

# **PUBLIC DISCLOSURE**

January 30, 2023

## **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.

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**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.

PERFORMANCE LEVELS	MASCOMA BANK		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
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**

- The bank demonstrates excellent responsiveness to credit needs in its assessment areas, taking into account the number and amount of home mortgage and small business loans in its assessment areas.
- A high percentage of loans are made in the bank’s assessment areas.
- The bank demonstrates a good geographic distribution of loans in its assessment areas.
- The bank demonstrates 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 demonstrates 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 banking practices.
- The bank demonstrates it is a leader in making community development loans.
- The bank demonstrates 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.

### Investment Test

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

### Service Test

- The bank demonstrates its 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 or to low- and moderate-income individuals.
- The bank demonstrates its 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 demonstrates it provides a relatively high level of community development services.

## DESCRIPTION OF INSTITUTION

Mascoma is a state-chartered savings bank headquartered in Lebanon, NH. Established in 1899, the bank is wholly owned by Mascoma Mutual Financial Services Corporation. The bank has five subsidiaries, three of which are certified community development entities (CDEs) that help facilitate the bank's participation in the U.S. Department of Treasury's (Treasury) New Market Tax Credit (NMTC) program. The other subsidiaries execute the bank's wealth management and insurance activities. As a Certified Benefit Corporation (B Corporation), the bank meets certification 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 27 full-service branches, of which 14 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 County and Merrimack County. The branches in Grafton County are located in Hanover (2), Canaan, Enfield, Lebanon, Littleton, Lyme, and West Lebanon. 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 located in a non-metropolitan statistical area (non-MSA).

Of the branches in Vermont, seven are in Windsor County, three are in Orange County, and three are in Chittenden County. The branches in Windsor County are in White River Junction (2), Hartland, Norwich, Springfield, Windsor, and Woodstock; the branches in Orange County are in Bethel, Chelsea, and South Strafford; and the branches in Chittenden County are in Burlington (2) and South Burlington. Windsor and Orange counties are in a non-MSA, and Chittenden County is in the Burlington-South Burlington, VT metropolitan statistical area (MSA). The bank also has a loan production office in Burlington, VT, and in Portland, ME.

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 September 30, 2022, bank assets totaled \$2.7 billion, loans totaled \$2.1 billion, and deposits totaled \$2.3 billion. Since the last evaluation, bank assets increased by 24.6 percent, which is attributed to a \$272.6 million increase of the bank's loan portfolio. The increase in the dollar volume of loans is largely attributed to a \$246.6 million increase in closed-end one-to-four family loans.

Table 1 shows the bank's loan portfolio distribution as of September 30, 2022. Residential loans, which include 1-4 family open- and closed-end loans and multifamily residential properties, have increased slightly from 55.8 percent to 62.9 percent of the loan portfolio by dollar volume. Commercial loans, which include commercial real estate and commercial and industrial loans, have decreased slightly since the last examination, from 38.6 percent to 29.8 percent.

<b>Table 1</b>		
<b>Loan Distribution as of September 30, 2022</b>		
<b>Loan Type</b>	<b>Dollar Amount \$(000s)</b>	<b>Percent of Total Loans</b>
Construction and Land Development	84,084	4.0
Revolving 1-4 Family Residential	55,101	2.6
1-4 Family Residential	1,095,710	51.8
Multifamily (5 or more) Residential	179,006	8.5
Commercial RE	529,105	25.0
Farmland	249	0.0
<b>Total Real Estate Loans</b>	<b>1,943,255</b>	<b>91.9</b>
Commercial and Industrial	102,062	4.8
Consumer	16,238	0.8
Other revolving	321	0.0
Obligations of states and political subdivisions	53,083	2.5
Agriculture and other loans to farmers	32	0.0
<b>Total Loans</b>	<b>2,114,991</b>	<b>100.0</b>

*Call Report as of September 30, 2022*

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

Considering the bank’s financial capacity, local economic conditions, assessment area demographics, and the competitive market in which it operates, the bank has demonstrated an ability to meet the credit needs in the portion of the assessment area that it can reasonably serve. 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 performance review was based on CRA activities 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’s performance was evaluated in three assessments areas: the New Hampshire assessment area, the East Central Vermont assessment area, and the Burlington assessment area. The New Hampshire, East Central Vermont, and Burlington assessment areas were evaluated using full examination procedures. As prescribed by FFIEC CRA examination procedures, evaluations are also provided for activity within the States of New Hampshire and the State of Vermont in addition to the three bank defined 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 distribution of loans, 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

<sup>1</sup> “Large institutions” are banks or savings associations with assets of at least \$1.503 billion as of December 31 of both of the prior two calendar years.

community development services. The data used for the evaluation and the applicable timeframes are discussed below.

The Lending Test analyzed residential mortgage loans and small business loans originated from January 1, 2020, to December 31, 2021. More emphasis was placed on residential mortgage loans compared to small business loans for each performance criterion based on the number of originations during the evaluation period. While both the number and dollar volume of the bank's residential mortgage and small business 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 (CFPB) 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 2015 American Community Survey (ACS).

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 November 2, 2020, through January 30, 2023. Qualified investments and community development services were evaluated in the context of community needs and the capacity of the bank.

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment 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.

Community contacts provided local insights into area needs and opportunities within the assessment areas. The Non-MSA assessment areas, which include contiguous towns in New Hampshire and Vermont along the Connecticut River are considered homogeneous in terms of needs and opportunities. The contact for these areas noted some of the most significant challenges facing their economies were aging populations, workforce shortages, and a lack of affordable housing. The community contact in the Burlington Vermont MSA noted the need for affordable housing, credit needs for micro-businesses (five or fewer employees), and financial literacy.

## 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 High Satisfactory for Vermont. In addition to activities within the bank's assessment areas, the Outstanding rating overall is also attributed to lending activities that were not designated at the assessment area or state level and include activity in the broader statewide or regional area. Specifically, Mascoma demonstrated leadership in making community development loans and in the extensive use of innovative and flexible lending practices at the institution level.

The following information further 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 demonstrates excellent responsiveness to 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 6,552 residential and small business loans, of which 5,731 were located in the assessment areas. Of the loans in the assessment areas, 2,735 were residential loans and 2,996 were small business loans. Residential originations decreased from 1,676 in 2020, to 1,595 in 2021, with home purchase, refinance, and home improvement loans all remaining generally stable. Small business loans also decreased from 2,013 loans in 2020, to 1,268 loans in 2021, largely driven by Paycheck Protection Program (PPP) lending activity through the Small Business Administration (SBA).

The bank was a top residential and small business lender in the assessment areas during the evaluation period. In 2020, the bank originated 1,513 HMDA loans, ranking 2nd out of 291 HMDA reporters within the combined assessment areas. In 2021, the bank originated 1,447 HMDA loans, ranking 4th out of 304 HMDA reporters within the combined assessment areas. For small business loans, the bank originated 1,845 small business loans in 2020, ranking 1st out of 113 small business reporters within the combined assessment areas. In 2021, the bank originated 1,134 small business loans, ranking 2nd behind American Express National Bank, out of 105 small business reporters.

#### Distribution of Lending within the Assessment Area

This criterion evaluates the concentration of loans originated by the bank within its assessment areas. The bank originated a high percentage of loans inside the assessment areas. Table 2 presents the bank's levels of lending inside and outside the assessment area for the entire evaluation period.



Table 2 Lending Inside and Outside the Assessment Areas										
Loan Type	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
Home Purchase	1,079	76.5	313,888	75.5	332	23.5	101,925	24.5	1,411	415,813
Home Improvement	239	89.2	19,300	87.9	29	10.8	2,653	12.1	268	21,953
Multifamily Housing	58	76.3	79,926	64.1	18	23.7	44,774	35.9	76	124,701
Refinancing	1,359	89.6	306,640	88.0	157	10.4	41,897	12.0	1,516	348,537
<b>Residential Total</b>	<b>2,735</b>	<b>83.6</b>	<b>719,755</b>	<b>79.0</b>	<b>536</b>	<b>16.4</b>	<b>191,249</b>	<b>21.0</b>	<b>3,271</b>	<b>911,004</b>
<b>Small Business Total</b>	<b>2,996</b>	<b>91.3</b>	<b>280,854</b>	<b>87.0</b>	<b>285</b>	<b>8.7</b>	<b>42,033</b>	<b>13.0</b>	<b>3,281</b>	<b>322,887</b>
<b>TOTAL LOANS</b>	<b>5,731</b>	<b>87.5</b>	<b>1,000,609</b>	<b>81.1</b>	<b>821</b>	<b>12.5</b>	<b>233,282</b>	<b>18.9</b>	<b>6,552</b>	<b>1,233,891</b>

HMDA and small business data for 2020 & 2021

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

Overall, the bank originated 6,552 residential and small business loans, of which 5,731 loans, or 87.5 percent, were inside the assessment areas. The bank originated 3,271 residential loans, of which 2,735 loans, or 83.6 percent, were inside the assessment areas. The bank originated 3,281 small business loans, of which 2,996 loans, or 91.3 percent, were inside the assessment areas.

### **Geographic Distribution**

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. Overall, the bank demonstrated a good geographic distribution of loans in its assessment areas, including a good distribution of loans in the New Hampshire and East Central Vermont assessment areas and an excellent distribution in the Burlington assessment area. In both states the distribution of residential mortgage loans and small business loans was good.

### **Borrower Distribution**

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. In New Hampshire, the bank demonstrated an excellent distribution of residential loans and an excellent distribution of small business loans, which resulted in an excellent distribution overall for New Hampshire. In the East Central Vermont assessment area, the bank demonstrated a good distribution of residential loans and an excellent distribution of small business loans, which resulted in an excellent distribution for the East Central Vermont assessment area. In the Burlington assessment area, the distribution of loans to borrowers of different income levels was adequate for residential and small business loans.

### **Community Development Lending Activities**

The bank'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 is a leader in making community development loans. Overall, the bank originated 34 community development loans, totaling \$23.4 million, in the combined assessment areas. In New Hampshire, the bank was a leader in making community development loans with 18 loans for \$17.1 million. In Vermont, the bank made a relatively high level of community development loans, with 16 loans for \$6.3 million. In addition to loans originated inside the assessment areas, the bank originated 7 loans, totaling \$12.5 million, in the statewide and regional area that included the assessment area and were qualified on the basis that the bank had been responsive to the community development needs and opportunities in its assessment areas. The impact and volume of community development loans at the institution level further supports the excellent conclusion for community development lending.

Based on community development loans originated, the bank has been responsive to opportunities, exhibited leadership, and has utilized innovative and complex strategies to engage in community development lending.

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

- A \$7.2 million loan to fund the purchase and redevelopment of a former mill building into new commercial space and the creation of 153 apartments. The property is located in a moderate-income census tract and this investment helps to revitalize and stabilize the area.
- Three loans, totaling \$812,500, were made to fund the rehabilitation of several properties that provide transitional housing for low- and moderate-income persons. These properties are in the broader statewide area and help address the need for affordable workforce housing.
- A \$1.6 million PPP loan to a business in Portland, ME. This loan is qualified as revitalization and stabilization as it helps maintain jobs for a business within a moderate-income tract. The bank is receiving credit for this loan as it has demonstrated an excellent responsiveness to the credit and community development needs within its assessment area, and its PPP lending encompasses the regional area that includes the assessment areas.

The bank demonstrates 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 following is a description of innovative and/or flexible lending programs offered by the bank:

- *PPP* - These loans are administered by the SBA as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP loans are designed to help businesses retain workers and staff during the economic hardship resulting from the pandemic. The SBA will forgive loans if the borrower meets the employee retention and eligible expenses criteria. During 2021, the bank originated 662 PPP loans, totaling \$54.0 million, in its assessment area and broader statewide or regional area. PPP loans in amounts greater than \$1 million were considered as community development loans for this evaluation if they had a primary purpose of community development as defined under the CRA, four loans totaling \$7.0 million, received community development credit. The

volume of PPP loans originated by Mascoma demonstrates the bank's excellent responsiveness in serving the credit needs of all its assessment areas.

- *VA, FHA, and USDA Lending* - On a brokered loan basis, the bank originates U.S. Department of Veterans Affairs (VA), Federal Housing Administration (FHA), and U.S. Department of Agriculture Rural Development (USDA) loans. VA loans are backed by the VA and offer favorable loan terms and can accommodate no down payment on home purchases. FHA loans offer favorable interest rates, low down payment requirements, favorable credit history requirements, and reduced closing costs. USDA loans are no down payment, low interest, fixed-rate homeownership loans provided to qualified persons through private financial institutions and guaranteed by the USDA. The program aims to assist approved lenders in providing low- and moderate-income households the opportunity to own adequate, decent, safe, and sanitary dwellings as their primary residence in eligible rural areas. During the evaluation period, the bank originated 31 loans, for \$6.1 million; 21 loans, totaling \$3.6 million, were made to low- and moderate-income borrowers through these three programs.
- *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 also allow the borrower to finance up to 100 percent of the property value. During the evaluation period, the bank originated 13 loans, totaling \$697,411, to low- and moderate-income borrowers under this program.
- *Manufactured Home Lending* - Manufactured homes can be financed for 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 median family income, and there is also a well-known lack of workforce housing. During the evaluation period, the bank originated 73 manufactured home loans, totaling \$5.5 million. Of the total, the overwhelming majority were originated to low- and moderate-income borrowers.
- *United Way Income Advance* - This partnership between United Way and employers is focused on giving employees the resources they need to gain, keep, and grow in stable employment. The Income Advance Loan program is a partnership between employers and financial institutions to help employees meet emergency needs and begin saving and building credit. Mascoma processes these applications, and loan amounts can be up to \$2,000. During the evaluation period, the bank originated 255 loans, totaling \$340,000, to low- and moderate-income borrowers in the 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 four grants, totaling \$67,000, under this program.

## 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 the 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 were not attributed to a specific state. The bank demonstrated a significant level of qualified investments, particularly those that are not routinely provide by private investors, occasionally in a leadership position, in New Hampshire and Vermont.

Overall, qualified investments totaled \$16.2 million, of which \$2.6 million was in the form of donations and grants, and \$13.6 million were in other forms of investments, such as investment funds and tax credits. Investments at the bank level, which were not attributed to any specific assessment area, totaled \$12.5 million and consisted of \$1.4 million in donations and grants and \$11.1 million in other types of investments. In comparison to the previous examination, which had the same length evaluation period, the bank increased the total dollar volume of donations and grants by 75.7 percent, the total dollar volume of other qualified investments by 124.0 percent, and total qualified investments by 114.4 percent.

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

During the evaluation period, the bank made qualified investments through multiple initiatives, many of which were new since the last examination. 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), Vermont Housing and Finance Authority (VHFA), and the Vermont Downtown Program; an in-kind investment with the Vermont Community Loan Fund (VCLF); semi-annual funding contributions to the Mascoma Bank Foundation (the Foundation); and making 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.

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<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.

