal Policy Institute*, February 26 2025. <https://nhfpi.org/blog/multiple-affordable-housing-barriers-adversely-impact-communities-adding-housing-expands-tax-base-beyond-key-costs/> Accessed 5 May 2025

6 "2023 New Hampshire Statewide Housing Needs Assessment. *New Hampshire Housing*, March 2023. <https://www.nhhfa.org/wp-content/uploads/2023/04/2023-NH-Statewide-Housing-Needs-Assessment-Executive-Summary.pdf> Accessed 5 May 2025

median income; and upper-income is defined as 120 percent of median income and above. Table 4 displays the MFI for the New Hampshire assessment area.

<b>Table 4</b> <b>Median Family Income</b> <b>New Hampshire Assessment Area</b>		
<b>MSA/MD</b>	<b>2022</b>	<b>2023</b>
<b>New Hampshire non-MSA</b>	\$94,500	\$106,500
<i>FFIEC Median Family Income</i>		

The MFI for the New Hampshire assessment area was \$94,500 in 2022 and \$106,500 in 2023. This MFI applies to the counties comprising the New Hampshire assessment area in addition to Belknap County and Carrol County in the eastern portion of the state.

### *Housing*

The assessment area contains 114,608 housing units, of which 51.7 percent are owner-occupied, 21.6 percent are rental units, and 26.7 percent are vacant. Vacant units represent a notable share of households across the moderate-, middle-, and upper-income tracts in the assessment area, at 29.5 percent, 25.2 percent, and 29.0 percent, respectively, compared to only 16.0 percent statewide. The high vacancy rate is due in part to the number of seasonal and occasional-use homes in the assessment area. Grafton County, in particular, accounts for 58.8 percent of all vacant units in the assessment area as the White Mountain National Forest offers year-round outdoor recreation and is a popular vacation destination where people own and rent second homes.

According to NHH, the purchase price for homes within the counties in the assessment area ranged from a low of \$195,000 in Coos County in 2022 to a high of \$390,000 in Merrimack County in 2023. Table 5 below shows the median home prices across all the counties in the assessment area and the state of New Hampshire and includes the percentage increases from 2022 to 2023.

<b>Table 5</b> <b>Median Purchase Price</b> <b>New Hampshire Assessment Area</b>			
<b>Geography</b>	<b>2022</b>	<b>2023</b>	<b>% Change</b>
Cheshire County	\$280,000	\$309,400	10.5%
Coos County	\$195,000	\$216,000	10.8%
Grafton County	\$326,500	\$355,000	8.7%
Merrimack County	\$365,000	\$390,000	6.8%
Sullivan County	\$275,000	\$300,000	9.1%
New Hampshire	\$400,000	\$418,000	4.5%
<i>New Hampshire Housing Purchase Price Trends data</i>			

Affording to NHHFPI, New Hampshire's rising home prices have surpassed those of the neighboring New England states<sup>7</sup>. Increasing home values creates a need for affordable homes,

<sup>7</sup> "Housing in New Hampshire Continues to Become Less Affordable for Buyers and Renters." *New Hampshire Fiscal Policy Institute*, May 17 2024. <https://nhfpi.org/blog/housing-in-new-hampshire-continues-to-become-less-affordable-for-buyers-and-renters/#:~:text=From%202018%20to%2023%2C%20the%20average%20private%2Dsector,for%20a%20two%2Dbdroom%20apartment%20increased%2036.1%20percent.> Accessed 5 May 2025



including homes to support the workforce. According to NHH, higher home values not only create challenges for low- or moderate-income families or first-time homebuyers to purchase a home, but they also deter middle-income renters from purchasing a home, which in turn can result in higher demand for rental units.

The same NHH assessment states that low home production volume, paired with increased seasonal and recreational use of housing in New Hampshire, have created a housing market that is not responding to people's changing needs such as moving from rental to homeownership, downsizing for retirement, or job growth. Lastly, the assessment states that local and state policies support expanded manufactured housing developments and conversion of manufactured home parks to cooperative ownership to maintain their availability as an affordable housing option.

### *Business Characteristics*

According to D&B data, there are 11,373 businesses operating within the assessment area. Of the businesses, the vast majority, at 91.3 percent, have gross annual revenues (GARs) of \$1 million or less. At 63.6 percent, most businesses are in middle-income census tracts, which is reflective of the overall census tract distribution of the assessment area. Primary industries in the assessment area include health care, retail services, hospitality services, manufacturing, and education. Large employers include Dartmouth College, Dartmouth-Hitchcock Medical Center, Hypertherm Inc., Plymouth State University, Loon Mountain Resort, Waterville Valley Resort, Ruger Firearms, Whelen Engineering Co., and C&S Wholesale Grocers.

### *Employment*

Employment within the assessment area was stable during the evaluation period. Table 6 shows the unemployment rate in the counties included in the assessment area.

<b>Table 6</b> <b>Unemployment Rates</b> <b>Assessment Area: non MSA NH</b>			
<b>Geography</b>	<b>2022</b>	<b>2023</b>	<b>Difference</b>
Cheshire County	2.4%	2.3%	-0.1%
Coos County	3.0%	2.6%	-0.4%
Grafton County	2.1%	1.9%	-0.2%
Merrimack County	2.1%	1.9%	-0.2%
Sullivan County	2.1%	1.9%	-0.2%
Non-MSA New Hampshire	2.2%	2.1%	-0.1%
New Hampshire	2.3%	2.2%	-0.1%
<i>Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>			

Unemployment rates were stable from 2022 to 2023 in the counties in the assessment area and the state of New Hampshire. Unemployment rates recovered from 2020 highs due to the COVID-19 pandemic and were lower than pre-pandemic levels.

## Community Contact

A community contact was conducted with a nonprofit that provides services to underserved communities in New Hampshire. The organization's largest program is focused on resident-owned communities and provides guidance and financing for residents of manufactured home parks to become park owners to control costs and ensure longevity in their homes. The organization also focuses on economic development activities for both businesses and municipalities, including grant writing, broadband access, recreational, police and fire department support, and infrastructure, such as sewer lines.

The contact stated that affordable housing is a significant need in New Hampshire, of which manufactured homes provide the best avenue for homeownership for low-, moderate-, and middle-income workers such as teachers, police officers, and grocery store workers. Such housing also supports economic opportunities by increasing housing stock in more rural areas that need to hire employees, such as in the northern part of the state. The contact's statements support the sentiments mentioned above by NHFPI and NHH regarding manufactured homes and workforce housing.

The contact also cited broadband access as a critical need because without it, the state cannot support or attract new residents or businesses as they would not have the ability to work from home, attend virtual medical appointments, access online banking, or support a retail online business. Lastly, the contact stated that energy efficiency initiatives needed to support and revitalize the state's aging building and housing stock and childcare for low- and moderate-income families are critically important.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NEW HAMPSHIRE ASSESSMENT AREA

### LENDING TEST

Mascoma's performance under the Lending Test in New Hampshire is rated Outstanding.

#### Lending Activity

The bank demonstrated excellent responsiveness to the credit needs in New Hampshire, taking into account the number and amount of home mortgage and small business loans in the assessment area. During the evaluation period, the bank originated 1,328 loans inside the New Hampshire assessment area. Of the loans inside the assessment area, 889 were residential loans and 439 were small business loans.

#### *Home Mortgage Lending*

Of the total home mortgage loans inside the assessment area, 495 loans were originated in 2022, and 394 loans were originated in 2023. In 2022, the bank was ranked 1<sup>st</sup> of 299 home mortgage lenders in the assessment area and in 2023, the bank again ranked 1<sup>st</sup> of 277 home mortgage lenders.

### *Small Business Lending*

Of the total small business loans inside the assessment area, 202 loans were originated in 2022, and 237 loans were originated in 2023. In 2022, the bank was ranked 7<sup>th</sup> of 82 small business lenders and was in the 93<sup>rd</sup> percentile in loan originations and purchases. In 2023, the bank was ranked 5<sup>th</sup> of 74 small business lenders and was in the 95<sup>th</sup> percentile.

The bank demonstrated extensive use of innovative and/or flexible loan programs in New Hampshire to help meet the credit needs of low- and moderate-income borrowers and small businesses. The following is a description of innovative and/or flexible lending programs specific to New Hampshire offered in addition to those outlined at the institution level:

- *New Hampshire Housing* –NHH promotes, finances, and supports affordable housing through the operation of rental and homeownership programs designed to assist low- and moderate-income people. The bank originates FHA, VA, and USDA Rural Development loans on a brokered basis as a participating lender through NHH. During the evaluation period, the bank made 23 total loans, for \$4.7 million, to low- and moderate-income borrowers through these three programs.
- *New Hampshire Business Finance Authority (NHBFA)* – The bank participates in NHBFA’s Capital Access Program (CAP). CAP is a flexible credit enhancement for small businesses that provides a 100.0 percent guarantee on term loans and lines of credit up to \$500,000. During the evaluation period the bank originated 3 loans, totaling \$128,000.
- *Affordable Housing Education and Development (AHEAD) Pathways to Homeownership* – In 2024, the bank began offering this grant program available to homebuyers working and buying in Coos or Grafton Counties. The program is designed to increase homeownership for the area’s workforce and provide an avenue for wealth-building for residents and local business owners. The community contact stressed the importance of providing affordable homes for workers in the northern part of the state.

### **Geographic Distribution**

The bank demonstrated a poor geographic distribution of loans in New Hampshire based on the poor geographic distribution of loans in the New Hampshire assessment area.

### *Home Mortgage Lending*

Table 7 provides a comparison of the bank’s home mortgage lending by census tract income level to the aggregate lending data and demographics of the assessment area.