Additionally, Mascoma Community Development (MCD), a subsidiary of the bank, is a certified community development entity (CDE) with the primary mission of community development. MCD is responsible for managing the bank's New Market Tax Credit (NMTC) program activities. The NMTC program is administered by the Community Development Financial Institutions Fund of the Treasury and 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 helps illustrate 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. On a state level, 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 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 semi-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 volume increase of donations in the Burlington assessment area.

The bank highlighted affordable housing and childcare, among others, as the most prevalent issues within the assessment areas. In addition to providing donations to organizations that support affordable housing across the assessment areas and affordable housing investments held since the prior examination, the bank responded to this need by investing an additional \$5.0 million into two multi-investor housing equity funds serving Vermont, New Hampshire, and Maine. The purpose of these funds is to increase capital for affordable housing by raising equity through a diversified investment into 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 2021, the bank conducted a community needs assessment in collaboration with nonprofits and municipalities within the assessment areas. As noted above, one of the top needs identified by the respondents was childcare. In addition to donations supporting childcare through the assessment areas, the bank donated \$190,000 to organizations that support childcare efforts

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<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 Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years.

within larger regional areas that include the assessment areas and through the MCD grant process outside the assessment areas. Specifically, the bank, through MCD, provided a \$100,000 grant to the Genesis Community Loan Fund, which provides collaborative support to childcare providers in Maine and Northern New England.

In addition to directly investing in or purchasing tax credits for NMTC projects through MCD, the bank's investment activities included the reinvestment of 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 semi-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 five contributions, totaling \$898,785.

## **SERVICE TEST**

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

### **Retail Banking Services**

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

- The bank demonstrates its service delivery systems are accessible to geographies and individuals of different income levels in its assessment area(s).

- To the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income individuals.
- The bank demonstrates its services (including, where appropriate, business hours) do not vary in a way that inconveniences its assessment area(s), particularly low- or moderate-income geographies or low- or moderate-income individuals.

### **Community Development Services**

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

The bank demonstrates it provides a relatively high level of community development services. Bank employees provided time and expertise to organizations throughout each of the assessment areas and some organizations that benefited both states at the institution level. Bank employees provided community services in the assessment areas through involvement with organizations that support many of the needs outlined within the community needs assessment performed by the bank including financial education, affordable housing, affordable access to medical services, and economic development. Through the bank's volunteer program, bank employees are encouraged to use 16 hours of paid time to volunteer within their community. In total, bank employees contributed 6,582 qualified hours. Of these, 3,509 hours benefited the New Hampshire assessment area, 2,442 hours benefited the Vermont assessment areas (2,159 hours benefited the East Central Vermont assessment area and 283 in the Burlington assessment area) and 631 hours benefits the regional area including both states.

### **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

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

### Lending Test

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

### Investment Test

- The bank demonstrates an excellent level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position.
- The bank demonstrates significant use of innovative or complex qualified investments.
- The bank demonstrates excellent responsiveness to credit and community development needs.



## Service Test

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

## SCOPE OF EXAMINATION

The performance within the state of New Hampshire was evaluated based on performance within the New Hampshire assessment area, which is wholly located in the non-MSA portion of the state. The New Hampshire assessment area was evaluated using full examination procedures. Based on the level of deposits, lending, and other activities, the New Hampshire assessment area was given slightly more weight compared to Vermont when arriving at institution 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 INSTITUTION'S OPERATIONS IN NEW HAMPSHIRE

The New Hampshire assessment area consists of the entirety of Sullivan County and portions of Cheshire County, Coos County, Grafton County, and Merrimack County. These counties are not located in an MSA. 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. Each full-service branch has an ATM. The bank closed one branch located in Bethlehem, NH in 2022, and did not open or relocate any other 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, 2022, branch deposits within the New Hampshire assessment area totaled \$1.4 billion, or 64.4 percent, of the bank's total deposits. According to the FDIC Deposit Market Share report as of the same date, there were 22 financial institutions offering deposit services through 143 branches within the counties that comprise the assessment area. The bank ranked 3<sup>rd</sup>, with a deposit market share of 9.6 percent. The bank is the highest ranked community bank; with national banks, TD Bank, N.A. and Bank of America, N.A., ranked 1<sup>st</sup> and 2<sup>nd</sup>, respectively, while Citizens Bank, N.A. ranked 4<sup>th</sup>. However, the bank does face a degree of competition from local and regional community banks, including Merrimack County Savings Bank, Bar Harbor Bank & Trust, and Bank of New Hampshire, all of which have a significant branch presence in the counties that comprise the New Hampshire assessment area. In terms of lending presence,

46.5 percent of the bank’s home mortgage and small business loans originated within all assessment areas during the review period were in the New Hampshire assessment area.

Relevant demographic data for the New Hampshire assessment area is provided in Table 3 below.

Table 3 Assessment Area Demographics New Hampshire								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	9,419	20.0
Moderate	8	20.0	9,003	19.1	862	9.6	8,811	18.7
Middle	24	60.0	29,681	62.9	1,790	6.0	10,251	21.7
Upper	8	20.0	8,507	18.0	301	3.5	18,710	39.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>40</b>	<b>100.0</b>	<b>47,191</b>	<b>100.0</b>	<b>2,953</b>	<b>6.3</b>	<b>47,191</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	17,605	9,804	18.8	55.7	4,887	27.8	2,914	16.6
Middle	57,331	32,964	63.1	57.5	13,146	22.9	11,221	19.6
Upper	16,531	9,436	18.1	57.1	3,930	23.8	3,165	19.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>91,467</b>	<b>52,204</b>	<b>100.0</b>	<b>57.1</b>	<b>21,963</b>	<b>24.0</b>	<b>17,300</b>	<b>18.9</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,689	18.6	1,506	18.4	159	21.5	24	15.4
Middle	5,357	59.0	4,829	59.0	420	56.9	108	69.2
Upper	2,027	22.3	1,844	22.5	159	21.5	24	15.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>9,073</b>	<b>100.0</b>	<b>8,179</b>	<b>100.0</b>	<b>738</b>	<b>100.0</b>	<b>156</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.1</b>		<b>8.1</b>		<b>1.7</b>
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

### Composition

The New Hampshire assessment area consists of 40 census tracts, of which 8 are moderate-income, 24 are middle-income, and 8 are upper-income. Moderate-income census tracts are located in the municipalities of Hinsdale and Winchester in Cheshire County; Dalton and

Whitefield (one census tract) in Coos County; Littleton and Haverhill in Grafton County; and Claremont (two census tracts) and Charleston in Sullivan County. Upper-income census tracts are mainly located in the Dartmouth-Lake Sunapee Region of Grafton County, encompassing the towns of Sunapee and New London northwest along I-89 to the towns of Lebanon, Hanover, and Lyme. There are no low- or unknown-income census tracts in the assessment area.

*Population*

The assessment area has a population of 184,033 individuals. There are 74,167 households, of which 47,191 are families. The largest portion of families, at 39.6 percent, are upper-income. Middle-income families account for 21.7 percent families, and moderate- and low-income families represent 18.7 percent and 20.0 percent, respectively. Major population centers are located in the Upper Valley along the I-91 corridor, including the city of Lebanon and town of Hanover in Grafton County. Hanover is home to 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.

New Hampshire has experienced steady population growth. According to U.S. Census Data, from April 2020 to April 2022 the state’s population grew by 1.3 percent, above the national rate of 0.6 percent. This population growth may support economic growth, but can also strain the existing housing stock, which may increase the need for affordable workforce housing. The New Hampshire assessment area also has a larger population of individuals aged 65 and over, at 19.3 percent, relative to the nation. In Coos County, 24.8 percent of the population is age 65 and over. This aging population creates a need for affordable housing and community development services for seniors. Additionally, the aging population generally resides in an aging housing stock, which increases the volume of homes in need of improvement, rehabilitation, and weatherization.

*Income*

The FFIEC adjusts the median family income (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 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>MSA/MD</b>	<b>2020</b>	<b>2021</b>
New Hampshire Non-MSA	\$85,300	\$85,300

*FFIEC median family estimates.*

The MFI for the New Hampshire assessment area was \$85,300 in 2020 and 2021. 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. The poverty rate for families in the New Hampshire assessment area of 6.3 percent is slightly above the state of New Hampshire as a

whole. Poverty rates are highest in the more rural portions of the New Hampshire assessment area where poverty rates exceed double digits. This suggests that despite being predominantly middle- and upper-income, many residents in the New Hampshire assessment area experience economic insecurity. As a result, the provision of community development services for low- and moderate-income individuals is a vital need throughout the New Hampshire assessment area. Services for low- and moderate-income individuals and families are commonly offered through organizations with wide geographic footprints due to the rural nature of the area, as evidenced by bank community development activities.

### *Housing*

The assessment area contains 91,467 housing units, of which 57.1 percent are owner-occupied. Rental units account for 24.0 percent of total housing units. Within moderate-income census tracts, rental units represent 27.8 percent of total housing units. Vacant units comprise 18.9 percent of total housing units, which is slightly above the state of New Hampshire average of 15.9 percent. In Grafton County, vacant units comprise 32.1 percent of the housing stock. The relatively high vacancy rate is due in part to the number of seasonal and occasional-use homes in the area. One-to-four family housing units comprise 81.6 percent of total housing units. Multifamily housing units comprise just 10.8 percent of the housing stock, suggesting that opportunities to finance larger affordable housing properties may be limited. Mobile homes comprise 7.5 percent of the housing stock. As mentioned under the innovative or flexible lending programs at the institution level, manufactured homes are an affordable housing option for many borrowers within the assessment area given the high cost of housing compared to MFIs.

According to the November 30, 2022, release of the Federal Reserve Board's Beige Book (Beige Book), residential real estate sales have slowed, due in part to sharply higher mortgage rates and inflation, with available housing inventories in New Hampshire rising. Data obtained from the New Hampshire Association of Realtors further indicates that housing prices are rising statewide. The median sales price in NH was \$395,000 in 2021, representing a 17.9 percent increase year-over-year. This increase was 14.0 percent in Cheshire County, 40.0 percent in Coos County, 19.7 percent in Grafton County, 18.5 percent in Merrimack County, and 20.1 percent in Sullivan County. Rapidly rising home values have created a need for affordable workforce housing, especially for low-income families and people on fixed incomes.

### *Business Characteristics*

According to D&B data, there are 9,073 businesses operating within the assessment area. Of the businesses, the vast majority, at 90.1 percent, have gross annual revenues (GARs) of \$1 million or less. At 59.0 percent, the majority of businesses are located in middle-income census tracts, which is reflective of the overall census tract distribution of the assessment area. Similarly, 18.6 percent of businesses are located in moderate-income census tracts. Primary industries in the assessment area include health care, retail services, hospitality services, manufacturing, and education. Large employers include Dartmouth-Hitchcock Medical Center, Hypertherm, Inc., Mount Sunapee Resort, C&S Wholesale Grocers, Dartmouth College, and Keene State College.

### *Employment Statistics*

Employment within the assessment area is stable. According to the U.S. Bureau of Labor Statistics, the unemployment rate for the United States as of November of 2022 was 3.6 percent,

while the unemployment rate for the state of New Hampshire was 2.6 percent. The unemployment rates for the counties within the assessment area also compared favorably to the national unemployment rate, at 2.6 percent in Cheshire County, 3.3 percent in Coos County, 2.4 percent in Grafton County, 2.3 percent in Merrimack County, and 2.5 percent in Sullivan County. Unemployment rates have recovered from 2020 highs due to the COVID-19 pandemic and are now lower than pre-pandemic levels. However, many residents and businesses, as well as the non-profit organizations that support them, continue to face economic hardship.

### **Community Contacts**

Examiners met with the executive director of an organization dedicated to strengthening economic development across New Hampshire. The greatest community development needs in the area were identified as affordable housing, food insecurity, and assistance in asset building. The contact noted the need for financial institutions to support asset building by offering loan products that target low- and moderate-income borrowers who do not qualify for traditional products, as well as supporting the communities through board representation and advocacy. In addition to these needs, it was noted that the COVID-19 pandemic and rising costs have led to a decrease in affordable housing, which will be exacerbated as rental assistance programs lose funding. Overall, the contact mentioned that local community banks are being responsive to the needs of the community.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW HAMPSHIRE**

### **LENDING TEST**

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

#### **Lending Activity**

The bank demonstrates excellent responsiveness to 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 3,047 residential and small business loans in the New Hampshire assessment area. Of the loans in the assessment area, 1,432 were residential loans and 1,615 were small business loans.

#### **Geographic Distribution**

The bank demonstrates a good geographic distribution of loans in its assessment area.

##### *Residential Lending*

Table 5 provides a comparison of the bank's residential lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank's geographic distribution of residential loans is good.

Table 5 Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Mascoma NH AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
<b>Home Purchase Loans</b>													
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	10.0	16.5	4,082	5.4	11.6	42	17.7	18.3	6,828	9.9	13.8	18.8
Middle	168	57.7	66.7	38,503	51.4	64.6	135	55.1	67.9	31,799	45.9	66.4	63.1
Upper	94	32.3	16.7	32,340	43.2	23.8	68	27.8	13.8	30,679	44.3	19.8	18.1
<b>Total</b>	<b>291</b>	<b>100.0</b>	<b>100.0</b>	<b>74,925</b>	<b>100.0</b>	<b>100.0</b>	<b>245</b>	<b>100.0</b>	<b>100.0</b>	<b>69,305</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	37	9.8	11.3	5,010	6.7	8.1	28	7.9	12.5	3,474	4.8	9.1	18.8
Middle	205	54.5	67.1	35,461	47.1	61.7	226	63.8	65.0	41,756	58.3	58.9	63.1
Upper	134	35.6	21.6	34,808	46.2	30.2	100	28.2	22.5	26,411	36.9	31.9	18.1
<b>Total</b>	<b>376</b>	<b>100.0</b>	<b>100.0</b>	<b>75,279</b>	<b>100.0</b>	<b>100.0</b>	<b>354</b>	<b>100.0</b>	<b>100.0</b>	<b>71,640</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	8	10.5	17.5	271	5.0	11.3	2	3.3	11.5	39	0.8	7.9	18.8
Middle	42	55.3	58.8	3,197	58.6	57.2	40	65.6	67.5	2,970	62.8	64.0	63.1
Upper	26	34.2	23.8	1,984	36.4	31.3	19	31.1	21.1	1,722	36.4	28.2	18.1
<b>Total</b>	<b>76</b>	<b>100.0</b>	<b>100.0</b>	<b>5,451</b>	<b>100.0</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>100.0</b>	<b>4,731</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>													
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	20.0	50.0	1,013	14.3	29.1	2	14.3	52.2	636	2.5	75.0	23.4
Middle	4	26.7	31.3	1,803	25.5	40.5	6	42.9	47.8	17,256	66.5	25.0	58.0
Upper	8	53.3	18.8	4,251	60.2	30.4	6	42.9	0.0	8,064	31.1	0.0	18.7
<b>Total</b>	<b>15</b>	<b>100.0</b>	<b>100.0</b>	<b>7,066</b>	<b>100.0</b>	<b>100.0</b>	<b>14</b>	<b>100.0</b>	<b>100.0</b>	<b>25,955</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	77	10.2	14.0	10,377	6.4	10.2	74	11.0	15.0	10,978	6.4	12.3	18.8
Middle	419	55.3	66.5	78,963	48.5	62.1	407	60.4	66.0	93,780	54.6	61.2	63.1
Upper	262	34.6	19.6	73,383	45.1	27.7	193	28.6	19.0	66,875	39.0	26.5	18.1
<b>Total</b>	<b>758</b>	<b>100.0</b>	<b>100.0</b>	<b>162,723</b>	<b>100.0</b>	<b>100.0</b>	<b>674</b>	<b>100.0</b>	<b>100.0</b>	<b>171,633</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

In 2020, the bank originated 77 residential mortgage loans, or 10.2 percent, in the moderate-income tracts. At 10.2 percent, the bank’s lending percentage was below the percentage of owner-occupied housing units in those tracts, at 18.8 percent, and below the aggregate’s lending percentage in those tracts, at 14.0 percent. In 2021, the banks performance within moderate-income tracts remained similar at 74 residential mortgage loans, or 11.0 percent, trailing aggregate performance at 15.0 percent.

Although the bank’s lending percentage in moderate-income tracts was below the aggregate performance in each year, the volume of loans in moderate-income tracts is notable. According to peer market share reports for 2020 and 2021, Mascoma ranked second for number of loans originated within the moderate-income census tracts within the assessment area. The only lender

originating more loans within these tracts was a large national mortgage broker. There were no conspicuous gaps for residential mortgage loans in the moderate-income census tracts as the bank penetrated each tract in 2020 and 2021.

*Small Business Lending*

Table 6 represents the distribution of small business loans by census tract income level. The bank’s geographic distribution of small business loans is good.

Table 6 Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography Assessment Area: Mascoma NHAA													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	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	135	13.5	18.1	12,815	13.7	14.2	73	12.1	18.6	6,760	11.3	13.1	18.6
Middle	602	60.3	59.0	57,794	61.8	60.1	368	60.9	60.4	38,270	64.2	57.1	59.0
Upper	261	26.2	22.5	22,961	24.5	25.5	163	27.0	20.6	14,602	24.5	29.7	22.3
Tract-Unk	0	0.0	0.4	0	0.0	0.2	0	0.0	0.4	0	0.0	0.1	
<b>Total</b>	998	100.0	100.0	93,570	100.0	100.0	604	100.0	100.0	59,632	100.0	100.0	100.0

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

In 2020, the bank originated 135 small business loans, or 13.5 percent, within the moderate-income tracts, which was below the aggregate, at 18.1 percent, and the percentages of businesses within those tracts, at 18.6 percent. In 2021, the bank originated 73 small business loans, or 12.1 percent, of small business loans in moderate-income tracts, which again was below the aggregate, at 18.6 percent. Although the bank’s lending percentage in moderate-income tracts was well below the aggregate performance in each year, the volume of loans in moderate-income tracts is notable. According to peer market share reports for 2020 Mascoma ranked first for number of loans originated within the moderate-income census tracts within the assessment area, and third in 2021 behind large national lenders.

There were no conspicuous gaps in the bank’s small business loan penetration of the moderate-income tracts. During the evaluation period, the bank penetrated 6 of the 8 moderate-income tracts. For the two moderate-income tracts not penetrated, the bank penetrated the contiguous tracts with small business loans.

**Borrower Distribution**

The bank demonstrates an excellent 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.

Residential Lending

Table 7 provides a comparison of the bank’s lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The table further outlines the bank’s performance by loan type in comparison to the aggregate group. The bank’s performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is excellent.

Table 7 Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Mascoma NH AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#%	\$(000)	\$%	\$%	#	%	#%	\$(000)	\$%	\$%	
<b>Home Purchase Loans</b>													
Low	17	5.8	7.6	1,585	2.1	4.2	16	6.5	6.2	2,102	3.0	3.2	20.0
Moderate	61	21.0	22.9	8,462	11.3	16.7	50	20.4	20.5	7,770	11.2	15.1	18.7
Middle	51	17.5	22.5	9,677	12.9	19.8	59	24.1	24.1	12,482	18.0	21.5	21.7
Upper	150	51.5	39.9	52,436	70.0	52.8	103	42.0	39.9	44,145	63.7	50.9	39.6
Unknown	12	4.1	7.1	2,766	3.7	6.5	17	6.9	9.4	2,807	4.1	9.3	0.0
<b>Total</b>	<b>291</b>	<b>100.0</b>	<b>100.0</b>	<b>74,925</b>	<b>100.0</b>	<b>100.0</b>	<b>245</b>	<b>100.0</b>	<b>100.0</b>	<b>69,305</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	17	4.5	4.7	1,415	1.9	2.4	26	7.3	4.7	2,091	2.9	2.5	20.0
Moderate	72	19.1	14.3	7,959	10.6	9.8	76	21.5	16.7	10,752	15.0	11.1	18.7
Middle	112	29.8	21.5	18,822	25.0	18.2	86	24.3	23.4	13,445	18.8	19.9	21.7
Upper	171	45.5	39.9	45,879	60.9	50.1	162	45.8	39.8	44,225	61.7	50.8	39.6
Unknown	4	1.1	19.6	1,203	1.6	19.5	4	1.1	15.4	1,128	1.6	15.3	0.0
<b>Total</b>	<b>376</b>	<b>100.0</b>	<b>100.0</b>	<b>75,279</b>	<b>100.0</b>	<b>100.0</b>	<b>354</b>	<b>100.0</b>	<b>100.0</b>	<b>71,640</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	6	7.9	6.9	147	2.7	3.7	7	11.5	4.8	565	11.9	2.7	20.0
Moderate	14	18.4	22.5	548	10.1	15.6	9	14.8	18.2	570	12.0	12.2	18.7
Middle	23	30.3	20.0	1,667	30.6	14.7	21	34.4	26.3	1,248	26.4	20.0	21.7
Upper	33	43.4	46.9	3,090	56.7	59.0	23	37.7	46.4	2,232	47.2	58.8	39.6
Unknown	0	0.0	3.8	0	0.0	7.1	1	1.6	4.3	116	2.5	6.2	0.0
<b>Total</b>	<b>76</b>	<b>100.0</b>	<b>100.0</b>	<b>5,451</b>	<b>100.0</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>100.0</b>	<b>4,731</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													
Low	40	5.4	6.0	3,147	2.0	3.3	49	7.4	5.2	4,757	3.3	2.8	20.0
Moderate	147	19.8	18.0	16,969	10.9	12.9	135	20.5	18.1	19,092	13.1	12.9	18.7
Middle	186	25.0	21.7	30,166	19.4	18.7	166	25.2	23.7	27,175	18.7	20.4	21.7
Upper	354	47.6	39.6	101,405	65.1	51.1	288	43.6	40.1	90,602	62.2	51.3	39.6
Unknown	16	2.2	14.6	3,969	2.6	14.0	22	3.3	12.9	4,051	2.8	12.6	0.0
<b>Total</b>	<b>743</b>	<b>100.0</b>	<b>100.0</b>	<b>155,657</b>	<b>100.0</b>	<b>100.0</b>	<b>660</b>	<b>100.0</b>	<b>100.0</b>	<b>145,678</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2021 FFIEC Census Data  
2011-2015 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.  
Multifamily loans are not included in the borrower distribution analysis.

In 2020, the bank originated 40 residential mortgage loans, or 5.4 percent, to low-income borrowers. At 5.4 percent, the bank’s lending performance was below the percentage of low-income families in the assessment area, at 20.0 percent, and below the aggregate, at 6.0 percent. For the same year, the bank originated 147 residential mortgage loans, or 19.8 percent, to moderate-income borrowers, which was above the percentage of moderate-income families, at



18.7 percent, and above the aggregate, at 18.0 percent. In 2021, the number of loans originated to low-income borrowers increased to 49 loans, or 7.4 percent, which was above the aggregate at 5.2 percent. For the same year, the bank originated 135 residential mortgage loans, or 20.5 percent, to moderate-income borrowers, which was above the aggregate, at 18.1 percent. The bank’s excellent distribution of residential mortgage loans to low- and moderate-income borrowers is likely attributed to its use of innovative or flexible lending practices.

*Small Business Lending*

The bank’s small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 8 details the bank’s lending to small businesses according to revenue size. The bank’s performance in lending to businesses with GARs of \$1 million or less is excellent.

Table 8 Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Mascoma NHAA													
	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
<b>By Revenue</b>													
<b>\$1 Million or Less</b>	184	18.4	36.7	15,033	16.1	25.3	159	26.3	49.9	12,723	21.3	30.1	90.1
<b>Over \$1 Million</b>	112	11.2		23,387	25.0		117	19.4		20,411	34.2		8.1
<b>Revenue Unknown</b>	702	70.3		55,150	58.9		328	54.3		26,498	44.4		1.7
<b>Total</b>	998	100.0		93,570	100.0		604	100.0		59,632	100.0		100.0
<b>By Loan Size</b>													
<b>\$100,000 or Less</b>	769	77.1	92.3	25,371	27.1	42.5	454	75.2	94.9	17,133	28.7	46.0	
<b>\$100,001 - \$250,000</b>	133	13.3	4.5	21,632	23.1	18.5	94	15.6	2.9	16,382	27.5	16.4	
<b>\$250,001 - \$1 Million</b>	96	9.6	3.2	46,567	49.8	39.0	56	9.3	2.2	26,117	43.8	37.6	
<b>Total</b>	998	100.0	100.0	93,570	100.0	100.0	604	100.0	100.0	59,632	100.0	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>													
<b>\$100,000 or Less</b>	151	82.1		5,708	38.0		130	81.8		5,362	42.1		
<b>\$100,001 - \$250,000</b>	20	10.9		3,307	22.0		20	12.6		3,506	27.6		
<b>\$250,001 - \$1 Million</b>	13	7.1		6,018	40.0		9	5.7		3,855	30.3		
<b>Total</b>	184	100.0		15,033	100.0		159	100.0		12,723	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

In 2020, the vast majority of the bank’s loans, 702 or 70.3 percent, were to businesses where the revenues were not known. Similarly, in 2021, 328 or 54.3 percent of loans, had unknown revenues. These loans were made under the PPP. The PPP did not require the collection of revenue data and, given the unique circumstances affecting borrowers and banks resulting from the COVID-19 pandemic, it is expected that banks participating in the program would make a large volume of loans for which gross annual revenue information is not available. PPP borrowers are eligible for loan forgiveness when the loan procedures were used for eligible

payroll costs, payments on business mortgage interest payments, rent, or utilities.

As shown in Table 8, the bank made 77.1 percent of its loans in amounts under \$100,000 in 2020. Similarly, in 2021 75.2 percent of the bank's loans were in amounts under \$100,000. Additionally, of the loans with known revenues the overwhelming majority of those loans in both years were for \$100,000 or less, at 82.1 and 81.8 percent, respectively. Smaller loan amounts may serve as a proxy for determining if loans were extended to smaller businesses; the majority of PPP loans had loan sizes of \$100,000 or less, indicating that the bank is helping to serve the needs of small businesses in the assessment area.

The bank demonstrated an excellent record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations. Below is a summary of loans originated within the assessment area:

*PPP* – In 2021, the bank originated 303 PPP loans, totaling \$25.3 million, in the New Hampshire assessment area. Of the 303 loans, 36 loans, totaling \$3.4 million, were in moderate-income tracts. PPP loans are designed to help businesses retain workers and staff during the economic hardship resulting from the pandemic. These loans were particularly impactful for businesses with GARs of \$1 million or less who heavily rely on annual revenue for maintaining operations.

The bank made 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. Below is a summary of loans originated through such programs within the state of New Hampshire:

- *New Hampshire Housing Finance Authority (NHHFA)* - The bank originates FHA, VA, and USDA Rural Development loans on a brokered basis as a participating lender. The NHHFA promotes, finances, and supports affordable housing through the operation of rental and homeownership programs designed to assist low- and moderate-income persons. During the evaluation period, the bank made 20 total loans, for \$3.4 million, to low- and moderate-income borrowers through these three programs.
- *80-20 Purchase Money Jr. Lien Program* – The bank made 5 loans, totaling \$200,000, to low- and moderate-income borrowers.
- *Manufactured Home Lending* - 52 manufactured home loans, totaling \$4.3 million, were originated to low- and moderate-income borrowers.

### **Community Development Lending**

The bank demonstrates it is a leader in making community development loans. The bank originated 18 community development loans, totaling \$17.1 million, in the New Hampshire assessment area. Of the total, 6 loans, totaling \$13.3 million, were qualified as revitalizing and stabilizing low- and moderate-income census tracts. Table 9 provides a summary of the bank's community development lending.

Table 9 Qualified Community Development Loans New Hampshire								
Community Development Category	2020 (as of Nov 3)		2021		2022		Review Period	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	1	200,000	2	1,348,212	0	0	3	1,548,212
Community Services	2	60,000	2	275,000	4	450,000	8	785,000
Economic Development	0	0	1	1,436,005	0	0	1	1,436,005
Revitalize and Stabilize	0	0	4	10,271,000	2	3,080,356	6	13,351,356
<b>Total</b>	<b>3</b>	<b>260,000</b>	<b>9</b>	<b>13,330,217</b>	<b>6</b>	<b>3,530,356</b>	<b>18</b>	<b>17,120,573</b>

Bank provided community development loan data.

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

- In 2021, the bank originated a \$6.2 million commercial real estate mortgage loan for the redevelopment of a former mill building into 83 new apartments. This loan helps to revitalize and stabilize a moderate-income census tract.
- In 2021, the bank originated two loans, totaling \$3.1 million, to a municipality for critical infrastructure repairs due to severe flooding in July 2021. The county in which the municipality is located was included in a Federal Emergency Management Agency (FEMA) designated disaster declaration as requiring public assistance for the repair of roads and bridges. The loan was qualified as revitalization and stabilization as it provides financing for essential community-wide infrastructure.
- In 2022, the bank originated a \$200,000 loan that provided working capital to a non-profit that provides a variety of community services to senior citizens on fixed incomes.

## INVESTMENT TEST

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

The bank demonstrates 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 \$1.6 million in qualified investments during the evaluation period in the New Hampshire assessment area. Of the total, \$1,054,623 were tax credit investments and \$608,264 were donations and grants.

### *Grants and Donations*

Table 10 displays qualified grants and donations by year and community development purpose.

Table 10 Qualified Donations by Purpose New Hampshire Assessment Area								
Community Development Category	2020 (as of Nov 3)		2021		2022		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	4	31,000	4	27,800	3	3,250	11	62,050
Community Services	22	96,350	78	154,563	60	163,951	160	414,864
Economic Development	0	0	5	14,850	7	107,500	12	122,350
Revitalization/Stabilization	0	0	2	5,000	2	4,000	4	9,000
<b>Total</b>	<b>26</b>	<b>127,350</b>	<b>89</b>	<b>202,213</b>	<b>72</b>	<b>278,701</b>	<b>187</b>	<b>608,264</b>

Bank provided qualified investment data.