Table 7 Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography New Hampshire Assessment Area													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	№%	№%	\$(000)	№%	№%	#	№%	№%	\$(000)	№%	№%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	29	15.4	27.8	4,408	6.7	24.8	29	17.8	26.6	4,849	9.4	22.9	20.8
Middle	112	59.6	58.8	40,183	60.8	57.2	101	62.0	60.0	32,047	62.0	58.3	65.4
Upper	47	25.0	13.4	21,519	32.6	18.0	33	20.2	13.4	14,815	28.6	18.8	13.8
Total	188	100.0	100.0	66,110	100.0	100.0	163	100.0	100.0	51,711	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	22	12.7	22.1	3,772	10.7	18.1	13	12.7	22.4	1,377	12.0	19.3	20.8
Middle	121	69.9	63.9	22,256	63.3	60.8	72	70.6	63.6	7,463	64.9	60.9	65.4
Upper	30	17.3	13.9	9,121	25.9	21.1	17	16.7	13.9	2,652	23.1	19.8	13.8
Total	173	100.0	100.0	35,149	100.0	100.0	102	100.0	100.0	11,492	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	15	12.2	18.2	900	7.1	18.0	10	8.0	19.1	582	4.2	19.5	20.8
Middle	80	65.0	63.8	7,874	62.1	59.8	89	71.2	63.5	9,955	72.0	59.5	65.4
Upper	28	22.8	18.0	3,906	30.8	22.2	26	20.8	17.4	3,288	23.8	21.1	13.8
Total	123	100.0	100.0	12,680	100.0	100.0	125	100.0	100.0	13,825	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	27.3	32.4	1,089	9.7	7.4	1	25.0	36.0	251	3.9	25.6	30.9
Middle	4	36.4	59.5	7,635	67.9	91.8	1	25.0	60.0	1,950	30.1	30.8	57.6
Upper	4	36.4	8.1	2,513	22.4	0.8	2	50.0	4.0	4,269	66.0	43.5	11.5
Total	11	100.0	100.0	11,237	100.0	100.0	4	100.0	100.0	6,470	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	69	13.9	24.6	10,169	8.1	20.7	53	13.5	24.4	7,059	8.5	21.8	20.8
Middle	317	64.0	61.1	77,948	62.3	62.0	263	66.8	61.5	51,415	61.6	57.8	65.4
Upper	109	22.0	14.3	37,059	29.6	17.3	78	19.8	14.1	25,024	30.0	20.4	13.8
Total	495	100.0	100.0	125,176	100.0	100.0	394	100.0	100.0	83,498	100.0	100.0	100.0
2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey Percentages may not total 100.0 percent due to rounding.													

In 2022, the bank originated 69 home mortgage loans, or 13.9 percent, in moderate-income tracts. At 13.9 percent, the bank's lending percentage was well below both the percentage of owner-occupied housing units in those tracts at 20.8 percent, and the aggregate lending percentage of 24.6 percent. In 2023, the bank originated 53 home mortgage loans, or 13.5 percent, in moderate-income tracts, which again trailed the percentage of owner-occupied housing units and the aggregate lending percentage at 24.4 percent. Despite significantly trailing the aggregate lending percentage and the percentage of owner-occupied housing units, the bank ranked 3<sup>rd</sup> in home mortgage loan originations in 2022 and ranked 2<sup>nd</sup> in 2023 in these tracts.

As previously discussed, there were significant increases in both the percentage of owner-occupied housing units and the aggregate lending percentage based on changes from the ACS to the Census. These changes were the result of the moderate-income tracts shifting from less populated tracts to more populated tracts. Although tract changes and the subsequent shifts in demographics and aggregate lending were considered, Mascoma ranks first in deposit market share and residential mortgage lending in the assessment area and has one third of its branches in the assessment area in moderate-income tracts. Given the bank's activity levels and branch presence in these areas, it would be generally expected to have a more proportionate share of its home mortgage lending within these tracts compared to all other home mortgage lenders in the assessment area.

### *Small Business Lending*

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

Table 8 Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography New Hampshire Assessment Area													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	33	16.3	20.7	2,304	10.5	22.0	46	19.4	19.9	6,774	22.6	20.1	21.5
Middle	147	72.8	62.9	16,595	75.4	58.8	153	64.6	62.9	18,865	62.8	60.5	63.6
Upper	22	10.9	14.8	3,104	14.1	18.6	38	16.0	15.8	4,381	14.6	18.9	14.9
Tract-Unk	0	0.0	1.6	0	0.0	0.6	0	0.0	1.4	0	0.0	0.5	
Total	202	100.0	100.0	22,002	100.0	100.0	237	100.0	100.0	30,020	100.0	100.0	100.0
2023 FFIEC Census Data													
2023 Dun & Bradstreet Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Aggregate reporting includes Tract-Unknown for loans with missing or invalid census tracts													
Percentages may not total 100.0 percent due to rounding.													

In 2022, the bank originated 33 small business loans, or 16.3 percent, in moderate-income tracts. At 16.3 percent, the bank trailed the percentage of total businesses within those tracts and trailed the aggregate lending percentage of 20.7 percent. In 2023, the bank originated 46 small business loans, or 19.4 percent, in moderate-income tracts, which were aligned with the aggregate lending percentage of 19.9 percent.

There were no conspicuous gaps in the bank's residential and small business loan penetration in moderate-income tracts during the evaluation period.

### **Borrower's Profile**

The bank demonstrated an excellent distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

## Home Mortgage Lending

Table 9 compares the bank's home mortgage 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.

Table 9 Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level New Hampshire Assessment Area													
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	19	10.1	4.2	1,961	3.0	2.0	11	6.7	4.9	984	1.9	2.2	20.3
Moderate	24	12.8	18.7	4,087	6.2	12.5	30	18.4	18.3	3,994	7.7	12.0	19.2
Middle	37	19.7	22.9	8,740	13.2	18.6	31	19.0	22.6	6,703	13.0	18.6	23.9
Upper	103	54.8	44.1	50,519	76.4	56.0	82	50.3	41.4	37,871	73.2	54.8	36.7
Unknown	5	2.7	10.1	803	1.2	10.9	9	5.5	12.8	2,159	4.2	12.4	0.0
Total	188	100.0	100.0	66,110	100.0	100.0	163	100.0	100.0	51,711	100.0	100.0	100.0
Refinance Loans													
Low	23	13.3	11.1	1,850	5.3	6.2	19	18.6	12.2	908	7.9	6.8	20.3
Moderate	40	23.1	24.1	4,108	11.7	18.5	26	25.5	25.6	2,452	21.3	19.5	19.2
Middle	35	20.2	23.9	5,703	16.2	20.3	29	28.4	24.3	3,567	31.0	21.8	23.9
Upper	72	41.6	31.9	22,642	64.4	44.9	25	24.5	29.6	4,199	36.5	38.0	36.7
Unknown	3	1.7	9.1	846	2.4	10.0	3	2.9	8.3	366	3.2	14.0	0.0
Total	173	100.0	100.0	35,149	100.0	100.0	102	100.0	100.0	11,492	100.0	100.0	100.0
Home Improvement Loans													
Low	10	8.1	7.2	330	2.6	5.3	7	5.6	7.9	300	2.2	4.5	20.3
Moderate	22	17.9	21.2	2,000	15.8	12.5	27	21.6	22.8	1,891	13.7	15.3	19.2
Middle	31	25.2	26.4	2,095	16.5	18.6	37	29.6	25.3	3,208	23.2	20.2	23.9
Upper	58	47.2	43.9	8,013	63.2	62.4	50	40.0	41.9	7,885	57.0	57.9	36.7
Unknown	2	1.6	1.4	242	1.9	1.3	4	3.2	2.0	541	3.9	2.1	0.0
Total	123	100.0	100.0	12,680	100.0	100.0	125	100.0	100.0	13,825	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	52	10.7	6.7	4,141	3.6	3.4	37	9.5	7.3	2,192	2.8	3.2	20.3
Moderate	86	17.8	20.3	10,195	8.9	13.8	83	21.3	20.6	8,337	10.8	13.4	19.2
Middle	103	21.3	23.6	16,538	14.5	18.7	97	24.9	22.9	13,478	17.5	18.8	23.9
Upper	233	48.1	40.2	81,174	71.2	53.9	157	40.3	38.6	49,955	64.9	52.0	36.7
Unknown	10	2.1	9.2	1,891	1.7	10.2	16	4.1	10.5	3,066	4.0	12.5	0.0
Total	484	100.0	100.0	113,939	100.0	100.0	390	100.0	100.0	77,028	100.0	100.0	100.0
2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

In 2022, the bank originated 52 home mortgage loans, or 10.7 percent, to low-income borrowers. At 10.7 percent, the bank trailed the percentage of low-income families in the assessment area but exceeded the aggregate lending percentage of 6.7 percent. Given the general financial challenges for low-income families to obtain a home mortgage loan, it is not expected that the bank's residential lending percentage aligns with the percentage of low-income families in the assessment area. For the same year, the bank originated 86 home mortgage loans, or 17.8

percent, to moderate-income borrowers, which slightly trailed both the percentage of moderate-income families at 19.2 percent, and the aggregate lending percentage at 20.3 percent.

In 2023, the bank originated 37 home mortgage loans, or 9.5 percent, to low-income borrowers, which exceeded the aggregate lending percentage of 7.3 percent. For the same year, the bank originated 83 residential mortgage loans, or 21.3 percent, to moderate-income borrowers, which exceeded the aggregate lending percentage of 20.6 percent.

The bank's excellent performance is demonstrated by the ability to exceed the aggregate lending percentage in originating home mortgage loans to low-income borrowers in both years of the evaluation period. Additionally, the bank maintained the level of originations to moderate-income borrowers despite an overall 19.4 percent decline in home mortgage originations in the assessment area from 2022 to 2023. The bank's performance is supported through innovative and flexible loan programs such as the bank's First-time Homebuyer Program, the 80-20 Purchase Money Jr. Lien Program, and loans originated through NHHFA.

### Small Business Lending

Table 10 details the bank's lending to small businesses according to revenue size.