The bank provided 187 donations, totaling \$608,264, in New Hampshire. 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 increased by 129.8 percent.

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

- Regional Economic Development Center (REDC)** – REDC received a grant from MCD for \$90,000 in conjunction with one of the bank’s NMTC projects. REDC is a nonprofit alternative lender that provides advising, funding, and support to new and existing companies that have challenges accessing traditional financing in New Hampshire. With the MCD grant, REDC planned to expand its statewide program that helps borrowers access up to \$15,000 in capital via crowdfunding.
- New Hampshire Community Loan Fund (NHCLF)** – NHCLF also received a grant from MCD for \$48,750 in conjunction with one of the bank’s NMTC projects with the primary purpose of supporting the state’s childcare needs. NHCLF’s childcare financing aims to increase the availability of quality childcare and early education opportunities across New Hampshire. Childcare was identified by the bank as one of the primary needs throughout its assessment areas.
- Endowment for Health** – This organization is a statewide, private, nonprofit foundation dedicated to improving the health of New Hampshire’s people, especially those who are vulnerable and underserved. During the evaluation period, the bank provided two donations totaling \$30,000. The need for improved health services and access was identified by the bank as one of the needs throughout its assessment areas.

### Qualified Investments

The bank’s significant level of qualified investments is also demonstrated by the number of new tax credit investments since the last examination. Of the 12 qualified tax credit investments, 10 are new since the last examination.

Since the last examination, the bank purchased a total of \$230,000 in tax credits from the NHCDFR supporting 10 projects in New Hampshire. The NHCDFR 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 from NHCDFAs:

- **Affordable Housing, Education and Development (AHEAD)** – The bank purchased \$40,000 in tax credits to support AHEAD’s development of a 29-unit affordable housing development in Woodstock.
- **Visions for Creative Housing Solutions** – The bank purchased \$25,000 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.
- **Sullivan County Lead Abatement Program** – The bank purchased \$10,000 in tax credits to support this program, which is a county-wide effort to remove lead hazards from 60 low- and moderate-income housing units over a three-year period. The program’s intent is to promote economic benefit through the creation of safer and improved housing stock within the region.

Compared to the last examination the dollar value of qualified investments decreased by 20.8 percent in New Hampshire; however, the decrease was due to a decline in the dollar balance of qualified investments held since the last examination and/or the use of held tax credits, rather than a smaller number of qualified investments. As of the date of this examination, the bank held two previously purchased LIHTC investments with the most recent balance of \$824,623.

The bank demonstrates significant use of innovative or complex qualified investments in New Hampshire. During the evaluation period, the bank purchased 10 tax credits from NHCDFAs, continued to hold two LIHTC investments, made grants to CDFIs through MCD, 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 to preserve historic buildings while also supporting economic development for small businesses by enhancing space.

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 10 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. Of the \$608,264 in qualified donations and grants in New Hampshire, \$414,864 were qualified as community services, and \$366,714, or 88.4 percent, of the community service donations were directly aligned with high priority needs identified by the bank.

## SERVICE TEST

Mascoma’s performance under the Service Test in New Hampshire 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

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

Table 11 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 11</b>				
<b>Distribution of Branch Offices by Income Category</b>				
<b>New Hampshire</b>				
Census Tract Income Category	Assessment Area Demographics		Bank Offices by Census Tract Location	
	Total Census Tracts	Total Population	#	%
	% of #	% of #		
Low	0.0%	0.0%	0	0.0%
Moderate	20.0%	18.8%	3	21.4%
Middle	60.0%	61.3%	7	50.0%
Upper	20.0%	19.9%	4	28.6%
Unknown	0.0%	0.0%	0	0.0%
Total	100.0%	100.0%	14	100.0%

Source: 2015 ACS Census Data

As mentioned previously, the assessment area does not contain any low-income census tracts. Of the bank’s 14 branches in the assessment area, 3 branches, or 21.4 percent, are located in moderate-income tracts. The branches in moderate-income tracts are located in Charlestown, Claremont, and Littleton. With 21.4 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 20.0 percent, and the percentage of the population living in those tracts, at 18.8 percent.

The bank closed one branch location which was located in a middle-income census tract in the New Hampshire assessment area during the period. Prior to the closing, a review was conducted to determine the effect on the bank’s customers, particularly those customers residing in adjacent moderate-income areas. Two branches are in close proximity, and all customers will continue to be serviced through the Littleton or Lancaster Offices with no disruption. Therefore, 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 low- and moderate-income individuals.

The bank demonstrates 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. The average number of business hours for the branches in moderate-income tracts is in line with the average number of branch hours for all the New Hampshire branches. The bank offers full-service in-person banking Monday-Friday at all branch locations and limited Saturday availability at most branches, including the three located in moderate-income tracts. The bank also offers consumer and business digital banking services.

### **Community Development Services**

The bank demonstrates it provides a relatively high level of community development services. 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, 39 bank employees provided their expertise to 46 different community development organizations in the assessment area for a total of 3,509 hours. The 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 areas in the counties included 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:

- A commercial loan officer at the bank is a member of the loan committee of an economic development center that offers technical assistance including business development training and financing for small businesses in Southern New Hampshire.
- A bank director serves on the board of an organization that provides college scholarships for low- and moderate-income families.
- A bank vice president is a member of the finance committee of a healthcare institution located in a moderate-income tract that provides healthcare services for primarily low- and moderate-income residents of the area.
- A bank vice president serves on the board and executive committee of an organization whose mission is to help provide dental care to the residents who have limited access to oral health services.
- A bank vice president is a board member of a revolving loan fund established to assist local businesses in creating or retaining employment.

#### *First Time Homebuyer Seminars*

The bank held one first time home buyer seminar in Littleton, NH, in conjunction with an organization that promotes affordable housing.

## STATE OF VERMONT

***CRA RATING FOR Vermont:***  
***The Lending Test is rated:***  
***The Investment Test is rated:***  
***The Service Test is rated:***

***Satisfactory***  
***High Satisfactory***  
***High Satisfactory***  
***High Satisfactory***

### **Lending Test**

- The bank demonstrates good responsiveness to credit needs in its assessment areas, taking into account the number and amount of home mortgage and small business loans in its assessment areas.
- The bank demonstrates a good geographic distribution in its assessment area.
- The bank demonstrates an excellent distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.
- The bank demonstrates a good record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound banking practices.
- The bank demonstrates use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- or moderate-income individuals or geographies.
- The bank made a relatively high level of community development loans.

### **Investment Test**

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

### **Service Test**

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

## **SCOPE OF EXAMINATION**

The performance within the state of Vermont was evaluated based on the performance of the East Central Vermont and Burlington assessment areas. The assessment areas were evaluated using full examination procedures. Based on the level of deposits, lending, and other activities, the performance in the East Central Vermont assessment area was given significantly more weight compared to the Burlington assessment area when arriving at the state ratings. The performance criteria and review periods are consistent with the scope described in the Description of Institution section of this evaluation.

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN VERMONT**

The bank operates 13 branches, across four counties in Vermont. The East Central Vermont assessment area, which contains 10 branches, includes the entirety of Windsor County and portions of Orange and Windham counties, all of which are located in a non-MSA. The Burlington assessment area, which contains three branches, includes the whole of Chittenden County and is located in the Burlington-South Burlington, VT MSA.

According to the FDIC Summary of Deposits report as of June 30, 2022, branch deposits within Vermont totaled \$807.5 million, or 35.5 percent, of the bank's total deposits. According to the FDIC Deposit Market Share report as of the same date, there were 24 financial institutions offering deposit services through 228 branches within Vermont. The bank ranked 9<sup>th</sup>, with a deposit market share of 4.1 percent. In terms of lending presence, 41.0 percent of the bank's home mortgage and small business loans originated were in the combined Vermont assessment areas.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN VERMONT**

### **LENDING TEST**

Mascoma's performance under the Lending Test is rated High Satisfactory for the state of Vermont.

### **Lending Activity**

The bank demonstrates good responsiveness to 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 2,684 residential and small business loans in the Vermont assessment areas. Of the loans in the assessment area, 1,303 were residential loans and 1,381 were small business loans.

### **Geographic Distribution**

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. Overall, the bank demonstrated a good geographic distribution of loans in its East Central Vermont assessment area and an excellent distribution in the Burlington assessment area.

### **Borrower Distribution**

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. In the East Central Vermont assessment area, the bank demonstrated a good distribution of residential loans and an excellent distribution of small business loans, which resulted in an excellent distribution for the East Central Vermont assessment area. In the Burlington assessment area, the distribution of loans to borrowers of different income levels was adequate for residential and small business loans.

The bank demonstrated a good record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations. Below is a summary of loans originated within the assessment area:

- *PPP* – In 2021, the bank originated 312 PPP loans, totaling \$21.1 million, in combined Vermont assessment areas. Of the 312 loans, 19 loans, totaling \$1.8 million, were in low- and moderate-income tracts. PPP loans are designed to help businesses retain workers and staff during the economic hardship resulting from the pandemic. These loans were particularly impactful for businesses with GARs of \$1 million or less who heavily rely on annual revenue for maintaining operations.

The bank made 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. Below is a summary of loans originated through such programs within the state of Vermont:

- *VA, FHA, and USDA Lending* – 4 loans, totaling \$1.4 million, were originated to low- and moderate-income borrowers through these three programs.
- *80-20 Purchase Money Jr. Lien Program* - 6 loans, totaling \$367,311, were originated to low- and moderate-income borrowers.

- *Manufactured Home Lending* - 28 manufactured home loans, totaling \$2.1 million, were originated to low- and moderate-income borrowers.

### **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 made a relatively high level of community development loans. Overall, the bank originated 16 community development loans, totaling \$6.3 million, in the combined Vermont assessment areas. Based on community development loans originated, the bank has been responsive to opportunities and has utilized innovative and complex strategies to engage in community development lending.

### **INVESTMENT TEST**

Mascoma's performance under the Investment Test is rated High Satisfactory for the state of 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 Vermont. The bank demonstrated an adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position, in the East Central Vermont assessment area. The bank demonstrated an excellent level of qualified investments, particularly those that are not routinely provide by private investors, often in a leadership position, in the Burlington assessment area.

The bank made \$2.1 million in qualified investments in Vermont, of which \$641,443 were donations and grants and \$1.5 million were tax credit and in-kind investments. Of total qualified investments in Vermont, \$1.3 million were in the East Central Vermont assessment area and \$858,936 were in the Burlington assessment area. The significant level of qualified investments is demonstrated by the qualified totals relative to the New Hampshire assessment area, which is weighted more heavily than the bank's performance in Vermont, and the 67.4 percent increase in donations compared to the last examination.

#### *Grants and Donations*

The bank made 173 donations, totaling \$641,443, of which 85 donations, totaling \$318,007, were in the East Central Vermont assessment area, and 88 donations, totaling \$323,436, were in the Burlington assessment area. Tables displaying the allocation of donations by community development purpose and examples of qualified donations are presented within the respective sections for the East Central Vermont and Burlington assessment areas.

### *Qualified Investments*

The bank made six qualified investments totaling \$1,463,065 in Vermont. Of the total, four investments, totaling \$927,565, were in the East Central Vermont assessment area and two investments, totaling \$535,500, were in the Burlington assessment area. There was one new investment made in each of the Vermont assessment areas since the last examination.

Compared to the last examination the dollar value of qualified investments decreased by 40.6 percent in Vermont, however, the decrease was due to a decline in the dollar balance of qualified investments held since the last examination and/or the use of tax credits from the last examination and not a lesser number of investments. Descriptions of previously qualified and newly qualified investments are described within the respective sections for the East Central Vermont and Burlington assessment areas.

The bank demonstrated significant use of innovative or complex qualified investments in Vermont. At the assessment area level, the bank demonstrated occasional use of innovative or complex qualified investments in the East Central Vermont assessment area and significant use of innovative or complex qualified investments in the Burlington assessment area. Descriptions of the community development initiatives undertaken by the bank in Vermont are described within the respective sections for the East Central Vermont and Burlington assessment areas.

The bank demonstrated good responsiveness to credit and community development needs in Vermont. The bank demonstrated adequate responsiveness to credit and community development needs in the East Central Vermont assessment area and excellent responsiveness to credit and community development needs in the Burlington assessment area. Descriptions and examples of the bank's responsiveness to credit and community development needs are described within the respective sections for the East Central Vermont and Burlington assessment areas.

### **SERVICE TEST**

Mascoma's performance under the Service Test is rated High Satisfactory for the State of Vermont.

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.

Delivery systems in Vermont are accessible to geographies and individuals of different income levels in its assessment area. To the extent changes have been made, Mascoma'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. 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. The bank provides a relatively high level of community development services within the State of Vermont.

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE EAST CENTRAL VERMONT NON-MSA**

The East Central Vermont assessment area consists of the entirety of Windsor County and portions of Orange County and Windham County. These counties are not located in an MSA. The assessment area covers the eastern and central portion of the state, defined by the NH 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. The bank did not open, close, or relocate any other branches in the assessment area during the review period.

According to the FDIC Summary of Deposits report as of June 30, 2022, branch deposits within the East Central Vermont assessment area totaled \$717.4 million, or 31.5 percent, of the bank's total deposits. According to the FDIC Deposit Market Share report as of the same date, there were 13 financial institutions offering deposit services through 55 branches within the counties that comprise the East Central Vermont assessment area. The bank ranked 2<sup>nd</sup>, with a deposit market share of 21.2 percent, and Manufacturers and Traders Trust Company ranked 1<sup>st</sup> with a deposit market share of 28.2 percent. In terms of lending presence, 36.2 percent of the bank's home mortgage and small business loans originated within the assessment areas during the review period were in the East Central Vermont assessment area.

Relevant demographic data for the East Central Vermont assessment area is provided in Table 12.