Table 10 Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses New Hampshire Assessment Area													
	Bank And Aggregate Loans By Year												Total Businesses %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	№%	№%	\$(000)	№%	№%	#	№%	№%	\$(000)	№%	№%	
By Revenue													
\$1 Million or Less	115	56.9	51.6	9,017	41.0	31.3	131	55.3	54.8	10,907	36.3	30.0	91.3
Over \$1 Million	80	39.6		12,778	58.1		104	43.9		19,005	63.3		7.1
Revenue Unknown	7	3.5		208	0.9		2	0.8		107	0.4		1.6
Total	202	100.0		22,002	100.0		237	100.0		30,020	100.0		100.0
By Loan Size													
\$100,000 or Less	158	78.2	95.7	6,935	31.5	45.4	163	68.8	96.2	7,484	24.9	50.6	
\$100,001 - \$250,000	30	14.9	2.1	5,993	27.2	13.5	43	18.1	2.2	7,923	26.4	15.0	
\$250,001 - \$1 Million	14	6.9	2.1	9,075	41.2	41.2	31	13.1	1.6	14,613	48.7	34.5	
Total	202	100.0	100.0	22,002	100.0	100.0	237	100.0	100.0	30,020	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	98	85.2		3,421	37.9		106	80.9		4,017	36.8		
\$100,001 - \$250,000	10	8.7		1,961	21.7		15	11.5		2,645	24.3		
\$250,001 - \$1 Million	7	6.1		3,635	40.3		10	7.6		4,245	38.9		
Total	115	100.0		9,017	100.0		131	100.0		10,907	100.0		
2023 FFIEC Census Data													
2023 Dun & Bradstreet Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Percentages may not total 100.0 percent due to rounding.													

In 2022, the bank originated 115 small business loans, or 56.9 percent, to businesses with gross annual revenues (GAR) of \$1 million or less. At 56.9 percent, the bank's lending percentage exceeded the aggregate at 51.6 percent. In 2023, the bank originated 131 small business loans, or 55.3 percent, to businesses with GAR of \$1 million or less, which also exceeded the aggregate at

54.8 percent. The bank's excellent performance is supported through innovative and flexible loan programs such the SBA 7(a) loan program and the NHBFA.

### **Community Development Lending**

The bank was a leader in originating community development loans in New Hampshire with 22 loans totaling \$38.9 million. Of the 22 loans, 19 loans, totaling \$27.9 million, were in the New Hampshire assessment area and 3 loans, totaling \$11.0 million, were in the statewide area. Loans supporting economic development accounted for 78.1 percent by dollar volume in New Hampshire. Compared to the last examination, the bank originated one additional community development loan in the state, but the total qualified dollar amount increased by 63.1 percent.

Table 11 provides a summary of the bank's community development lending in the assessment area.

<b>Table 11</b> <b>Community Development Loans</b> <b>New Hampshire Assessment Area</b>								
Community Development Category	1/31/2023 - 12/31/2023		2024		1/1/2025 - 5/12/2025		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	3	4,373,414	0	0	0	0	3	4,373,414
Community Services	7	1,410,500	0	0	2	350,000	10	1,760,500
Economic Development	1	8,320,000	2	5,500,000	3	7,575,000	6	21,395,000
Revitalization/Stabilization	1	395,384	0	0	0	0	0	395,384
<b>Total</b>	<b>12</b>	<b>14,499,298</b>	<b>2</b>	<b>5,500,000</b>	<b>5</b>	<b>7,925,000</b>	<b>19</b>	<b>27,924,298</b>
<i>Bank provided qualified investments</i>								

The following is a summary of some of the more responsive and impactful community development loans qualified in the assessment area:

- A \$1.9 million loan to the Lebanon Housing Authority for the Heater Landing Apartments. This project utilized LIHTC and consisted of 44 affordable housing units. The community contact highlighted affordable housing as a primary need within the assessment area.
- A renewal of a \$300,000 working capital line of credit for Keene Housing. Keene Housing's mission is to provide and advocate for affordable housing and supportive services that strengthen and empower low- and moderate-income households and individuals with disabilities in the Monadnock Region. The community contact highlighted affordable housing as a primary need within the assessment area.
- A \$2.1 million construction loan to Visions for Creative Housing Solutions (VFCHS). The project is an energy efficient multi-unit complex housing 15 individuals with developmental disabilities. The project includes additional grants and financing from the FHLBB's affordable housing program and state funds targeting affordable housing projects. The community contact mentioned the importance of energy efficiency projects within the assessment area.



- A \$395,384 municipal loan to the Town of Orange for flood recovery assistance in a FEMA federally declared disaster area. Community development activities in federally designated disasters qualify as an activity that supports revitalization and stabilization efforts in such areas.

The bank demonstrated a good record of serving the credit needs of highly economically disadvantaged areas in the New Hampshire assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations. The bank's good record is based on its excellent borrower distribution of loans to low- and moderate-income borrowers and the share of community development loans that are considered responsive to community development needs within the New Hampshire assessment area.

## INVESTMENT TEST

Mascoma's performance under the Investment Test in New Hampshire is rated Outstanding.

The bank demonstrated an excellent level of qualified investments, particularly those that are not routinely provided by private investors, often in a leadership position. Overall, the bank made approximately \$10.8 million in qualified investments during the evaluation period in New Hampshire. Of the total, \$10,662,887 were tax credit investments and \$125,126 were donations and grants, all of which were located within the New Hampshire assessment area.

### *Grants and Donations*

Table 12 displays qualified grants and donations by year and community development purpose.

<b>Table 12</b> <b>Qualified Donations By Purpose</b> <b>New Hampshire Assessment Area</b>								
Community Development Category	1/31/2023 - 12/31/2023		2024		1/1/2025 - 5/12/2025		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	3	4,680	5	5,650	1	2,500	9	12,830
Community Services	44	66,926	16	16,900	11	22,000	71	105,826
Economic Development	2	5,000	0	0	1	1,500	3	6,500
<b>Total</b>	49	76,606	21	22,550	13	26,000	83	125,126
<i>Bank provided qualified investments</i>								

The bank provided 83 donations, totaling \$125,126, in the New Hampshire assessment area. Of the total, the highest volume by number and dollar were qualified as supporting community services. In comparison to the last examination, the dollar volume of donations in New Hampshire decreased by 79.4 percent.

The following is a sample of the organizations that benefited from bank and MCD donations and grants.

- *VFCHS* – VFCHS is a 501(c)(3) non-profit providing secure affordable housing for adults with developmental differences and related disabilities.
- *West Central Behavioral Health (WCBH)* – The mission of WCBH is to promote the health and quality of life of individuals, families, and communities by providing treatment for mental illness and substance use disorders, while helping to reduce the stigma associated with these challenging conditions. The majority of those receiving support are low- to moderate-income.
- *LISTEN Community Services (LISTEN)* – LISTEN's mission is to provide services and support to meet the critical needs of Upper Valley individuals and families. The organization serves the Upper Valley with food assistance, fuel assistance, clothing, and other critical needs.

### *Qualified Investments*

The bank's excellent level of qualified investments is demonstrated by the number of new tax credit investments since the last examination. Of the eight qualified tax credit investments, six were new since the last examination.

Since the last examination, the bank purchased a total of \$10.1 million in various tax credits, including a \$10.0 million NMTC Qualified Low-Income Community Investment (QLICI) and several from the NHCDFA supporting a variety of organizations in New Hampshire. The NHCDFA awards approximately \$5 million in tax credits annually to nonprofits throughout New Hampshire with the intent of having significant impacts on community and economic development initiatives across the state. Projects range from downtown revitalization and job creation efforts to increasing affordable housing and addiction recovery services.

The following are examples of qualified tax credit investments:

- *Greensource Fabrication* – MCD closed a \$10.0 million NMTC QLICI financing transaction in support of Greensource Fabrication. The project will support the creation of 50-100 full-time jobs and the retention of 142 existing jobs. Additionally, the project also made possible an MCD grant of \$50,000 to the Regional Economic Development Center, which is a CDFI.
- *VFCHS* – The bank purchased \$15,000 in tax credits to support this organization's project to create permanent supportive housing for 12 intellectually or developmentally disabled adults. The new residence also contributes to the redevelopment in downtown Hanover.
- *Monadnock Economic Development Corp (MEDC)* – The bank purchased \$35,000 in tax credits to support this program. MEDC concentrates their efforts on business recruitment, retention, relocation, and expansion as well as downtown revitalization and rehabilitation projects.

Compared to the last examination, the dollar value of qualified investments increased substantially in New Hampshire, driven overwhelmingly by the QLICI investment. As of the date of the examination, the bank also held two previously purchased LIHTC investments with the most recent book value of \$557,887.

The bank demonstrated extensive use of innovative or complex qualified investments in New Hampshire. During the evaluation period, the bank purchased five new tax credits from NHCDFAs, held two LIHTC investments, made grants to CDFIs through MCD, continued to fund the Foundation, which has a primary purpose of community development, and made direct donations to organizations for community development purposes in New Hampshire. Of note is that many of the new investments through the NHCDFAs supported activities that met more than one community development purpose. These included projects that supported affordable housing and helped to revitalize/stabilize rural and underserved areas, and revitalization/stabilization projects aimed at preserving historic buildings while also supporting economic development for small businesses by enhancing space for businesses to operate.

The bank demonstrated excellent responsiveness to credit and community needs in New Hampshire. As mentioned, the bank's excellent responsiveness is primarily attributed to the qualification of an impactful \$10.0 million QLICI with the primary purpose of economic development, and five new tax credit investments from NHCDFAs. These tax credits support qualified projects across the state and often met more than one qualified community development purpose. Additionally, the bank's allocation of donations qualified as community services closely aligned with the needs and opportunities identified by the bank across its assessment area, particularly for social services, childcare, and healthcare, which further supports the bank's excellent level of responsiveness.

## **SERVICE TEST**

Mascoma's performance under the Service Test in New Hampshire is rated Low 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.

### **Retail Banking Services**

The bank demonstrated its service delivery systems are accessible to geographies and individuals of different income levels in the assessment area.