Table 12 Assessment Area Demographics Vermont								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	4,454	18.2
Moderate	2	6.7	651	2.7	69	10.6	4,203	17.2
Middle	23	76.7	19,721	80.5	1,578	8.0	5,428	22.2
Upper	5	16.7	4,126	16.8	153	3.7	10,413	42.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>30</b>	<b>100.0</b>	<b>24,498</b>	<b>100.0</b>	<b>1,800</b>	<b>7.3</b>	<b>24,498</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	1,206	751	2.7	62.3	244	20.2	211	17.5
Middle	41,444	22,625	80.0	54.6	8,712	21.0	10,107	24.4
Upper	8,905	4,912	17.4	55.2	1,670	18.8	2,323	26.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>51,555</b>	<b>28,288</b>	<b>100.0</b>	<b>54.9</b>	<b>10,626</b>	<b>20.6</b>	<b>12,641</b>	<b>24.5</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	122	2.4	111	2.4	6	1.6	5	4.7
Middle	4,023	78.2	3,651	78.1	283	77.7	89	83.2
Upper	1,000	19.4	912	19.5	75	20.6	13	12.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>5,145</b>	<b>100.0</b>	<b>4,674</b>	<b>100.0</b>	<b>364</b>	<b>100.0</b>	<b>107</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.8</b>		<b>7.1</b>		<b>2.1</b>
<i>Source: 2021 FFIEC Census Data 2021 Dun &amp; Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.</i>								

### Composition

The East Central Vermont assessment area consists of 30 census tracts, of which 2 are moderate-income, 23 are middle-income, and 5 are upper-income. The moderate-income census tracts are located in the town of Rockingham in northern Windham County and the town of Rochester in northwestern Windsor County. There are no low- or unknown-income census tracts in the assessment area. The low level of moderate-income census tracts limits opportunities for the origination of residential and small business loans in these tracts.

*Population*

The East Central Vermont assessment area has a population of 91,125 individuals. There are 38,914 households, of which 24,498 are families. The highest portion of families, at 42.5 percent, are upper-income. Middle-income families represent 22.2 percent, and moderate- and low-income families represent 17.2 percent and 18.2 percent, respectively. Major population centers are located 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.

Vermont has experienced modest population growth. According to U.S. Census Data, from April 2020 to April 2022 the state’s population grew by 0.6 percent, matching the national rate of 0.6 percent. This population growth may support economic growth, but can also strain the existing housing stock, which may increase the need for affordable workforce housing. The East Central Vermont area also has a larger population of individuals aged 65 and over, at 20.6 percent, relative to the nation. This aging population creates a need for affordable housing and community development services for seniors. Additionally, the aging population generally resides in an aging housing stock, which increases the volume of homes in need of improvement, rehabilitation, and weatherization.

*Income*

Table 13 displays the MFI for the East Central Vermont assessment area.

<b>Table 13</b>		
<b>Median Family Income</b>		
<b>MSA/MD</b>	<b>2020</b>	<b>2021</b>
Vermont Non-MSA	\$74,600	\$78,800

*FFIEC median family estimates.*

The MFI for the East Central Vermont assessment area is \$74,600 in 2020, and \$78,800 in 2021. This MFI applies to the entire state of Vermont with the exception of the Burlington-South Burlington, VT MSA. However, socio-economic conditions vary within the East Central Vermont assessment area. For example, the family poverty rate for the assessment area of 7.3 percent is in line with the state of Vermont as a whole, while less populated counties such as Orange and Windham have slightly higher family poverty rates. As a result, the provision of community development services for low- and moderate-income individuals is a vital need throughout the assessment area. Similar to the New Hampshire assessment area, services for low- and moderate-income individuals and families are commonly offered through organizations with wide geographic footprints due to the rural nature of the area.

*Housing*

The assessment area contains 51,555 housing units, of which 54.9 percent are owner-occupied. Rental units comprise 20.6 percent of total housing units. Vacant units comprise 24.5 percent of total housing units, which is slightly above the state of Vermont average of 20.1 percent. In Windham County, vacant units comprise 36.2 percent of the housing stock. Similar to the New Hampshire assessment area, the relatively high vacancy rate is due in part to the number of seasonal and occasional-use homes in the area. One-to-four family housing units comprise 83.0

percent of total housing units. Multifamily housing units comprise just 8.6 percent of the housing stock, suggesting that opportunities to finance affordable housing may be limited. At the same time, mobile homes comprise 8.3 percent of the housing stock. As mentioned under the innovative or flexible lending programs at the institution level, manufactured homes are an affordable housing option for many borrowers within the assessment area given the high cost of housing compared to MFIs.

According to the November 30, 2022, release of the Beige Book, residential real estate sales have slowed, due in part to sharply higher mortgage rates and inflation, with closed sales down over-the-year. Data obtained from the Vermont Association of Realtors further indicates that housing prices rose statewide. The median sales price in Vermont was \$331,520 in December of 2022, representing an 8.2 percent increase year-over-year. The Beige Book also highlights movement from urban areas to suburban and rural locations, with work-from-home arrangements due to the COVID-19 pandemic becoming longer term, as one catalyst for increased housing demand. This dynamic has created a need for affordable workforce housing, especially for low-income families and people on fixed incomes.

### *Business Characteristics*

According to D&B data, there are 5,145 businesses operating within the assessment area. Of the businesses, the vast majority, at 90.8 percent, have GARS of \$1 million or less. At 78.2 percent, the majority of businesses are located in middle-income census tracts, reflective of the overall census tract distribution. However, only 2.4 percent of businesses are located in the two moderate-income census tracts. This suggests that opportunities for small business lending may be limited in these areas. Primary industries in the assessment area include health care, retail services, hospitality services, manufacturing, and education. Large employers include the White River Junction VA Medical Center, Gifford Medical Center, King Arthur Banking Company, Woodstock Inn & Resort, GW Plastics, and Norwich University.

### *Employment Statistics*

Employment within the assessment area is stable. According to the U.S. Bureau of Labor Statistics, the unemployment rate for the United States as of November of 2022 was 3.6 percent, while the unemployment rate for the state of Vermont was 2.5 percent. The unemployment rates for the counties within the assessment area also compared favorably to the national unemployment rate, at 2.1 percent in Orange County, 2.2 percent in Windsor County, and 2.8 percent in Windham County. Unemployment rates have recovered from 2020 highs due to the COVID-19 pandemic and are now lower than pre-pandemic levels. However, many residents and businesses, as well as the non-profit organizations that support them, continue to face economic hardship.

### **Community Contacts**

The New Hampshire and East Central Vermont assessment areas, which are both comprised of non-MSA areas include contiguous towns in New Hampshire and Vermont along the Connecticut River and are considered homogeneous in terms of needs and opportunities. As discussed in the New Hampshire section of this report, examiners met with the executive director of an organization dedicated to strengthening economic development across New Hampshire. The greatest community development needs in the area were identified as affordable housing,



food insecurity, and assistance in asset building. The contact noted the need for financial institutions to support asset building by offering loan products that target low- and moderate-income borrowers who do not qualify for traditional products, as well as supporting the communities through board representation and advocacy. In addition to these needs, it was noted that the COVID-19 pandemic and rising costs have led to a decrease in affordable housing, which will be exacerbated as rental assistance programs lose funding. Overall, the contact mentioned that local community banks are being responsive to the needs of the community.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE EAST CENTRAL VERMONT NON-MSA**

### **LENDING TEST**

Mascoma demonstrated good performance under the Lending Test in the East Central Vermont Non-MSA assessment area.

#### **Lending Activity**

The bank demonstrates good responsiveness to 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 2,371 residential and small business loans in the East Central Vermont assessment area. Of the loans in the assessment area, 1,152 were residential loans and 1,219 were small business loans.

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

The bank demonstrates a good geographic distribution of loans in its assessment area.

##### *Residential Lending*

Table 14 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area. The bank's geographic distribution of loans to individuals of different income levels, including low- and moderate-income borrowers, is good.

Table 14 Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Mascoma East Central Vermont													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
<b>Home Purchase Loans</b>													
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	0.8	1.7	100	0.1	1.6	2	0.9	1.5	355	0.5	1.4	2.7
Middle	143	60.6	82.0	38,472	56.8	77.6	141	61.0	81.8	37,910	55.9	76.4	80.0
Upper	91	38.6	16.3	29,113	43.0	20.9	88	38.1	16.8	29,605	43.6	22.2	17.4
<b>Total</b>	<b>236</b>	<b>100.0</b>	<b>100.0</b>	<b>67,684</b>	<b>100.0</b>	<b>100.0</b>	<b>231</b>	<b>100.0</b>	<b>100.0</b>	<b>67,869</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	5	1.9	1.4	658	1.1	1.0	3	1.0	1.6	663	1.0	1.1	2.7
Middle	160	59.3	78.5	29,323	50.0	74.4	185	61.1	77.4	33,822	49.8	71.9	80.0
Upper	105	38.9	20.1	28,691	48.9	24.7	115	38.0	20.9	33,420	49.2	27.0	17.4
<b>Total</b>	<b>270</b>	<b>100.0</b>	<b>100.0</b>	<b>58,672</b>	<b>100.0</b>	<b>100.0</b>	<b>303</b>	<b>100.0</b>	<b>100.0</b>	<b>67,904</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	1.3	0	0.0	0.4	1	2.6	2.7	150	5.3	2.3	2.7
Middle	32	59.3	91.1	2,128	46.4	86.1	28	71.8	83.7	1,857	65.9	86.0	80.0
Upper	22	40.7	7.6	2,460	53.6	13.5	10	25.6	13.6	810	28.8	11.1	17.4
<b>Total</b>	<b>54</b>	<b>100.0</b>	<b>100.0</b>	<b>4,587</b>	<b>100.0</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>100.0</b>	<b>2,816</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	1.4
Middle	10	83.3	50.0	12,251	93.9	49.9	4	57.1	100.0	1,174	45.6	100.0	79.5
Upper	2	16.7	50.0	803	6.2	50.1	3	42.9	0.0	1,403	54.4	0.0	19.1
<b>Total</b>	<b>12</b>	<b>100.0</b>	<b>100.0</b>	<b>13,054</b>	<b>100.0</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>100.0</b>	<b>2,576</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	7	1.2	1.6	758	0.5	1.3	6	1.0	1.5	1,168	0.8	1.2	2.7
Middle	345	60.3	80.4	82,174	57.1	75.7	358	61.7	80.1	74,762	53.0	76.0	80.0
Upper	220	38.5	18.0	61,068	42.4	23.0	216	37.2	18.3	65,238	46.2	22.8	17.4
<b>Total</b>	<b>572</b>	<b>100.0</b>	<b>100.0</b>	<b>143,999</b>	<b>100.0</b>	<b>100.0</b>	<b>580</b>	<b>100.0</b>	<b>100.0</b>	<b>141,167</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

In 2020, the bank originated seven residential mortgage loans, or 1.2 percent, in the moderate-income tracts. At 1.2 percent, the bank’s lending performance was slightly below the aggregate, at 1.6 percent, and below the percentage of owner-occupied housing units, at 2.7 percent. In 2021, the bank originated six residential mortgage loans, or 1.0 percent, in the moderate-income tracts, which was below the aggregate, at 1.5 percent. Although the bank’s lending percentage in moderate-income tracts was below the aggregate performance in each year, the volume of loans in moderate-income tracts is notable. According to peer market share reports for 2020 and 2021 Mascoma ranked first for number of loans originated within the moderate-income census tracts within the assessment area.

There were no conspicuous lending gaps for the bank’s residential lending. There was a single

moderate-income tract not penetrated with residential mortgage loans, which is located in Rochester, VT, and consists of the downtown area of the town. As the tract only has a population of 304 individuals and 182 total housing units, the bank would not be expected to consistently penetrate this tract with residential mortgage loans.

*Small Business Lending*

Table 15 represents the distribution of small business loans by census tract income level. The bank’s geographic distribution of small business loan is good.

Table 15 Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography Assessment Area: Mascoma East Central Vermont														
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %	
	2020						2021							
	Bank		Agg	Bank			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	4	0.5	1.9	129	0.2	2.3	3	0.7	2.3	53	0.1	1.9	2.4	
Middle	526	69.3	77.7	34,517	59.6	75.2	309	67.5	78.4	18,716	51.5	78.6	78.2	
Upper	229	30.2	19.7	23,287	40.2	21.7	146	31.9	18.2	17,607	48.4	19.3	19.4	
<b>Total</b>	759	100.0	100.0	57,933	100.0	100.0	458	100.0	100.0	36,376	100.0	100.0	100.0	

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

In 2020, the bank originated four small business loans, or 0.5 percent, in the moderate-income tracts. At 0.5 percent, the bank was below the aggregate, at 1.9 percent, and below the percentage of businesses in these tracts, at 2.4 percent. In 2021, the bank also originated three loans, or 0.7 percent, in these tracts, which again was below the aggregate, at 2.4 percent. Although the bank’s lending percentage in moderate-income tracts was below the aggregate performance in each year, the volume of loans in moderate-income tracts is notable. According to peer market share reports for 2020, Mascoma ranked second for number of loans originated within the moderate-income census tracts within the assessment area, and fourth in 2021.

There were no conspicuous lending gaps for the bank’s small business lending. In 2020 and 2021, the bank penetrated both moderate-income tracts. The only census tracts not penetrated were two of the 23 middle-income census tracts.

**Borrower Distribution of Loans**

The bank demonstrates an excellent distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

Residential Lending

Table 16 provides a comparison of the bank’s lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The table further outlines the bank’s performance by loan type in comparison to the aggregate group. The bank’s performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is good.

Table 16 Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Mascoma East Central Vermont													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
<b>Home Purchase Loans</b>													
Low	7	3.0	3.6	526	0.8	1.7	11	4.8	4.8	1,076	1.6	2.4	18.2
Moderate	23	9.7	14.4	3,074	4.5	9.1	30	13.0	16.8	3,835	5.7	10.5	17.2
Middle	43	18.2	20.5	9,216	13.6	15.3	43	18.6	17.8	8,557	12.6	14.5	22.2
Upper	157	66.5	53.6	54,131	80.0	67.3	144	62.3	50.0	53,161	78.3	62.0	42.5
Unknown	6	2.5	7.9	737	1.1	6.6	3	1.3	10.6	1,242	1.8	10.7	0.0
<b>Total</b>	<b>236</b>	<b>100.0</b>	<b>100.0</b>	<b>67,684</b>	<b>100.0</b>	<b>100.0</b>	<b>231</b>	<b>100.0</b>	<b>100.0</b>	<b>67,869</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	13	4.8	4.5	1,173	2.0	2.2	22	7.3	5.3	1,665	2.5	2.8	18.2
Moderate	38	14.1	12.5	4,692	8.0	7.9	57	18.8	15.4	7,077	10.4	10.5	17.2
Middle	76	28.1	20.3	12,223	20.8	15.5	66	21.8	19.4	11,163	16.4	16.1	22.2
Upper	134	49.6	47.9	38,892	66.3	58.9	154	50.8	45.8	46,858	69.0	57.1	42.5
Unknown	9	3.3	14.9	1,693	2.9	15.5	4	1.3	14.2	1,141	1.7	13.5	0.0
<b>Total</b>	<b>270</b>	<b>100.0</b>	<b>100.0</b>	<b>58,672</b>	<b>100.0</b>	<b>100.0</b>	<b>303</b>	<b>100.0</b>	<b>100.0</b>	<b>67,904</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	0	0.0	5.1	0	0.0	5.1	3	7.7	6.1	115	4.1	2.4	18.2
Moderate	10	18.5	12.7	595	13.0	6.2	4	10.3	13.6	273	9.7	6.2	17.2
Middle	16	29.6	27.8	920	20.1	11.5	6	15.4	24.5	275	9.8	25.5	22.2
Upper	26	48.1	54.4	2,923	63.7	77.2	24	61.5	53.7	1,967	69.8	62.2	42.5
Unknown	2	3.7	0.0	150	3.3	0.0	2	5.1	2.0	187	6.6	3.7	0.0
<b>Total</b>	<b>54</b>	<b>100.0</b>	<b>100.0</b>	<b>4,587</b>	<b>100.0</b>	<b>100.0</b>	<b>39</b>	<b>100.0</b>	<b>100.0</b>	<b>2,816</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													
Low	20	3.6	4.2	1,700	1.3	2.0	36	6.3	5.1	2,856	2.1	2.5	18.2
Moderate	71	12.7	13.3	8,361	6.4	8.4	91	15.9	15.6	11,185	8.1	10.1	17.2
Middle	135	24.1	19.8	22,358	17.1	14.5	115	20.1	18.8	19,995	14.4	15.2	22.2
Upper	317	56.6	49.9	95,946	73.3	63.1	322	56.2	47.7	101,985	73.6	60.1	42.5
Unknown	17	3.0	12.8	2,580	2.0	11.6	9	1.6	12.7	2,570	1.9	12.2	0.0
<b>Total</b>	<b>560</b>	<b>100.0</b>	<b>100.0</b>	<b>130,945</b>	<b>100.0</b>	<b>100.0</b>	<b>573</b>	<b>100.0</b>	<b>100.0</b>	<b>138,591</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2021 FFIEC Census Data  
2011-2015 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.  
Multifamily loans are not included in the borrower distribution analysis.