Table 13 displays the distribution of the bank's 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.

<b>Table 13</b> <b>Distribution of Branch Offices by Income Category</b> <b>New Hampshire Assessment Area</b>				
Census Tract Income Category	Assessment Area Demographics		Bank Offices by Tract Location	
	Total Census Tracts	Total Population		
	% of #	% of #	#	%
<b>Low</b>	0.0	0.0	0	0.0
<b>Moderate</b>	23.3	22.6	4	28.6
<b>Middle</b>	61.7	61.8	7	50.0
<b>Upper</b>	15.0	15.7	3	21.4
<b>Total</b>	100.0	100.0	14	100.0
<i>Bank provided branch data</i>				
<i>2023 FFIEC Census Data</i>				

The assessment area does not contain any low-income census tracts. Of the bank's 14 branches in the assessment area, 4 branches, or 28.6 percent, are in moderate-income tracts. The branches in moderate-income tracts are in Charlestown, Claremont, Keene, and Littleton. With 28.6 percent of branches located in moderate-income tracts, the bank's branch distribution in moderate-income tracts exceeded the total number of tracts in the assessment area, at 23.3 percent, and the percentage of the population living in those tracts, at 22.6 percent. Based on demographic changes from the ACS to the Census, the number of branches in moderate-income tracts increased from three to four.

The bank demonstrated its services (including where appropriate, business hours) do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Business hours for the branches in moderate-income tracts are in line with branch hours for all the New Hampshire branches. All branches have lobby hours from 9:00 a.m. to 5:00 p.m. Monday-Friday, with limited drive-up hours on Saturdays generally from 9:00 a.m. to 12:00 p.m. All branch locations have full-service ATMs onsite. The bank offers consumer and business digital banking services. The bank has not opened or closed any branch offices in this assessment area since the previous evaluation.

### **Community Development Services**

The bank provided an adequate level of community development services. The 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.

#### *Employee Services*

Community development services in New Hampshire decreased since the previous examination. During the evaluation period, 20 bank employees provided their expertise to 24 different community development organizations in the assessment area. This is a decrease from the previous examination, when 39 bank employees provided their expertise to 46 different community development organizations. Bank employees' involvement primarily consisted of serving as board members for organizations focused on providing community development services to low- and moderate-income individuals and counties within the assessment area. Employee services support providing critical needs in the assessment area including affordable

housing, access to affordable healthcare, financial education, and economic development. The following is a summary of examples of bank employee involvement in such organizations:

- *Grafton Regional Development Corporation (GRDC)* – GRDC is a regional development organization that supports small businesses and startups with business loans, startup incubators, and technical assistance. A bank senior treasury and municipal services officer serves on the finance and loan committee.
- *AHEAD* – AHEAD is a non-profit that creates pathways to affordable housing and revitalizes rural communities. The bank’s CRA officer and a mortgage officer serve on the homeownership committee.
- *LISTEN* - LISTEN's mission is to provide services and support to meet the critical needs of Upper Valley individuals and families. The organization serves the Upper Valley with food assistance, fuel assistance, clothing, and other critical needs. The bank’s chief retail lending officer serves as board vice chair.
- *Littleton Industrial Development Corporation (LIDC)* – LIDC was established to promote business development to combat the decline of manufacturing in the town of Littleton, NH. A bank small business and municipal lender serves as president for this organization.
- *VFCHS* - VFCHS is a 501(c)(3) non-profit providing secure affordable housing for adults with developmental differences and related disabilities. A bank vice president serves on the board and as a risk governance committee member.

#### *Financial Literacy Education*

During the evaluation period, bank employees provided financial literacy classes that covered various topics including first-time homebuying, fraud prevention, and credit counseling. Eight of these classes were in conjunction with community development organizations that primarily serve low- and moderate-income individuals in the assessment area. These included classes with Affordable Housing Education and Development Inc., Community Nurse Connection, and Headrest of the Upper Valley.

## STATE OF VERMONT

***CRA RATING FOR Vermont:***

***The lending test is rated:***

***The investment test is rated:***

***The service test is rated:***

***Outstanding***

***Outstanding***

***High Satisfactory***

***High Satisfactory***

### **Lending Test**

- Excellent responsiveness to the credit needs in its assessment area, taking into account the number and amount of home mortgage and small business loans in the bank's assessment area.
- A poor geographic distribution of loans, particularly to low- or moderate-income geographies, in the bank's assessment area.
- A good distribution, particularly in the bank's assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- The bank is a leader in making of community development loans.
- Extensive 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.
- An excellent record of serving the credit needs of highly economically disadvantaged areas in the bank's assessment area, low-income individuals, or businesses, with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

### **Investment Test**

- A significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position.
- Significant use of innovative or complex qualified investments.
- Good responsiveness to credit and community development needs.

### **Service Test**

- The bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels in the assessment area.
- 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- and moderate-income geographies or to low- and moderate-income individuals.

- The bank's services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies or low- and moderate-income individuals.
- The bank provides a relatively high level of community development services.

## SCOPE OF EXAMINATION

The East Central Vermont assessment area was evaluated using full examination procedures. The Vermont state rating for each test is aligned with the conclusions of each test for the East Central Vermont assessment area. The Lending, Investment, and Service test ratings for the state of Vermont considered community development activities in the East Central Vermont assessment area, the Burlington assessment area, and the statewide area that included the assessment areas. Based on the level of deposits, lending, and other activities, the state of Vermont was given less weight compared to the state of New Hampshire when arriving at overall ratings. The performance criteria and review periods are consistent with the scope as outlined in the Description of Institution section of this evaluation.

The bank's performance in the Burlington assessment area was evaluated using limited scope examination procedures. Factors used to determine which assessment areas would receive full scope examination procedures include, but are not limited to, the bank's lending, investment, and service opportunities in different assessment areas, the level of the bank's lending, investment, and service activity in different assessment areas, including in low- and moderate-income areas, and the bank's prior CRA performance in different assessment areas. The bank's performance in the Burlington assessment area did not impact the Vermont state rating, although community development loans, investments, and services were included in the totals at the state level.

## DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE EAST CENTRAL VERMONT ASSESSMENT AREA

The East Central Vermont assessment area consists of portions of Windsor, Orange, and Windham counties. These counties are in the non-MSA portion of the state. The assessment area covers the eastern and central portion of the state, defined by the New Hampshire state boundary to the east and the Green Mountain National Forest to the west.

The bank operates 10 full-service branches in the assessment area, of which 8 are in Windsor County and 2 are in Orange County. The branches in Windsor County are in Hartford (2), Bethel, Hartland, Norwich, Springfield, Windsor, and Woodstock. The branches in Orange County are in Chelsea and Strafford.

According to the FDIC Summary of Deposits report as of June 30, 2024, branch deposits within the Vermont assessment area totaled \$760.1 million, or 44.8 percent, of the bank's total deposits. There were 9 financial institutions offering deposit services through 25 branches within the cities and towns that comprise the East Central Vermont assessment area. The bank ranked 1<sup>st</sup> with a deposit market share of 44.8 percent, followed by Manufacturers and Traders Trust Company, Bar Harbor, and Ledyard National Bank.

Mascoma was the top home mortgage lender in the assessment area during the evaluation period. In both 2022 and 2023, the bank ranked 1<sup>st</sup> of nearly 150 home mortgage reporters in originations and purchases of home mortgage loans. In 2022, the bank originated 20.8 percent of all home mortgage loans in the assessment area and in 2023, the bank originated 19.9 percent of all home mortgage loans. Other prominent home mortgage lenders in the assessment area included EastRise Federal Credit Union, Vermont State Employees Credit Union, Rocket, EMM Loans LLC., Citizens, and Bar Harbor.

The bank was also competitive in its origination of small business loans during the evaluation period. In 2022, the bank ranked 5<sup>th</sup> of 63 small business reporters and originated 6.6 percent of all small business loans in the assessment area. In 2023, the bank ranked 4<sup>th</sup> of 63 small business reporters and originated 8.1 percent of all small business loans. Top competitors for small business lending in the assessment area are primarily large nationwide institutions such as American Express, Chase, Capital One, Citibank, and US Bank.

Relevant demographic data for the East Central Vermont assessment area is provided in Table 14 below.



Table 14								
Assessment Area Demographics								
Assessment Area: East Central VT								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	4,263	17.9
Moderate-income	4	12.9	3,086	13.0	278	9.0	4,566	19.2
Middle-income	21	67.7	16,243	68.3	875	5.4	5,376	22.6
Upper-income	6	19.4	4,436	18.7	167	3.8	9,560	40.2
Total Assessment Area	31	100.0	23,765	100.0	1,320	5.6	23,765	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	8,620	3,985	13.1	46.2	1,247	14.5	3,388	39.3
Middle-income	35,584	20,889	68.8	58.7	6,809	19.1	7,886	22.2
Upper-income	8,882	5,474	18.0	61.6	1,306	14.7	2,102	23.7
Total Assessment Area	53,086	30,348	100.0	57.2	9,362	17.6	13,376	25.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	656	13.2	607	13.4	40	11.4	9	8.9
Middle-income	3,343	67.3	3,009	66.6	258	73.5	76	75.2
Upper-income	972	19.6	903	20.0	53	15.1	16	15.8
Total Assessment Area	4,971	100.0	4,519	100.0	351	100.0	101	100.0
	Percentage of Total Businesses:			90.9		7.1		2.0
2023 FFIEC Census Data and 2023 D&B Information								
Percentages may not total 100.0 percent due to rounding.								

## Composition

The assessment area consists of 31 census tracts, of which 4 tracts, or 12.9 percent, are moderate-income; 21 tracts, or 67.7 percent, are middle-income; and 6 tracts, or 19.4 percent, are upper-income. There are no low-income tracts in the assessment area. Of the moderate-income tracts, two are in Orange County and two are in Windsor County. The two moderate-income tracts in Orange County encompass the towns of Orange, Topsham, Washington, and Corinth. The two moderate-income tracts in Windsor are in Ludlow and Springfield.