In 2020, the bank originated 20 residential mortgage loans, or 3.6 percent, to low-income borrowers. At 3.6 percent, the bank’s lending percentage is below the percentage of low-income families, at 18.2 percent, and the aggregate, at 4.2 percent. For the same year, the bank originated 71 loans, or 12.7 percent, to moderate-income borrowers, which was below the percentage of moderate-income families, at 17.2 percent, and below the aggregate, at 13.3 percent. In 2021, the

bank’s penetration of residential mortgage loans to low-income borrowers increased to 36 loans, or 6.3 percent. At 6.3 percent, the bank’s percentage was above the aggregate, at 5.1 percent. For the same year, the bank also increased the number of residential mortgage loans to moderate-income borrowers with 91 loans, or 15.9 percent, which also exceeded the aggregate, at 15.6 percent. The bank’s good performance is supported by the notable increase in lending to low- and moderate-income borrowers in 2021 and exceeding of aggregate performance.

*Small Business Lending*

The bank’s small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 17 details the bank’s lending to small businesses according to revenue size. The bank’s performance in lending to businesses with GARs of \$1 million or less is excellent.

<b>Table 17</b>													
<b>Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses</b>													
<b>Assessment Area: Mascoma East Central Vermont</b>													
	<b>Bank And Aggregate Loans By Year</b>												<b>Total Businesses %</b>
	<b>2020</b>						<b>2021</b>						
	<b>Bank</b>		<b>Agg</b>	<b>Bank</b>		<b>Agg</b>	<b>Bank</b>		<b>Agg</b>	<b>Bank</b>		<b>Agg</b>	
	<b>#</b>	<b>#%</b>	<b>#%</b>	<b>\$(000)</b>	<b>\$%</b>	<b>\$%</b>	<b>#</b>	<b>#%</b>	<b>#%</b>	<b>\$(000)</b>	<b>\$%</b>	<b>\$%</b>	
<b>By Revenue</b>													
<b>\$1 Million or Less</b>	132	17.4	36.4	10,676	18.4	31.4	105	22.9	48.1	9,226	25.4	39.7	90.8
<b>Over \$1 Million</b>	62	8.2		12,778	22.1		60	13.1		10,089	27.7		7.1
<b>Revenue Unknown</b>	565	74.4		34,479	59.5		293	64.0		17,061	46.9		2.1
<b>Total</b>	759	100.0		57,933	100.0		458	100.0		36,376	100.0		100.0
<b>By Loan Size</b>													
<b>\$100,000 or Less</b>	616	81.2	92.8	20,066	34.6	46.8	368	80.3	94.3	12,353	34.0	48.0	
<b>\$100,001 - \$250,000</b>	87	11.5	4.6	14,027	24.2	17.9	53	11.6	3.7	8,839	24.3	18.5	
<b>\$250,001 - \$1 Million</b>	56	7.4	2.6	23,840	41.2	35.2	37	8.1	2.0	15,184	41.7	33.4	
<b>Total</b>	759	100.0	100.0	57,933	100.0	100.0	458	100.0	100.0	36,376	100.0	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>													
<b>\$100,000 or Less</b>	106	80.3		4,253	39.8		83	79.0		3,235	35.1		
<b>\$100,001 - \$250,000</b>	17	12.9		2,877	26.9		14	13.3		2,537	27.5		
<b>\$250,001 - \$1 Million</b>	9	6.8		3,546	33.2		8	7.6		3,454	37.4		
<b>Total</b>	132	100.0		10,676	100.0		105	100.0		9,226	100.0		
<i>Source: 2021 FFIEC Census Data</i>													
<i>2021 Dun &amp; Bradstreet Data</i>													
<i>2011-2015 U.S. Census Bureau: American Community Survey</i>													
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>													

In 2020, the bank originated 132 small business loans, or 17.4 percent, to businesses with GARs of \$1 million or less. At 17.4 percent, the bank trailed the aggregate, at 36.4 percentage points. In 2021, the bank’s origination of loans to businesses with GARs of \$1 million or less decreased to 105 loans, or 22.9 percent, and the bank trailed the aggregate, at 48.1 percentage

points.

In 2020, the vast majority of the bank’s loans, 565 or 74.4 percent, were to businesses where the revenues were not known. Similarly, in 2021, 293 or 64.0 percent of loans, had unknown revenues. As mentioned previously, these loans were made under the PPP. The PPP did not require the collection of revenue data and given the unique circumstances affecting borrowers and banks resulting from the COVID-19 pandemic, it is expected that banks participating in the program would make a large volume of loans for which gross annual revenue information is not available.

As shown in Table 17, the bank made 81.2 percent of its loans in amounts under \$100,000 in 2020. Similarly, in 2021, 80.3 percent of the bank’s loans were in amounts under \$100,000. Additionally, of the loans with known revenues the overwhelming majority of those loans in both years were for \$100,000 or less, at 80.3 and 79.0 percent, respectively. Smaller loan amounts may serve as a proxy for determining if loans were extended to smaller businesses; the majority of PPP loans had loan sizes of \$100,000 or less, indicating that the bank is helping to serve the needs of small businesses in the assessment area.

The bank demonstrated a good record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

**Community Development Lending**

The bank made a relatively high level of community development loans. The bank originated 14 community development loans, totaling \$4.7 million, in the assessment area. Of the total, 12 loans, totaling \$732,500, were qualified as community development services, 1 loan, totaling \$2.0 million, was qualified as affordable housing, and 1 loan, totaling \$2.0 million, was qualified as economic development. Table 18 provides a summary of the bank’s community development lending in this assessment area.

Table 18 Qualified Community Development Loans East Central Vermont								
Community Development Category	2020 (as of Nov 3)		2021		2022		Review Period	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	0	0	0	0	1	2,000,000	1	2,000,000
Community Services	2	120,000	4	317,500	6	295,000	12	732,500
Economic Development	0	0	1	2,000,000	0	0	1	2,000,000
Revitalize and Stabilize	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2</b>	<b>120,000</b>	<b>5</b>	<b>2,317,500</b>	<b>7</b>	<b>2,295,000</b>	<b>14</b>	<b>4,732,500</b>

*Bank provided qualified community development loan data*

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

- In 2022, a loan totaling \$2.0 million was made to a non-profit housing and community development organization, to help create affordable workforce housing in the Upper

Valley. This project helps address a critical shortage of workforce housing in the area, an identified community development need.

- In 2021, the bank originated a \$187,500 commercial real estate mortgage loan to finance the purchase of a facility that provides care to elderly Medicare recipients. This loan helps provide housing and specialized care to a vulnerable low- and moderate-income population as many elderly care facilities do not accept Medicare.
- In 2020, a loan totaling \$100,000, was made to a non-profit children’s center that provides family support and outreach services through a variety of programs that are targeted towards supporting low- and moderate-income families.

### INVESTMENT TEST

Mascoma demonstrated adequate performance under the Investment Test in this assessment area.

The bank demonstrated an adequate level of qualified investments, particularly those that are not routinely provided by private investors, although rarely in a leadership position. The bank made a total of \$1,245,572 in qualified investments in the East Central Vermont assessment area, which was comprised of \$318,007 in donations and \$927,565 in tax credit investments. In comparison to the last examination, within the same geographic area, there was a nominal increase in the dollar volume of donations and one additional tax credit investment.

#### *Grants and Donations*

Table 19 displays qualified grants and donations by year and community development purpose.

Table 19 Qualified Donations by Purpose East Central Vermont								
Community Development Category	2020 (as of Nov 3)		2021		2022		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	1	10,000	10	41,247	6	14,500	17	65,747
Community Services	8	17,900	35	108,925	20	49,860	63	176,685
Economic Development	0	-	2	36,075	2	38,500	4	74,575
Revitalization/Stabilization	1	1,000	0	-	0	-	1	1,000
<b>Total</b>	<b>10</b>	<b>28,900</b>	<b>47</b>	<b>186,247</b>	<b>28</b>	<b>102,860</b>	<b>85</b>	<b>318,007</b>

*Bank provided qualified investment data.*

The bank provided 85 donations, totaling \$318,007, 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:

- **COVER Home Repair (COVER)** – COVER brings together volunteers and homeowners to complete urgently needed repair projects for low-income homes in the greater Upper Valley. Many clients benefitting from COVER's services are elderly with mobility impairments. In addition to home repair, services also include weatherization and energy conservation. During the evaluation period, the bank donated \$28,750 to COVER.
- **Southeastern Vermont Community Action (SEVCA)** – SEVCA works to find solutions to the deep-seated problems of poverty by addressing immediate needs for fuel, housing, food, and other essentials to help stabilize lives in the short term and provide further tools and support to help achieve greater financial independence in the long term. The bank donated \$20,000 to support SEVCA's weatherization program, which supports energy conservation and healthier living conditions for low-income residents.
- **Parks Place Community Resource Center (Parks Place)** – Parks Place offers health and human services for predominately low- and moderate-income individuals. Services include housing assistance, job search and employment training, food insecurity, mental health counseling, substance abuse counseling, and support groups. The bank donated a total of \$10,500 to Parks Place during the evaluation period.

### *Qualified Investments*

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

- **Graystone Village** – The bank holds a current balance of \$365,441 in LIHTC from Twin Pines Housing Trust supporting 34 apartments of Section 8 senior rental housing primarily serving low-income residents in Hartford.
- **Salisbury Square** – The bank holds a current balance of \$313,874 in LIHTC from the Randolph Area Community Action Corporation supporting the redevelopment of a former vacant and blighted factory complex into a 14-unit affordable housing property.
- **Vermont Housing and Finance Authority (VHFA)** – The bank holds a current balance of \$200,000 in affordable tax credits through VHFA. These tax credits support VHFA's mission of providing residential mortgage loans and additional financing programs to low- and moderate-income homeowners and first-time homebuyers.
- **Vermont Downtown Program (VDP)** – The VDP is a Main Street America Coordinating Program that helps support community revitalization while preserving the historic character and enhance the future of medium to large-sized historic centers. The \$48,250 of tax credits purchased by the bank support the Rehousing Recovery Grant Program, which aims to provide structural upgrades and energy improvements to subject properties that support homeless assistance programs. Specifically, the bank's tax credits helped support the conversion of former office space into three price-capped units for moderate-income individuals.



The bank demonstrated occasional 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 direct bank donations and tax credit investments. Since the last examination, the bank invested in a new avenue of tax credits through the VDP.

The bank demonstrated adequate responsiveness to credit and community development needs in the East Central Vermont assessment area. As described above, the bank added one new investment avenue through VDP, and the three other investments were tax credits held since the last examination. Additionally, the bank increased the donations to the East Central Vermont assessment area by 12.0 percent since the last examination.

**SERVICE TEST**

Mascoma demonstrated good performance under the Service Test in this assessment area.

**Retail Banking Services**

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

Table 20 displays the distribution of the bank’s current branch network compared to the percentage of census tracts within the assessment area as well as the percentage of the population that resides in those tracts.

Table 20 Distribution of Branch Offices by Income Category East Central Vermont				
Census Tract Income Category	Assessment Area Demographics		Bank Offices by Census Tract Location	
	Total Census Tracts	Total Population		
	% of #	% of #	#	%
Low	0.0%	0.0%	0	0.0%
Moderate	6.6%	2.7%	0	0.0%
Middle	76.7%	80.9%	8	80.0%
Upper	16.7%	16.4%	2	20.0%
Unknown	0.0%	0.0%	0	0.0%
Total	100.0%	100.0%	10	100.0%

Source: 2015 ACS Census Data

As mentioned previously, the assessment area does not contain any low-income census tracts. Of the bank’s 10 full-service branches in the assessment area, 8 are located in middle-income tracts and 2 are located in upper-income tract. Service-delivery systems are accessible to geographies and individuals of different income levels in its assessment area. There are just two moderate-income census tracts within this assessment area and while the bank does not have a branch in the moderate-incomes tract in Rockingham or Rochester, there are branches in towns contiguous to each, in Bethel and Springfield, VT. Branch hours are generally from 9:00 AM to 5:00 PM Monday-Friday with drive up hours on Saturdays from 9:00 am until 12:00 pm. Services, including business hours, do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals.

Therefore, the distribution of branches within the assessment area was considered to align with both the distribution of tracts by income level as well as the percentage of the population residing in those tracts. There have been no changes to delivery systems since the previous evaluation.

### **Community Development Services**

The bank demonstrates it provides a relatively high level of community development services. 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, 24 employees spent 2,159 hours volunteering with 28 organizations which benefited this 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. Bank involvement includes 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:

- A bank assistant vice president serves on the finance committee of an organization that brings together volunteers and homeowners to complete urgently needed repair projects for low-income homeowners in the Greater Upper Valley.
- The bank's chief financial officer serves as a board member for an organization that develops affordable housing for low-to-moderate income individuals in Vermont.
- A bank assistant vice president serves on the board and finance committee for a community resource center that provides health and human services in the Greater Falls Area.
- A bank assistant vice president is chair of a revolving loan fund promoting economic development by financing small businesses in one of the assessment area's moderate-income towns.
- A bank vice president is a board member of an organization which support affordable housing in the assessment area.
- A bank vice president is a board member of an organization whose mission is to promote the health of people in the Greater Upper Valley Vermont by providing free medical and dental care to those who are in need but do not have the means to pay for health care services.