## Population

The assessment area has a population of 92,412 individuals. There are 39,710 households, of which 23,765 are families. The highest portion of families, at 40.2 percent, are upper-income. Middle-income families represent 22.6 percent, and moderate- and low-income families represent 19.2 percent and 17.9 percent, respectively. Major population centers are in the Upper Valley along the I-91 corridor, including the village of White River Junction. Rural farmland,

forests, and small villages, some of which have a few hundred residents, define much of the assessment area.

According to the Vermont Department of Health’s Multisector Plan on Aging, older Vermonters are the fastest growing demographic in the state, and by 2030, one in three Vermonters will be 60 years or older. The plan cites affordable housing and accessible transportation as key areas of focus in addition to needing a wider range of housing options and a network of home-based care and other services. Housing options include increasing the number of residents who can “age-in-place.”<sup>8</sup>

### Income

Table 15 displays the MFI for the East Central Vermont assessment area.

Table 15 Median Family Income East Central Vermont Assessment Area		
MSA/MD	2022	2023
Vermont non-MSA	\$85,700	\$94,700
FFIEC Median Family Income		

The MFI for the East Central Vermont assessment area is \$85,700 in 2022, and \$94,700 in 2023. This MFI applies to the entire state of Vermont except for the Burlington MSA.

### Housing

The assessment area contains 53,086 housing units, of which 57.2 percent are owner-occupied, 17.6 percent are rental units, and 25.2 percent are vacant. Vacant units represent a notable share of households across the moderate-, middle- and upper-income tracts in the assessment area at 39.3 percent, 22.2 percent, and 23.7 percent, respectively.

The data in Table 16 was obtained from [www.housingdata.org](http://www.housingdata.org), which is a website provided and maintained by the Vermont Housing Finance Agency (VHFA). The VHFA works to finance and promote affordable, safe, and decent housing opportunities for low- and moderate-income Vermonters.

Table 16 Median Home Sales Price East Central Vermont Assessment Area			
Geography	2022	2023	% Change
Orange County	\$282,000	\$299,000	6.0%
Windham County	\$260,000	\$282,000	8.5%
Windsor County	\$279,750	\$315,000	12.6%
Vermont	\$309,000	\$325,000	5.2%
Housingdata.org Homeownership Costs data			

8 “The Age Strong VT.” Vermont Department of Health, November 2023. <https://www.healthvermont.gov/sites/default/files/document/hpdp-bh-age-strong-roadmap2024-2034.pdf> Accessed 5 May 2025

Median home sale prices in the counties comprising the assessment area ranged from a low of \$260,000 in Windham County in 2022, to a high of \$315,000 in Windsor County in 2023. Although the median home sales price in the state of Vermont was higher than the counties included in the assessment area, the percentage increase from 2022 to 2023 in Vermont was lower than all the counties at 5.2 percent. Windsor County experienced the largest increase in home sales prices from 2022 to 2023 at 12.6 percent followed by Windham County at 8.5 percent. Although home sale prices were generally lower in the three counties included in the assessment area, increasing home values generally represent an obstacle for low- and moderate-income individuals and families to obtain a home purchase loan.

According to the VHFA, Vermont has a longstanding, statewide shortage of affordable homes available to low-income households, which became more severe with the COVID-19 pandemic and resulting market shifts.<sup>9</sup> There is a particular need for more affordable homes near employment centers, which would support filling vacant jobs and ensuring an adequate future construction and service workforce. Rising home prices and mortgage interest rates, coupled with stagnant incomes among many Vermonters has drastically shrunk the portion of renters who are likely to leave the rental market by buying a home. Additionally, Vermont's relatively old housing stock, with a sizeable portion in rural areas, presents unique housing quality challenges, particularly for older residents looking to age-in-place.

### *Business Characteristics*

According to D&B data, there are 4,971 businesses operating within the assessment area. Of the businesses, the vast majority, at 90.9 percent, have GAR of \$1 million or less. At 67.3 percent, most businesses are in middle-income census tracts. Overall, the distribution of businesses is reflective of the census tract distribution in the assessment area. Primary industries in the assessment area include healthcare, federal, state, local government, retail, and manufacturing. Large employers include the White River Junction VA Medical Center and Brattleboro Memorial Hospital.

### *Employment*

Employment within the assessment area was stable during the evaluation period. Table 17 shows the unemployment rate in the counties included in the assessment area.

Table 17 Unemployment Rates East Central Vermont Assessment Area			
Geography	2022	2023	Difference
Orange County	2.3%	2.0%	-0.3%
Windham County	2.6%	2.0%	-0.6%
Windsor County	2.0%	1.8%	-0.2%
Non-MSA Vermont	2.6%	2.2%	-0.4%
Vermont	2.3%	2.0%	-0.3%
Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics			

<sup>9</sup> "Vermont Housing Needs Assessment 2025-2029." *Vermont Housing Finance Agency*, June 2024.  
[https://outside.vermont.gov/agency/ACCD/ACCD\\_Web\\_Docs/Housing/Housing-Needs-Assessment/2025-2029/VT-HNA-2025.pdf](https://outside.vermont.gov/agency/ACCD/ACCD_Web_Docs/Housing/Housing-Needs-Assessment/2025-2029/VT-HNA-2025.pdf) Accessed 5 May 2025.

Unemployment rates were stable from 2022 to 2023 in the counties in the assessment area and the state of Vermont. Unemployment rates recovered from 2020 highs due to the COVID-19 pandemic and were lower than pre-pandemic levels.

### **Community Contacts**

A community contact was conducted with the executive director of an economic development corporation that provides technical and financial assistance to small businesses in Vermont. The contact stated that most small businesses, and even volunteer-based rural municipalities, do not have the technical expertise required to obtain financing or perform human resources, legal, or other administrative functions and are in need of ongoing support from local financial institutions. The contact explained that an aging population, lack of affordable housing, and conflicting zoning and building priorities have hindered the state's workforce levels and ability to attract new businesses and residents. Small businesses struggle to access small and flexible bank capital, such as loans in amounts of \$50,000 or less, because financial institutions have higher minimal loan requirements and/or they do not have the "boots on the ground" to support very small businesses through the process. Lastly, the contact stated they would like to see banks become involved in supporting low- and moderate-income homeowners take advantage of ADU opportunities to build generational wealth.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN VERMONT**

### **LENDING TEST**

Mascoma's performance under the Lending Test in Vermont is rated Outstanding and is reflective of the bank's performance under the Lending Test in the East Central Vermont assessment area, which is considered excellent. The bank's performance under the Lending Test in Burlington is below that of the East Central Vermont assessment area.

#### **Lending Activity**

The bank demonstrated excellent responsiveness to the credit needs in Vermont, taking into account the number and amount of home mortgage and small business loans in the bank's East Central Vermont assessment area. The bank's responsiveness to the credit needs in Burlington was below that of the East Central Vermont assessment area.

#### **Geographic Distribution**

The bank demonstrated a poor geographic distribution of loans in Vermont, which was reflective of a poor geographic distribution of loans in the East Central Vermont assessment area. The bank's geographic distribution performance in Burlington exceeded that of the distribution of the East Central Vermont assessment area.

#### **Borrower's Profile**

The bank demonstrated a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank, in Vermont, which was reflective of the good distribution in the East Central Vermont assessment area. The bank's

distribution of loans among individuals of different income levels and businesses of different sizes in Burlington was below that of the bank's distribution in the East Central Vermont assessment area.

### **Community Development Lending**

The bank was a leader at originating community development loans in Vermont with 37 loans, totaling \$123.6 million. The bank was a leader at originating community development loans in the East Central Vermont assessment area with 14 loans, totaling \$15.1 million. In Burlington, the bank originated 13 loans, totaling \$70.6 million, and its performance is consistent with that of the East Central Vermont assessment area.

The bank demonstrated extensive use of innovative and/or flexible loan programs to help meet the credit needs of low- and moderate-income borrowers and small businesses in Vermont. The following is a description of an innovative and/or flexible lending program specific to Vermont offered in addition to those outlined at the institution level:

- *Vermont Economic Development Authority (VEDA)* – The bank utilizes VEDA's Vermont Capital Access Program. This program utilizes a pooled reserve concept and is designed to enable small businesses access to commercial credit. The fund is available to cover losses incurred by the lender on any of its enrolled loans. During the evaluation period, the bank originated 11 loans, totaling \$598,760.
- *Local Deeds* – In 2024, in conjunction with the Woodstock Community Trust, bank employees helped develop the Local Deeds program to support and encourage local workforce housing opportunities, which was a need mentioned by the community contact. The program uses funds from non-profits for up to 16.0 percent of the sales price of a home as a downpayment for borrowers living and working in the area. Homes involved in the program are deed restricted, so the properties remain affordable and occupied by people living in the community. The program was established due to the extreme housing shortages in the area and to enable families to live where they work while keeping housing costs affordable.

The bank's utilization of innovative and/or flexible loan programs at the institution level and those within Vermont demonstrate an extensive use of innovative programs within the Vermont and the East Central Vermont assessment area. The bank's use of innovative and/or flexible loan programs in Burlington is consistent with that of the East Central Vermont assessment area.

The bank demonstrated an excellent record of serving the credit needs of highly economically disadvantaged areas in Vermont, low-income individuals, or businesses with GAR of \$1 million or less, consistent with safe and sound operations. The bank's excellent record is based on a good borrower distribution of loans to low- and moderate-income borrowers and the share of community development loans that are considered particularly responsive to community development needs within Vermont. The bank demonstrated an excellent record in the East Central Vermont assessment area as a high percentage of community development loans were considered responsive and there was a good distribution of loans to low- and moderate-income

borrowers. The bank's record of serving the credit needs of highly economically disadvantaged areas in Burlington was below that of the East Central Vermont assessment area.

## INVESTMENT TEST

Mascoma's performance under the Investment Test is rated High Satisfactory for the state of Vermont and is reflective of the bank's performance under the Investment Test in the East Central Vermont assessment area, which is considered good.

The bank demonstrated a significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position in Vermont. The bank demonstrated a significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position, in the East Central Vermont assessment area. The bank's level of qualified investments in Burlington was below the level of qualified investments in the East Central Vermont assessment area.

The bank made \$8.8 million in qualified investments in Vermont, of which \$283,757 were donations and grants and \$8.5 million were tax credit and in-kind investments. Of total qualified investments in Vermont, \$8.7 million were in the East Central Vermont assessment area and \$111,885 were in the Burlington assessment area.

### *Grants and Donations*

The bank made 122 donations, totaling \$283,727 in Vermont, of which 59 donations, totaling \$171,872, were in the East Central Vermont assessment area, and 63 donations, totaling \$111,885, were in the Burlington assessment area.

### *Qualified Investments*

The bank's significant level of qualified investments in Vermont is demonstrated by the seven qualified investments totaling \$8.5 million in the East Central Vermont assessment area. Of the 7 investments, 2 were new and totaled \$4.0 million.

The bank demonstrated significant use of innovative or complex qualified investments in Vermont. This was primarily due to the significant use of innovative or complex qualified investments in the East Central Vermont assessment area. Descriptions of the community development initiatives undertaken by the bank are described within the East Central Vermont assessment area conclusions. The bank's use of innovative or complex qualified investments in Burlington was below that of the East Central Vermont assessment area.

The bank demonstrated good responsiveness to credit and community development needs in Vermont. This was primarily due to the good responsiveness to credit and community development needs in the East Central Vermont assessment area. Descriptions and examples of the bank's responsiveness to credit and community development needs are described within the East Central Vermont assessment area conclusions. The bank's responsiveness to credit and community development needs in Burlington was below that of the East Central Vermont assessment area.

## SERVICE TEST

Mascoma's performance under the Service Test is rated High Satisfactory for the state of Vermont and is reflective of the bank's performance under the Service Test in the East Central Vermont assessment area, which is considered good.

Delivery systems in the state of Vermont are reasonably accessible to geographies and individuals of different income levels in its assessment area. Delivery systems in the Burlington assessment area exceed those in East Central Vermont. As the bank has not made any changes to its branches, the bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals in Vermont. Services, including business hours, do not vary in a way that inconveniences its assessment areas, particularly low- and moderate-income geographies and low- and moderate-income individuals in both East Central Vermont and Burlington assessment areas. The bank provides a relatively high level of community development services within the state of Vermont, which is reflective of its relatively high level of community development services in the East Central Vermont assessment area. The level of services in Burlington is consistent with that of the East Central Vermont assessment area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE EAST CENTRAL VERMONT ASSESSMENT AREA

Mascoma's performance under the Lending Test in the East Central Vermont assessment area is considered excellent.

### Lending Activity

The bank demonstrated excellent responsiveness to the credit needs in the assessment area, taking into account the number and amount of home mortgage and small business loans in the assessment area. During the evaluation period, the bank originated 1,035 loans inside the assessment area. Of the loans inside the assessment area, 746 were residential loans and 289 were small business loans.

#### *Home Mortgage Lending*

Of the total home mortgage loans inside the assessment area, 441 loans were originated in 2022, and 305 loans were originated in 2023. In 2022, the bank was ranked 1<sup>st</sup> of 155 home mortgage lenders in the assessment area and in 2023 the bank again ranked 1<sup>st</sup> of 141 home mortgage lenders.

#### *Small Business Lending*

Of the total small business loans inside the assessment areas, 140 loans were originated in 2022, and 149 loans were originated in 2023. In 2022, the bank was ranked 5<sup>th</sup> of 63 small business lenders and was in the 94<sup>th</sup> percentile in loan originations and purchases. In 2023, the bank was ranked 4<sup>th</sup> of 63 small business lenders and was in the 95<sup>th</sup> percentile.

The bank demonstrated extensive use of innovative and/or flexible loan programs to help meet the credit needs of low- and moderate-income borrowers and small businesses in the East Central

Vermont assessment area.

### **Geographic Distribution**

The bank demonstrated a poor geographic distribution of loans in its assessment area.

#### *Home Mortgage Lending*

Table 18 provides a comparison of the bank's home mortgage lending by census tract income level to the aggregate lending data and demographics of the assessment area.



Table 18 Distribution of 2022 and 2023 Home Mortgage Lending By Income Level of Geography East Central Vermont Assessment Area													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	14	7.7	19.3	5,203	7.6	21.6	7	5.1	19.5	2,245	3.8	19.4	13.1
Middle	130	71.8	63.1	41,058	59.7	56.8	101	73.7	61.7	35,610	59.9	55.8	68.8
Upper	37	20.4	17.6	22,479	32.7	21.6	29	21.2	18.8	21,578	36.3	24.7	18.0
Total	181	100.0	100.0	68,740	100.0	100.0	137	100.0	100.0	59,433	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	6	3.8	17.0	577	1.7	16.1	2	2.7	17.4	60	0.8	18.8	13.1
Middle	128	81.0	63.0	23,558	68.4	60.6	63	86.3	61.9	6,946	88.1	52.9	68.8
Upper	24	15.2	20.0	10,302	29.9	23.3	8	11.0	20.7	882	11.2	28.3	18.0
Total	158	100.0	100.0	34,437	100.0	100.0	73	100.0	100.0	7,888	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	2.1	16.3	180	1.9	14.0	6	6.3	15.3	512	4.9	22.3	13.1
Middle	75	77.3	64.1	6,089	62.8	66.4	64	67.4	60.7	6,411	60.8	56.9	68.8
Upper	20	20.6	19.6	3,420	35.3	19.6	25	26.3	24.0	3,622	34.3	20.8	18.0
Total	97	100.0	100.0	9,689	100.0	100.0	95	100.0	100.0	10,545	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Moderate	0	0.0	10.0	0	0.0	2.3	0	0.0	18.2	0	0.0	4.8	29.6
Middle	5	100.0	70.0	1,945	100.0	71.0	0	0.0	63.6	0	0.0	41.6	65.1
Upper	0	0.0	20.0	0	0.0	26.6	0	0.0	18.2	0	0.0	53.6	5.3
Total	5	100.0	100.0	1,945	100.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Moderate	22	5.0	18.1	5,960	5.2	19.1	15	4.9	18.0	2,817	3.6	18.5	13.1
Middle	338	76.6	62.9	72,650	63.3	57.8	228	74.8	61.6	48,967	62.9	55.0	68.8
Upper	81	18.4	19.0	36,201	31.5	23.1	62	20.3	20.5	26,082	33.5	26.5	18.0
Total	441	100.0	100.0	114,811	100.0	100.0	305	100.0	100.0	77,866	100.0	100.0	100.0
2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Percentages may not total 100.0 percent due to rounding.													

The composition of the moderate-income tracts during this evaluation compared to the prior evaluation is notable. During the last evaluation, based on the ACS, the two moderate-income tracts in the assessment area had a total population of 2,415. Due to the use of the Census for the current evaluation, the 4 moderate-income tracts applicable for the current exam have a total population of 11,908, which represents a nearly 400.0 percent increase in the population residing in moderate-income tracts in the assessment area. Given the significant population increase, the opportunity and demand for residential mortgage loans relative to the bank's lending percentage increased significantly. As a share of the bank's home mortgage loans during the evaluation period in these moderate-income tracts, the bank's lending percentage significantly trails the

aggregate. Despite significantly trailing the aggregate lending percentage and the percentage of owner-occupied housing units, the bank ranked 2<sup>nd</sup> in home mortgage originations in 2022 and ranked 3<sup>rd</sup> in 2023 in these tracts.

In 2022, the bank originated 22 home mortgage loans, or 5.0 percent, in moderate-income tracts. At 5.0 percent, the bank's lending percentage is below the percentage of owner-occupied housing units at 13.1 percent and the aggregate lending percentage at 18.1 percent. In 2023, the bank originated 15 home mortgage loans, or 4.9 percent, in moderate-income tracts, which again notably trailed the aggregate at 18.0 percent.

Although tract changes and the subsequent shifts in demographics and aggregate lending were considered when forming conclusions about the bank's performance, Mascoma ranks first in deposit market share and home mortgage lending in the assessment area and has a branch in one of the four moderate-income tracts in the assessment area. Given the bank's activity levels and branch presence in these areas, it would be generally expected to have a more proportionate share of its lending within these tracts compared to all other residential mortgage lenders in the assessment area.

### *Small Business Lending*

Table 19 provides a comparison of the bank's small business lending by census tract income level to the aggregate lending data and demographics of the assessment area.

Table 19 Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography East Central Vermont Assessment Area													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	2.1	12.3	760	5.3	10.4	7	4.7	12.4	2,103	11.3	12.5	13.2
Middle	111	79.3	68.2	11,080	77.5	74.0	110	73.8	65.9	13,031	70.2	69.4	67.3
Upper	26	18.6	16.8	2,449	17.1	14.7	32	21.5	20.0	3,440	18.5	17.5	19.6
Tract-Unk	0	0.0	2.8	0	0.0	0.9	0	0.0	1.7	0	0.0	0.6	
Total	140	100.0	100.0	14,289	100.0	100.0	149	100.0	100.0	18,574	100.0	100.0	100.0
2023 FFIEC Census Data													
2023 Dun & Bradstreet Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Aggregate reporting includes Tract-Unknown for loans with missing or invalid census tracts													
Percentages may not total 100.0 percent due to rounding.													

Like the significant increase in the population in moderate-income tracts from the ACS to the Census, the share of businesses located in the moderate-income tracts increased by approximately 440.0 percent compared to the prior exam. Given the significant increase in the number of businesses, the opportunity and demand for small business loans relative to the bank's lending percentage increased significantly.