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN BURLINGTON-SOUTH BURLINGTON, VT MSA**

The Burlington assessment area consists of the entirety of Chittenden County. This county is located within the Burlington-South Burlington, VT MSA. The assessment area covers the City of Burlington in the northwestern portion of the state. The bank operates 3 full-service branches in the assessment area. The bank did not open, close, or relocate any other branches in the assessment area during the review period.

According to the FDIC Summary of Deposits report as of June 30, 2022, branch deposits within the Burlington assessment area totaled \$90.0 million, or 4.0 percent, of the bank's total deposits. According to the FDIC Deposit Market Share report as of the same date, there were 12 financial institutions offering deposit services through 54 branches within the Burlington assessment area. The bank ranked 8<sup>th</sup>, with a deposit market share of 1.5 percent. In terms of lending presence, 4.8 percent of the bank's home mortgage and small business loans originated within the assessment areas during the review period were in the Burlington assessment area.

Relevant demographic data for the Burlington assessment area is provided in Table 21.

### *Composition*

The Burlington assessment area consists of 35 census tracts, of which 1 is low-income, 7 are moderate-income, 19 are middle-income, 7 are upper-income, and 1 is unknown-income. The low level of moderate-income census tracts limits opportunities for the origination of residential and small business loans in these tracts.

Table 21 Assessment Area Demographics Burlington VT AA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	2.9	653	1.8	191	29.2	7,114	19.2
Moderate	7	20.0	3,726	10.1	444	11.9	6,012	16.3
Middle	19	54.3	22,655	61.3	1,364	6.0	8,343	22.6
Upper	7	20.0	9,944	26.9	227	2.3	15,509	41.9
Unknown	1	2.9	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>35</b>	<b>100.0</b>	<b>36,978</b>	<b>100.0</b>	<b>2,226</b>	<b>6.0</b>	<b>36,978</b>	<b>100.0</b>
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,330	576	1.4	43.3	683	51.4	71	5.3
Moderate	12,520	3,569	8.7	28.5	8,405	67.1	546	4.4
Middle	38,198	25,465	61.8	66.7	10,661	27.9	2,072	5.4
Upper	14,979	11,613	28.2	77.5	2,526	16.9	840	5.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>67,027</b>	<b>41,223</b>	<b>100.0</b>	<b>61.5</b>	<b>22,275</b>	<b>33.2</b>	<b>3,529</b>	<b>5.3</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	114	1.1	99	1.0	11	1.2	4	3.7
Moderate	2,305	21.9	2,074	21.8	205	23.1	26	24.1
Middle	5,358	50.9	4,900	51.4	406	45.7	52	48.1
Upper	2,725	25.9	2,438	25.6	262	29.5	25	23.1
Unknown	20	0.2	15	0.2	4	0.5	1	0.9
<b>Total AA</b>	<b>10,522</b>	<b>100.0</b>	<b>9,526</b>	<b>100.0</b>	<b>888</b>	<b>100.0</b>	<b>108</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.5</b>		<b>8.4</b>		<b>1.0</b>
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

### Population

The Burlington assessment area has a population of 159,711 individuals. There are 63,498 households, of which 36,978 are families. The highest portion of families, at 41.9 percent, are upper income. Middle-income families represent 22.6 percent, and moderate- and low-income families represent 16.3 percent and 19.2 percent, respectively. The City of Burlington is the most populous municipality in Vermont and also the seat of Chittenden County.

Vermont has experienced modest population growth. According to U.S. Census Data, from April 2020 to April 2022 the state’s population grew by 0.6 percent, matching the national rate of 0.6 percent. This population growth may support economic growth, but can also strain the existing housing stock, which may increase the need for affordable workforce housing.

*Income*

Table 22 displays the MFI for the Burlington assessment area.

<b>Table 22</b>		
<b>Median Family Income</b>		
<b>MSA/MD</b>	<b>2020</b>	<b>2021</b>
Burlington-South Burlington, VT MSA	\$89,700	\$95,900

*FFIEC median family estimates.*

The MFI for the Burlington assessment area was \$89,700 in 2020, and \$95,900 in 2021. This MFI applies to the entire Burlington-South Burlington, VT MSA. While the family poverty rate for the assessment area of 6.0 percent is below the state of Vermont as a whole, at 7.3 percent; low- and moderate-income families still make up 35.5 percent of all households that are families within the assessment area.

*Housing*

The assessment area contains 67,027 housing units, of which 61.5 percent are owner-occupied. Rental units comprise 33.2 percent of total housing units. Vacant units comprise 5.3 percent of total housing units, which is well below the state of Vermont average of 20.1 percent. As compared with the East Central Vermont and New Hampshire assessment areas, the Burlington assessment area has significantly less seasonal and occasional-use homes in the area. One-to-four family housing units comprise 78.6 percent of total housing units. Multifamily housing units comprise 17.6 percent of the housing stock, suggesting that opportunities to finance affordable housing exist. At the same time, mobile homes comprise just 3.8 percent of the housing stock. These figures indicate that the housing make-up of the Burlington assessment area is notably different than that of the East Central Vermont and New Hampshire assessment areas, with notably more multifamily housing and fewer mobile homes.

According to the November 30, 2022, release of the Beige Book, residential real estate sales have slowed, due in part to sharply higher mortgage rates and inflation, with closed sales down over-the-year. Data obtained from the Northwest Vermont Realtor Association further indicates that housing prices are higher than the statewide average. The median sales price in Northwestern Vermont was \$386,000 for single family homes in December of 2022. The Beige Book also highlights movement from urban areas to suburban and rural locations, with work-from-home arrangements due to the COVID-19 pandemic becoming longer term, as one catalyst for increased housing demand. This dynamic has created a need for affordable workforce housing, especially for low-income families and people on fixed incomes.

*Business Characteristics*

According to D&B data, there are 10,522 businesses operating within the assessment area. Of the businesses, the vast majority, at 90.5 percent, have GARS of \$1 million or less. At 50.9 percent, the majority of businesses are located in middle-income census tracts, reflective of the overall census tract distribution. 21.9 percent of businesses are located in moderate-income census tracts, again reflective of area demographics; however, only 1.1 percent of businesses are located

in the single low-income census tract. This suggests that opportunities for small business lending may be limited in the low-income census tract. Primary industries in the assessment area include health care, retail services, hospitality services, manufacturing, and education. Large employers include the University of Vermont Medical Center and the University of Vermont.

### *Employment Statistics*

Employment within the assessment area is stable. According to the U.S. Bureau of Labor Statistics, the unemployment rate for the United States as of November of 2022 was 3.6 percent, while the unemployment rate for the state of Vermont was 2.5 percent. The unemployment rates for Chittenden County, which comprises the assessment area, also compared favorably to the national unemployment rate, at 2.0 percent. Unemployment rates have recovered from 2020 highs due to the COVID-19 pandemic and are now lower than pre-pandemic levels. However, many residents and businesses, as well as the non-profit organizations that support them, continue to face economic hardship.

### **Community Contacts**

A community contact was conducted with an economic development office in the assessment area which seeks to support residents and businesses through various community initiatives. The organization provides a blend of financing and technical assistance to businesses and undertakes affordable housing programs. The contact stated the need for affordable housing, credit needs for micro-businesses (five or fewer employees), and financial literacy. The contact specifically mentioned Mascoma Bank as being particularly active in the community and noted their efforts to meet the needs of underbanked areas.

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

### **LENDING TEST**

Mascoma demonstrated good performance under the Lending Test in this assessment area.

### **Lending Activity**

The bank demonstrates good responsiveness to 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 313 residential and small business loans in the Burlington assessment area. Of the loans in the assessment area, 151 were residential loans and 162 were small business loans.

### **Geographic Distribution of Loans**

The bank demonstrates an excellent geographic distribution of loans in its assessment area.

### *Residential Lending*

Table 23 provides a comparison of the bank's lending by census tract income level to the

aggregate lending data and demographics of the assessment area. The bank's geographic distribution of residential loans is excellent.

Table 23 Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Burlington VT AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Owner Occupied Units %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
<b>Home Purchase Loans</b>													
Low	1	2.0	1.5	280	1.2	1.3	0	0.0	3.4	0	0.0	2.7	1.4
Moderate	12	23.5	11.8	3,679	15.8	10.5	4	16.0	13.7	1,444	13.3	12.6	8.7
Middle	15	29.4	61.5	6,686	28.8	58.2	16	64.0	58.0	6,388	58.7	54.6	61.8
Upper	23	45.1	25.2	12,587	54.2	30.0	5	20.0	24.9	3,044	28.0	30.1	28.2
<b>Total</b>	<b>51</b>	<b>100.0</b>	<b>100.0</b>	<b>23,226</b>	<b>100.0</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	<b>10,875</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	0	0.0	1.9	0	0.0	1.5	0	0.0	1.9	0	0.0	1.6	1.4
Moderate	8	36.4	7.5	3,401	44.8	6.7	7	20.6	9.5	3,671	14.4	9.1	8.7
Middle	10	45.5	59.5	2,477	32.6	56.0	14	41.2	60.2	11,860	46.4	57.1	61.8
Upper	4	18.2	31.0	1,715	22.6	35.8	13	38.2	28.5	10,019	39.2	32.3	28.2
<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	<b>7,593</b>	<b>100.0</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>	<b>100.0</b>	<b>25,549</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	0	0.0	0.7	0	0.0	0.5	0	0.0	1.4	0	0.0	1.7	1.4
Moderate	1	50.0	7.9	221	26.9	8.5	1	14.3	8.3	125	14.0	9.7	8.7
Middle	0	0.0	59.3	0	0.0	55.0	3	42.9	56.7	325	36.5	52.4	61.8
Upper	1	50.0	32.1	601	73.2	36.0	3	42.9	33.6	442	49.6	36.2	28.2
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>821</b>	<b>100.0</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>100.0</b>	<b>891</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>													<b>Multi-family Units %</b>
Low	0	0.0	4.9	0	0.0	0.7	1	20.0	1.2	896	11.2	0.1	2.3
Moderate	2	40.0	52.5	6,150	26.4	43.8	2	40.0	53.0	1,519	18.9	59.2	40.6
Middle	1	20.0	34.4	8,420	36.2	47.5	1	20.0	42.2	100	1.2	38.2	48.2
Upper	2	40.0	8.2	8,689	37.4	7.9	1	20.0	3.6	5,500	68.6	2.4	8.9
<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>100.0</b>	<b>23,258</b>	<b>100.0</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>100.0</b>	<b>8,014</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													<b>Owner Occupied Units %</b>
Low	1	1.3	1.7	280	0.5	1.4	1	1.4	2.2	896	2.0	1.8	1.4
Moderate	23	28.8	8.9	13,450	24.5	10.3	14	19.7	11.0	6,759	14.9	13.0	8.7
Middle	26	32.5	60.0	17,583	32.0	56.1	34	47.9	58.9	18,673	41.2	54.8	61.8
Upper	30	37.5	29.5	23,586	43.0	32.2	22	31.0	27.9	19,004	41.9	30.4	28.2
<b>Total</b>	<b>80</b>	<b>100.0</b>	<b>100.0</b>	<b>54,899</b>	<b>100.0</b>	<b>100.0</b>	<b>71</b>	<b>100.0</b>	<b>100.0</b>	<b>45,331</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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

In 2020, the bank originated one residential mortgage loan, or 1.3 percent, in the single low-income tract. At 1.3 percent, the bank's lending performance was slightly below the aggregate, at 1.7 percent, and below the percentage of owner-occupied housing units, at 1.4 percent. In 2021, the bank originated one residential mortgage loan, or 1.4 percent, in the single low-income tract, which was below the aggregate, at 2.2 percent. Although the bank's lending percentage in the low-income tract was below the aggregate performance in each year, the single tract creates limited opportunities. However, the bank's performance in the seven moderate-income census tracts is quite notable. In 2020, the bank originated 23 residential mortgage loans, or 28.8

percent, in moderate-income tracts. At 28.8 percent, the bank’s lending performance was significantly above the aggregate, at 8.9 percent, and above the percentage of owner-occupied housing units, at 8.7 percent. In 2021, the bank originated 14 residential mortgage loans, or 19.7 percent, in the moderate-income tracts, which was again well above the aggregate, at 11.0 percent.

There were no conspicuous lending gaps for the bank’s residential lending. There were two moderate-income tracts not penetrated with residential mortgage loans. One tract is primarily rental and vacant properties, and the other is heavily commercial.

*Small Business Lending*

Table 24 represents the distribution of small business loans by census tract income level. The bank’s geographic distribution of small business loan is excellent.

Table 24 Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography Assessment Area: Burlington VT AA													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Low	0	0.0	0.9	0	0.0	1.0	1	1.4	1.3	1	0.0	0.9	1.1
Moderate	32	38.1	21.5	3,800	30.7	23.8	24	33.8	20.9	3,160	23.1	21.6	21.9
Middle	40	47.6	48.2	6,636	53.6	44.1	32	45.1	48.9	6,572	48.1	46.5	50.9
Upper	12	14.3	28.6	1,955	15.8	29.7	14	19.7	28.1	3,919	28.7	29.9	25.9
<b>Total</b>	84	100.0	100.0	12,391	100.0	100.0	71	100.0	100.0	13,652	100.0	100.0	100.0

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

In 2020, the bank did not originate any small business loans in the single low-income tract. In 2021, the bank originated one loan, or 1.4 percent, which was in-line with the aggregate, at 1.3 percent. However, the bank’s performance in the seven moderate-income census tracts is again quite notable. In 2020, the bank originated 32 small business loans, or 38.1 percent, within the moderate-income tracts, which was well above the aggregate, at 21.5 percent, and the percentages of businesses within those tracts, at 21.9 percent. In 2021, the bank originated 24 small business loans, or 33.8 percent, of small business loans in moderate-income tracts, which again exceeded the aggregate, at 20.9 percent.

There were no conspicuous lending gaps for the bank’s small business lending. In 2020 the bank did not originate a loan in the single low-income census tract; however, they were able to do so in 2021. In 2021, the bank penetrated all but one moderate-income tracts.



**Borrower Distribution of Loans**

The bank demonstrates an adequate distribution, particularly in its assessment area, of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

*Residential Lending*

Table 25 provides a comparison of the bank’s lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The table further outlines the bank’s performance by loan type in comparison to the aggregate group. The bank’s performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is adequate.