In 2022, the bank originated three small business loans, or 2.1 percent, in the moderate-income tracts. At 2.1 percent, the bank trailed both the percentage of total businesses in the moderate-

income tracts at 13.2 percent and the aggregate lending percentage at 12.3 percent. In 2023, the bank originated seven small business loans, or 4.7 percent, in moderate-income tracts, which again trailed the aggregate at 12.4 percent.

There were no conspicuous gaps in the bank's residential and small business loan penetration in moderate-income tracts during the evaluation period.

### **Borrower Distribution**

The bank demonstrated a good distribution, particularly in this assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank

#### *Home Mortgage Lending*

Table 20 provides a comparison of the bank's home mortgage 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.

Table 20													
Distribution of 2022 and 2023 Home Mortgage Lending By Borrower Income Level													
East Central Vermont Assessment Area													
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	8	4.4	4.3	840	1.2	1.8	7	5.1	3.2	786	1.3	1.1	17.9
Moderate	26	14.4	18.2	3,932	5.7	10.5	21	15.3	16.2	3,379	5.7	9.1	19.2
Middle	36	19.9	19.2	8,138	11.8	14.1	22	16.1	18.5	4,234	7.1	14.1	22.6
Upper	106	58.6	47.5	54,364	79.1	61.9	85	62.0	49.4	50,586	85.1	61.8	40.2
Unknown	5	2.8	10.9	1,466	2.1	11.8	2	1.5	12.8	448	0.8	13.9	0.0
Total	181	100.0	100.0	68,740	100.0	100.0	137	100.0	100.0	59,433	100.0	100.0	100.0
Refinance Loans													
Low	17	10.8	11.2	1,456	4.2	6.2	15	20.5	9.3	1,172	14.9	4.3	17.9
Moderate	30	19.0	22.8	2,990	8.7	17.2	16	21.9	20.7	973	12.3	12.0	19.2
Middle	47	29.7	22.8	7,610	22.1	21.3	17	23.3	25.9	2,079	26.4	20.0	22.6
Upper	61	38.6	38.1	21,861	63.5	50.9	24	32.9	35.6	3,504	44.4	47.3	40.2
Unknown	3	1.9	5.0	520	1.5	4.5	1	1.4	8.5	160	2.0	16.3	0.0
Total	158	100.0	100.0	34,437	100.0	100.0	73	100.0	100.0	7,888	100.0	100.0	100.0
Home Improvement Loans													
Low	8	8.2	6.1	323	3.3	2.7	7	7.4	10.7	125	1.2	6.1	17.9
Moderate	18	18.6	12.7	1,390	14.3	7.8	15	15.8	18.9	720	6.8	14.4	19.2
Middle	19	19.6	26.9	964	9.9	22.8	25	26.3	24.5	2,264	21.5	14.5	22.6
Upper	52	53.6	52.2	7,012	72.4	61.3	44	46.3	44.4	7,206	68.3	59.2	40.2
Unknown	0	0.0	2.0	0	0.0	5.3	4	4.2	1.5	230	2.2	5.9	0.0
Total	97	100.0	100.0	9,689	100.0	100.0	95	100.0	100.0	10,545	100.0	100.0	100.0
Total Home Mortgage Loans													
Low	33	7.6	7.0	2,619	2.3	3.0	29	9.5	6.1	2,083	2.7	2.2	17.9
Moderate	74	17.0	18.6	8,312	7.4	11.7	52	17.0	17.3	5,072	6.5	9.3	19.2
Middle	102	23.4	21.3	16,712	14.8	15.9	64	21.0	21.4	8,577	11.0	14.6	22.6
Upper	219	50.2	45.5	83,237	73.7	60.5	153	50.2	44.6	61,296	78.7	57.4	40.2
Unknown	8	1.8	7.6	1,986	1.8	8.9	7	2.3	10.7	838	1.1	16.5	0.0
Total	436	100.0	100.0	112,866	100.0	100.0	305	100.0	100.0	77,866	100.0	100.0	100.0
2023 FFIEC Census Data													
2016-2020 U.S. Census Bureau: American Community Survey													
Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

In 2022, the bank originated 33 home mortgage loans, or 7.6 percent to low-income borrowers. At 7.6 percent, the bank exceeded the aggregate lending percentage of 7.0 percent but was less than the share of low-income families within the assessment area at 17.9 percent. Given the financial challenges for some low-income families to obtain a home mortgage loan, it is not expected that the bank's residential lending percentage aligns with the percentage of low-income families in the assessment area. For the same year, the bank originated 74 home mortgage loans, or 17.0 percent, to moderate-income borrowers, which trailed the aggregate lending percentage of 18.6 percent.

In 2023, the bank originated 29 home mortgage loans, or 9.5 percent, to low-income borrowers. At 9.5 percent, the bank exceeded the aggregate lending percentage of 6.1 percent. For the same year, the bank originated 52 home mortgage loans, or 17.0 percent, which trailed the aggregate lending percentage of 17.3 percent.

### Small Business Lending

Table 21 details the bank's lending to small businesses according to revenue size.

Table 21 Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses East Central Vermont Assessment Area													
	Bank And Aggregate Loans By Year												Total Businesses %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
By Revenue													
\$1 Million or Less	92	65.7	45.8	7,266	50.9	41.1	88	59.1	54.4	8,163	43.9	42.3	90.9
Over \$1 Million	47	33.6		7,019	49.1		61	40.9		10,411	56.1		7.1
Revenue Unknown	1	0.7		5	0.0		0	0.0		0	0.0		2.0
Total	140	100.0		14,289	100.0		149	100.0		18,574	100.0		100.0
By Loan Size													
\$100,000 or Less	108	77.1	96.5	5,129	35.9	61.0	101	67.8	97.1	4,829	26.0	63.1	
\$100,001 - \$250,000	20	14.3	2.8	3,662	25.6	20.3	28	18.8	1.8	4,820	26.0	12.7	
\$250,001 - \$1 Million	12	8.6	0.7	5,498	38.5	18.7	20	13.4	1.1	8,925	48.1	24.2	
Total	140	100.0	100.0	14,289	100.0	100.0	149	100.0	100.0	18,574	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	78	84.8		3,484	47.9		71	80.7		2,930	35.9		
\$100,001 - \$250,000	9	9.8		1,772	24.4		11	12.5		1,818	22.3		
\$250,001 - \$1 Million	5	5.4		2,010	27.7		6	6.8		3,415	41.8		
Total	92	100.0		7,266	100.0		88	100.0		8,163	100.0		
2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Percentages may not total 100.0 percent due to rounding.													

In 2022, the bank originated 92 small business loans, or 65.7 percent, to businesses with GAR of \$1 million or less. At 65.7 percent, the bank's lending percentage significantly exceeded the aggregate lending percentage at 45.8 percent. In 2023, the bank originated 88 small business loans, or 59.1 percent, to businesses with GAR of \$1 million or less, which exceeded the aggregate lending percentage of 54.4 percent. The bank's performance is supported through innovative and flexible loan programs such the SBA 7(a) loan program and the VEDA.

### Community Development Lending

The bank was a leader in originating community development loans with 14 loans, totaling \$15.1 million. The bank originated the same number of community development loans in the assessment area compared to the last evaluation, but the total dollar amount of community development loans increased by 219.5 percent. Table 22 provides a summary of the bank's community development lending in the assessment area.

<b>Table 22</b> <b>Community Development Loans</b> <b>East Central Vermont Assessment Area</b>								
Community Development Category	1/31/2023 - 12/31/2023		2024		1/1/2025 - 5/12/2025		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	1	250,000	0	0	0	0	1	250,000
Community Services	3	220,000	0	0	2	1,100,000	5	1,320,000
Economic Development	0	0	2	6,100,000	0	0	2	6,100,000
Revitalization/Stabilization	4	4,450,000	3	3,000,000	0	0	7	7,450,000
<b>Total</b>	<b>8</b>	<b>4,920,000</b>	<b>5</b>	<b>9,100,000</b>	<b>2</b>	<b>1,100,000</b>	<b>15</b>	<b>15,120,000</b>
<i>Bank provided qualified investments</i>								

The following is a summary of some of the more responsive and impactful community development loans qualified in the assessment area:

- Six loans totaling \$7.5 million to support six municipalities with flood disaster recovery efforts in FEMA designated disaster areas.
- A \$100,000 working capital line of credit to an early childhood education center located in a moderate-income tract.
- A \$1.0 million working line of credit to a transportation service that provides fare-free transportation to low- and moderate-income individuals in the Upper Valley. Transportation is a growing concern in the region given the aging population and the rural nature of housing relative to population centers.
- An extension on a \$100,000 loan for a non-profit primarily serving Medicaid-eligible children with disabilities through early intervention and educational services. The loan provided financing for the organization while waiting to receive payment from the federal government.

The bank demonstrated an excellent record of serving the credit needs of highly economically disadvantaged areas its assessment area, low-income individuals, or businesses with GAR of \$1 million or less, consistent with safe and sound operations. The bank's good record is based on its good borrower distribution of loans to low- and moderate-income borrowers and the share of community development loans that are considered responsive to community development needs within the assessment area.

## INVESTMENT TEST

Mascoma demonstrated good performance under the Investment Test in the East Central Vermont assessment area.

The bank demonstrated a significant level of qualified investments, particularly those that are not routinely provided by private investors, although occasionally in a leadership position. The bank made a total of \$8.7 million in qualified investments in the East Central Vermont assessment area, which was comprised of \$171,872 in donations and \$8.5 million in equity investments.

## Grants and Donations

Table 23 displays qualified grants and donations by year and community development purpose.

<b>Table 23</b> <b>Qualified Donations By Purpose</b> <b>East Central Vermont Assessment Area</b>								
Community Development Category	1/31/2023 - 12/31/2023		2024		1/1/2025 - 5/12/2025		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	4	3,225	2	121	1	250	7	3,596
Community Services	34	68,675	7	40,851	7	16,650	48	126,176
Economic Development	3	42,000	1	100	0	0	4	42,100
<b>Total</b>	41	113,900	10	41,072	8	16,900	59	171,872
<i>Bank provided qualified investments</i>								

The bank provided 59 donations, totaling \$171,872, in the East Central Vermont assessment area. Of the total, the highest volume by number and dollar volume were qualified as supporting community services.

The following is a sample of the organizations that benefitted from the bank's contributions:

- *Capstone Community Action (Capstone)* – Capstone is dedicated to creating resilient households and communities and to advancing justice in social, economic and environmental policy. They empower individuals with tools and resources to move beyond poverty. During the evaluation period, the bank donated \$10,000 to Capstone.
- *Upper Valley Haven (The Haven)* – The Haven assists those who are experiencing poverty to be free from hunger, securely housed, and to pursue a self-directed life. Since 1980 the Haven has provided temporary shelter, educational programming for adults and families experiencing homelessness, and food for those in need. The Haven is open every day and serves more than 11,000 annually and never charges for services. The bank donated \$5,201 to support the Haven's mission.
- *The Family Place (TFP)* – TFP is a private non-profit organization, primarily serving low- and moderate-income families, and one of 15 legislatively-designated Parent Child Centers in Vermont. Through home visits, early intervention for infants and toddlers with developmental delays, nursing services, parenting classes and groups, treatment for families dealing with the trauma of sexual abuse, assistance with childcare costs, intensive wrap-around support for young families in poverty, community playgroups, and more. The bank donated a total of \$9,875 to TFP during the evaluation period.

### *Qualified Investments*

The following are descriptions of the bank's qualified investments in the East Central Vermont assessment area:

- *Upper Valley Loan Fund* – The bank led the effort to raise nearly \$10.0 million from local businesses to provide below market, flexible capital to finance more affordable housing in the region. The Upper Valley Loan Fund, managed by Evernorth, is expected to yield as many as 260 rental homes, with 94.0 percent of new units to be affordable. The bank made an investment of \$2.0 million in 2025.
- *Graystone Village* – The bank holds a current balance of \$228,400 in LIHTC from Twin Pines Housing Trust supporting 34 apartments of Section 8 senior rental housing primarily serving low-income residents in Hartford.
- *Housing New England Funds* – The bank holds multiple equity investments to finance affordable housing more widely in Vermont, and the regional area. Twenty-one investors, including Mascoma, committed a total of \$82.5 million in equity to the Housing New England Funds, also managed by Evernorth, making it a significant financial resource to address the region's critical affordable housing needs.

The bank demonstrated significant use of innovative or complex qualified investments. As outlined above, the bank primarily meets the credit and community development needs of East Central Vermont assessment area through innovative and complex equity investments and direct bank donations. Since the last examination, the bank invested in two new equity investments with the primary purpose of affordable workforce housing, an identified need within the area.

The bank demonstrated good responsiveness to credit and community development needs in the East Central Vermont assessment area. As described above, the bank added 2 new equity investments in affordable housing investment funds, and the 5 other investments were held since the last examination.

### **SERVICE TEST**

Mascoma demonstrated good performance under the Service Test in the East Central Vermont assessment area.

### **Retail Banking Services**

The bank demonstrated its service delivery systems are reasonably accessible to geographies and individuals of different income levels in the assessment area.

Table 24 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.



<b>Table 24</b> <b>Distribution of Branch Offices by Income Category</b> <b>East Central Vermont Assessment Area</b>				
Census Tract Income Category	Assessment Area Demographics		Bank Offices by Tract Location	
	Total Census Tracts	Total Population		
	% of #	% of #	#	%
<b>Low</b>	0.0	0.0	0	0.0
<b>Moderate</b>	12.9	12.9	1	10.0
<b>Middle</b>	67.7	69.6	7	70.0
<b>Upper</b>	19.4	17.6	2	20.0
<b>Total</b>	100.0	100.0	10	100.0
<i>Bank provided branch data</i> <i>2023 FFIEC Census Data</i>				

The assessment area does not contain any low-income census tracts. Of the bank's 10 full-service branches in the assessment area, 1 is in a moderate-income tract in Springfield. This represents 10.0 percent of the total branches in the assessment area, which is slightly below the percentage of moderate-income tracts at 12.9 percent and the population that resides in those tracts at 12.9 percent. The bank has a branch in one of the four moderate-income tracts in the assessment area.

Services, including business hours, do not vary in a way that inconveniences the assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Branch hours, including hours at the branch located in the moderate-income census tract, are from 9:00 a.m. to 5:00 p.m. Monday-Friday with drive-up hours on Saturdays generally from 9:00 a.m. until 12:00 p.m.

The bank maintains retail products and services that promote accessibility to low- and moderate-income individuals and other underserved populations. The bank has high school savings accounts which were created in collaboration with the Springfield, VT school district. These are offered to students who do not have a parent available. The accounts are opened together with the school district guidance counselors and the students receive financial education to plan specific goals. Three students are currently participating.

The bank has not opened or closed any branch offices in this assessment area since the previous CRA evaluation.

### **Community Development Services**

The bank demonstrated it provided a relatively high level of community development services in the East Central Vermont 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.

### *Employee Services*

During the evaluation period, 26 employees provided community development service to 26 organizations which benefited the assessment area. Bank management and staff are involved with several community organizations that provide services to low- and moderate-income individuals, including supporting efforts to increase affordable housing, access to affordable healthcare, and economic development, which were identified needs in the bank's assessment area by the community contact. Bank involvement included serving as board members, finance committee members, and fundraising committee members at organizations providing community development services.

The following details examples of involvement in community development activities:

- *Good Neighbor Health Clinic and Red Logan Dental Clinic*– This organization provides free medical and dental care to individuals that do not have the means to pay. A bank senior officer served on the organization's board.
- *Green Mountain Economic Development Corporation* – This economic development corporation assists with business development, workforce housing, and job training services. A bank commercial lender served as a board member.
- *Hartford Dismas House* – This organization provides housing and promotes job training for recently incarcerated individuals rejoining the community. The bank's chief innovative and brand officer serves on the board.
- *Ottawaquechee Health Foundation* - This foundation provides financial assistance to individuals who need assistance covering medical expenses, seniors aging at home, and community health organizations. A majority of individuals served are low- or moderate-income. A bank community relationship banker serves on the grants and finance committee.
- *Vital Communities* – This organization supports transportation infrastructure development, affordable housing, economic development, and food access for low- and moderate-income residents. The Mascoma president and CEO serves on the affordable housing committee and corporate council.
- *Rockingham Revolving Loan Fund* – This loan fund provides capital to assist startups and expand existing small businesses. A bank vice president served as a committee chair.

### *Financial Literacy Education*

During the evaluation period, bank employees provided financial literacy classes that covered various topics including first-time homebuying, fraud prevention, and credit counseling. Three of these classes were in conjunction with community development organizations that primarily serve low- and moderate-income individuals in the assessment area. These included classes with Southeastern Vermont Community Action and Valley Court Diversion Programs.

# BURLINGTON-SOUTH BURLINGTON, VT MSA

## DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE BURLINGTON-SOUTH BURLINGTON, VT MSA

The Burlington assessment area consists of the entirety of Chittenden County. The bank operates three full-service branches in the assessment area.

According to the FDIC Summary of Deposits report as of June 30, 2024, branch deposits within the Burlington assessment area totaled \$129.0 million, or 5.2 percent, of the bank’s total deposits. In terms of lending presence, 7.2 percent of the bank’s home mortgage and small business loans originated within this assessment area during the review period.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE BURLINGTON-SOUTH BURLINGTON, VT MSA

Examiners conducted a limited scope review of the bank’s CRA performance in the Burlington assessment area. The results are summarized in Table 25.

Table 25			
Burlington Assessment Area			
Assessment Area	Lending Test	Investment Test	Service Test
Burlington	Below	Below	Exceeds

Mascoma’s performance under the Lending Test in the East Central Vermont assessment area is considered excellent. Overall, the bank’s Lending Test performance in the Burlington assessment area was below the performance in the East Central Vermont assessment area. The bank’s geographic distribution performance in the Burlington assessment area exceeded that of the East Central Vermont assessment area and was consistent for community development lending. The bank’s performance in the Burlington assessment area was below that of the East Central Vermont assessment area for the remaining components of the Lending Test.

Mascoma demonstrated good performance under the Investment Test in the East Central Vermont assessment area. The bank’s Investment Test performance in the Burlington assessment area was below the performance for the East Central Vermont assessment in each component of the Investment Test.

Mascoma demonstrated good performance under the Service Test in the East Central Vermont assessment area. The bank’s Service Test performance in the Burlington assessment area exceeded that of the bank’s performance in the East Central Vermont assessment area. Branch delivery systems in the Burlington assessment area exceeded that of the East Central Vermont assessment area and all other components were consistent with that of the East Central Vermont assessment area.

## APPENDIX A

<b>TIME PERIOD REVIEWED</b>		Lending Test: 1/1/2022 - 12/31/2023 Investment & Service Tests: 1/31/2023 - 5/12/2025	
<b>FINANCIAL INSTITUTION</b>		<b>PRODUCTS REVIEWED</b>	
Mascoma Bank		Residential mortgage loans	
Lebanon, NH		Small business loans	
		Community development loans	
<b>AFFILIATE(S)</b>	<b>AFFILIATE RELATIONSHIP</b>	<b>PRODUCTS REVIEWED</b>	
Mascoma Community Development	Bank subsidiary	Investments	
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
non MSA NH	Full procedures	N/A	
East Central VT	Full procedures	N/A	
Burlington	Limited procedures	N/A	

## APPENDIX B

### SUMMARY OF STATE RATINGS

State Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall State Rating
New Hampshire	Outstanding	Outstanding	Low Satisfactory	Outstanding
Vermont	Outstanding	High Satisfactory	High Satisfactory	Outstanding

## APPENDIX C

### 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 non-relatives 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 (non-MSA):** 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