Table 25 Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Burlington VT AA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	#%	\$(000)	\$%	\$%	#	%	#%	\$(000)	\$%	\$%	
<b>Home Purchase Loans</b>													
Low	0	0.0	5.1	0	0.0	2.5	1	4.0	5.6	65	0.6	2.9	19.2
Moderate	5	9.8	20.1	827	3.6	14.5	3	12.0	21.0	584	5.4	15.5	16.3
Middle	4	7.8	25.8	792	3.4	24.6	4	16.0	25.9	1,359	12.5	23.7	22.6
Upper	41	80.4	42.1	21,208	91.3	51.2	14	56.0	39.6	7,668	70.5	49.6	41.9
Unknown	1	2.0	7.0	400	1.7	7.2	3	12.0	7.8	1,200	11.0	8.2	0.0
<b>Total</b>	<b>51</b>	<b>100.0</b>	<b>100.0</b>	<b>23,226</b>	<b>100.0</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	<b>10,875</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	0	0.0	4.3	0	0.0	2.2	0	0.0	6.6	0	0.0	3.9	19.2
Moderate	2	9.1	15.5	324	4.3	11.4	5	14.7	19.5	973	3.8	15.0	16.3
Middle	3	13.6	24.0	1,100	14.5	21.4	6	17.6	23.5	2,159	8.5	21.9	22.6
Upper	17	77.3	48.0	6,169	81.2	55.0	21	61.8	40.9	22,012	86.2	48.2	41.9
Unknown	0	0.0	8.2	0	0.0	10.0	2	5.9	9.5	405	1.6	11.1	0.0
<b>Total</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	<b>7,593</b>	<b>100.0</b>	<b>100.0</b>	<b>34</b>	<b>100.0</b>	<b>100.0</b>	<b>25,549</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	0	0.0	5.2	0	0.0	5.2	0	0.0	3.6	0	0.0	2.3	19.2
Moderate	0	0.0	15.1	0	0.0	13.2	1	14.3	17.3	125	14.0	14.7	16.3
Middle	0	0.0	24.5	0	0.0	23.5	2	28.6	25.5	227	25.4	24.0	22.6
Upper	1	50.0	52.8	221	26.9	52.0	4	57.1	51.5	540	60.6	56.9	41.9
Unknown	1	50.0	2.5	601	73.2	6.0	0	0.0	2.0	0	0.0	2.1	0.0
<b>Total</b>	<b>2</b>	<b>100.0</b>	<b>100.0</b>	<b>821</b>	<b>100.0</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>100.0</b>	<b>891</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													
Low	0	0.0	4.6	0	0.0	2.4	1	1.5	6.0	65	0.2	3.5	19.2
Moderate	7	9.3	16.6	1,151	3.6	12.3	9	13.6	19.8	1,682	4.5	15.1	16.3
Middle	7	9.3	24.1	1,891	6.0	22.1	12	18.2	24.5	3,745	10.0	22.7	22.6
Upper	59	78.7	46.5	27,598	87.2	53.6	39	59.1	41.4	30,220	81.0	49.0	41.9
Unknown	2	2.7	8.2	1,001	3.2	9.5	5	7.6	8.3	1,605	4.3	9.7	0.0
<b>Total</b>	<b>75</b>	<b>100.0</b>	<b>100.0</b>	<b>31,641</b>	<b>100.0</b>	<b>100.0</b>	<b>66</b>	<b>100.0</b>	<b>100.0</b>	<b>37,317</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Source: 2021 FFIEC Census Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													
Multifamily loans are not included in the borrower distribution analysis.													

In 2020, the bank did not originate any residential mortgage loans to low-income borrowers, trailing the aggregate and the percentage of low-income families, at 4.6 and 19.2 percent, respectively. For the same year, the bank originated seven loans, or 9.3 percent, to moderate-income borrowers, which was below the percentage of moderate-income families, at 16.3 percent, and below the aggregate, at 16.6 percent. In 2021, the bank’s penetration of residential mortgage loans to low-income borrowers increased to one loan, or 1.5 percent. At 1.5 percent, the bank’s percentage was below the aggregate, at 6.0 percent. For the same year, the bank also increased the number of residential mortgage loans to moderate-income borrowers with 9 loans, or 13.6 percent, which also trailed the aggregate, at 19.8 percent.

*Small Business Lending*

The bank’s small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 26 details the bank’s lending to small businesses according to revenue size. The bank’s performance in lending to businesses with GARs of \$1 million or less is adequate.

<b>Table 26</b>													
<b>Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses</b>													
<b>Assessment Area: Burlington AA</b>													
	<b>Bank And Aggregate Loans By Year</b>												<b>Total Businesses %</b>
	<b>2020</b>						<b>2021</b>						
	<b>Bank</b>		<b>Agg</b>	<b>Bank</b>		<b>Agg</b>	<b>Bank</b>		<b>Agg</b>	<b>Bank</b>		<b>Agg</b>	
	<b>#</b>	<b>#%</b>	<b>#%</b>	<b>\$(000)</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>#%</b>	<b>#%</b>	<b>\$(000)</b>	<b>%</b>	<b>%</b>	
<b>By Revenue</b>													
<b>\$1 Million or Less</b>	7	8.3	33.9	2,266	18.3	19.1	8	11.3	43.5	1,421	10.4	29.0	90.5
<b>Over \$1 Million</b>	9	10.7		2,155	17.4		20	28.2		8,375	61.3		8.4
<b>Revenue Unknown</b>	68	81.0		7,970	64.3		43	60.6		3,856	28.2		1.0
<b>Total</b>	84	100.0		12,391	100.0		71	100.0		13,652	100.0		100.0
<b>By Loan Size</b>													
<b>\$100,000 or Less</b>	51	60.7	82.4	1,946	15.7	27.2	41	57.7	87.9	1,780	13.0	30.3	
<b>\$100,001 - \$250,000</b>	16	19.0	10.6	2,458	19.8	24.1	12	16.9	6.9	1,943	14.2	20.5	
<b>\$250,001 - \$1 Million</b>	17	20.2	7.0	7,987	64.5	48.7	18	25.4	5.2	9,929	72.7	49.3	
<b>Total</b>	84	100.0	100.0	12,391	100.0	100.0	71	100.0	100.0	13,652	100.0	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>													
<b>\$100,000 or Less</b>	3	42.9		105	4.6		5	62.5		261	18.4		
<b>\$100,001 - \$250,000</b>	0	0.0		0	0.0		1	12.5		150	10.6		
<b>\$250,001 - \$1 Million</b>	4	57.1		2,161	95.4		2	25.0		1,010	71.1		
<b>Total</b>	7	100.0		2,266	100.0		8	100.0		1,421	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

In 2020, the bank originated 7 small business loans, or 8.3 percent, to businesses with GARs of \$1 million or less. At 8.3 percent, the bank trailed the aggregate at 33.9 percentage points. In 2021, although the bank’s origination of loans to businesses with GARs of \$1 million or less increased to 8 loans, or 11.3 percent, the bank still trailed the aggregate, at 43.5 percentage points.

In 2020, the vast majority of the bank’s loans, 68 or 81.0 percent, were to businesses where the revenues were not known. Similarly, in 2021, 43 or 60.6 percent of loans, had unknown revenues. As mentioned previously, these loans were made under the PPP. The PPP did not require the collection of revenue data and given the unique circumstances affecting borrowers and banks resulting from the COVID-19 pandemic, it is expected that banks participating in the program would make a large volume of loans for which gross annual revenue information is not available.

As shown in Table 26, the bank made 60.7 percent of its loans in amounts under \$100,000 in 2020. Similarly, in 2021 57.7 percent of the bank’s loans were in amounts under \$100,000. Smaller loan amounts may serve as a proxy for determining if loans were extended to smaller businesses; the majority of PPP loans had loan sizes of \$100,000 or less, indicating that the bank is helping to serve the needs of small businesses in the assessment area.

The bank demonstrated a good record of serving the credit needs of highly economically disadvantaged areas in its assessment area(s), low-income individuals, or businesses (including farms) with gross annual revenues of \$1 million or less, consistent with safe and sound operations.

**Community Development Lending**

The bank made an adequate level of community development loans. The bank originated two community development loans, totaling \$1.6 million, in the assessment area. Both loans were qualified as affordable housing. Table 27 provides a summary of the bank’s community development lending in this assessment area.

Table 27 Qualified Community Development Loans Assessment Area: Burlington VT AA								
Community Development Category	2020 (as of Nov 3)		2021		2022		Review Period	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	0	0	2	1,584,350	0	0	2	1,584,350
Community Services	0	0	0	0	0	0	0	0
Economic Development	0	0	0	0	0	0	0	0
Revitalize and Stabilize	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1,584,350</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1,584,350</b>

*Bank provided qualified community development loan data*

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

- In 2022, a loan totaling \$896,250 was made for the purchase of a multifamily property in a low-income census tract that provided affordable housing by way of providing below market rents to tenants.

- In 2021, the bank originated a \$688,100 commercial real estate mortgage loan for the rehabilitation of affordable multifamily housing. The housing provides transitional housing assistance to those in need through agreements with several area non-profits.

## INVESTMENT TEST

Mascoma demonstrated excellent performance under the Investment Test in this assessment area.

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 made \$858,936 in qualified investments in the Burlington assessment area, which was comprised of \$323,436 in donations and grants and \$535,500 in affordable housing tax credits and an in-kind investment. In comparison to the last examination, there was a 28.9 percent increase in the dollar volume of qualified investments in the Burlington assessment area.

### Grants and Donations

Table 28 Qualified Donations by Purpose Assessment Area: Burlington								
Community Development Category	2020 (as of Nov 3)		2021		2022		Total	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	1	12,500	0	-	4	10,000	5	22,500
Community Services	7	23,600	28	93,650	26	61,816	61	179,066
Economic Development	0	-	9	47,270	8	56,850	17	104,120
Revitalization/Stabilization	0	-	3	8,750	2	9,000	5	17,750
<b>Total</b>	<b>8</b>	<b>36,100</b>	<b>40</b>	<b>149,670</b>	<b>40</b>	<b>137,666</b>	<b>88</b>	<b>323,436</b>

Bank provided qualified investment data.

The bank provided 88 donations, totaling \$323,436, in the Burlington assessment area. Compared to the last examination, the bank increased the dollar volume of donations in the assessment area by 226.2 percent.

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

- **Champlain Valley Office of Economic Opportunity (CVOEO)** – Located in a moderate-income census tract, CVOEO aims to address fundamental issues of economic, social, racial, and environmental justice and works with people to achieve economic independence. The bank donated \$20,000 to support CVOEO's weatherization program, which offers a variety of services to homeowners and renters to improve energy efficiency.
- **Intervale Center** – The Intervale Center is a nonprofit that implements innovative, replicable, and place-based solutions to address agricultural issues. Programs include

supportive services for new farms, such as farm business planning, assisting with the leasing of land and equipment, and supporting food access by gleaning and rescuing fresh vegetables that would otherwise go to waste. The bank donated a total of \$20,600 to this organization.

- **Community Health Centers of Burlington (CHCB)** – CHCB is a federally qualified health center, which means it is a community-based health care provider that receives funds from the Health Resources & Services Administration Health Center Program to provide primary care services in underserved areas. The clients served by CHCB are predominately low- and moderate-income and most service locations are in low- or moderate-income census tracts. The bank donated \$20,016 to CHCB during the evaluation period.

### *Qualified Investments*

The bank's two qualified investments were comprised of affordable housing tax credits held since the last examination with a current value of \$355,500 and an in-kind commitment of \$180,000 to help create a business navigator position for the VCLF. The tax credit investment was in conjunction with Cathedral Square, which is an organization focused on the creation of high-quality, affordable, service-enriched housing communities for older adults and people with special needs. The investment with the VCLF is described below and highlights the bank's excellent responsiveness to credit and community development needs as well as the significant use of innovative or complex qualified investments.

The bank demonstrated excellent responsiveness to credit and community development needs. The bank's excellent responsiveness is demonstrated by the 28.9 percent increase overall in the level of qualified investments, which was driven by the 226.2 percent increase in the dollar volume of donations. Based on the increase in financial resources commitment and the thoughtfulness of its donations and investment strategy, it is evident the bank has been highly responsive to the credit and community development needs of the Burlington assessment area.

The bank's excellent responsiveness is demonstrated through its work with a local consultant, which identified an opportunity to help support the economic infrastructure of the immigrant population in the Old North End section of Burlington by helping to establish retail websites for local artists to sell their created goods. Such actions help these artists make connections within the community and establish a banking relationship, which further support the economic development of their business. As evidence of the bank's responsiveness to this opportunity, during the evaluation period the bank donated a total of \$63,850 to two organizations in the Burlington assessment area. Of the total, \$8,850 went to the One Good Deed Fund, which facilitated mini grants to artists to help them create and sell their products. Additionally, the bank donated \$55,000 to the South End Arts and Business Association, which sponsors financially struggling local artists looking to get established in the business world by providing private studio space.

Another example of the bank's excellent responsiveness and significant use of innovative investments was the bank's partnership with the VCLF to create a Business Navigator position. The VCLF is a CDFI that develops and promotes innovative capital-based solutions to issues of poverty and opportunity for communities and populations whose financial needs cannot be met by traditional financial institutions. The purpose of the Business Navigator position is to provide

information and practical support to emerging and nascent business owners in Chittenden County and the surrounding communities by linking important and supportive financial products and advisory services offered by the VCLF. The bank committed a total of \$180,000 over three years to help establish and support this newly created position to improve the outcomes sought by the VCLF. Not only did the bank help fund the creation of this position, but also collaborated with the VCLF to establish the job description, goals, and ensure Mascoma Bank employees would collaborate with the chosen individual to help establish relationships with the target audience.

**SERVICE TEST**

Mascoma demonstrated excellent performance under the Service Test in this assessment area.

**Retail Banking Services**

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

Table 29 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 29 Distribution of Branch Offices by Income Category Burlington AA</b>				
<b>Census Tract Income Category</b>	<b>Assessment Area Demographics</b>		<b>Bank Offices by Census Tract Location</b>	
	Total Census Tracts	Total Population		
	% of #	% of #	#	%
Low	2.9%	1.9%	0	0.0%
Moderate	20.0%	17.0%	2	66.7%
Middle	54.2%	55.7%	1	33.3%
Upper	20.0%	25.4%	0	0.0%
Unknown	2.9%	0.0%	0	0.0%
<b>Total</b>	100.0%	100.0%	3	100.0%

*Source: 2015 ACS Census Data*

As displayed in the table above, with two offices in moderate-income census tracts, the bank’s percentage of branch offices within moderate-income tracts exceeds the demographic indicators, reflecting systems are readily accessible to geographies and individuals of different income levels in its assessment area, particularly moderate-income areas. Hours are convenient from Monday – Wednesday: 9:00 am – 5:00 pm and Thursday – Friday: 9:00 am – 6:00 pm. offices are open Monday – Friday from. Services, including business hours, do not vary in a way that inconveniences its assessment area, particularly low- and moderate-income geographies and low- and moderate-income individuals. Two of three locations also offer limited hours on Saturdays from 10:00 am – 1:00 pm. The bank offers translation services via a vendor that is immediately available to assist members of the community in need of this service. The bank has not opened or closed any branch offices in this assessment area since the previous CRA evaluation.

## **Community Development Services**

The bank demonstrates it provides a relatively high level of community development services. 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*

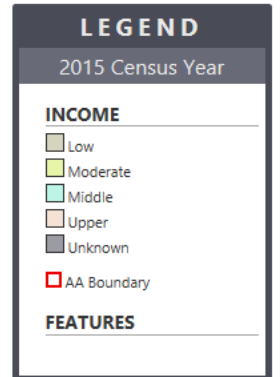
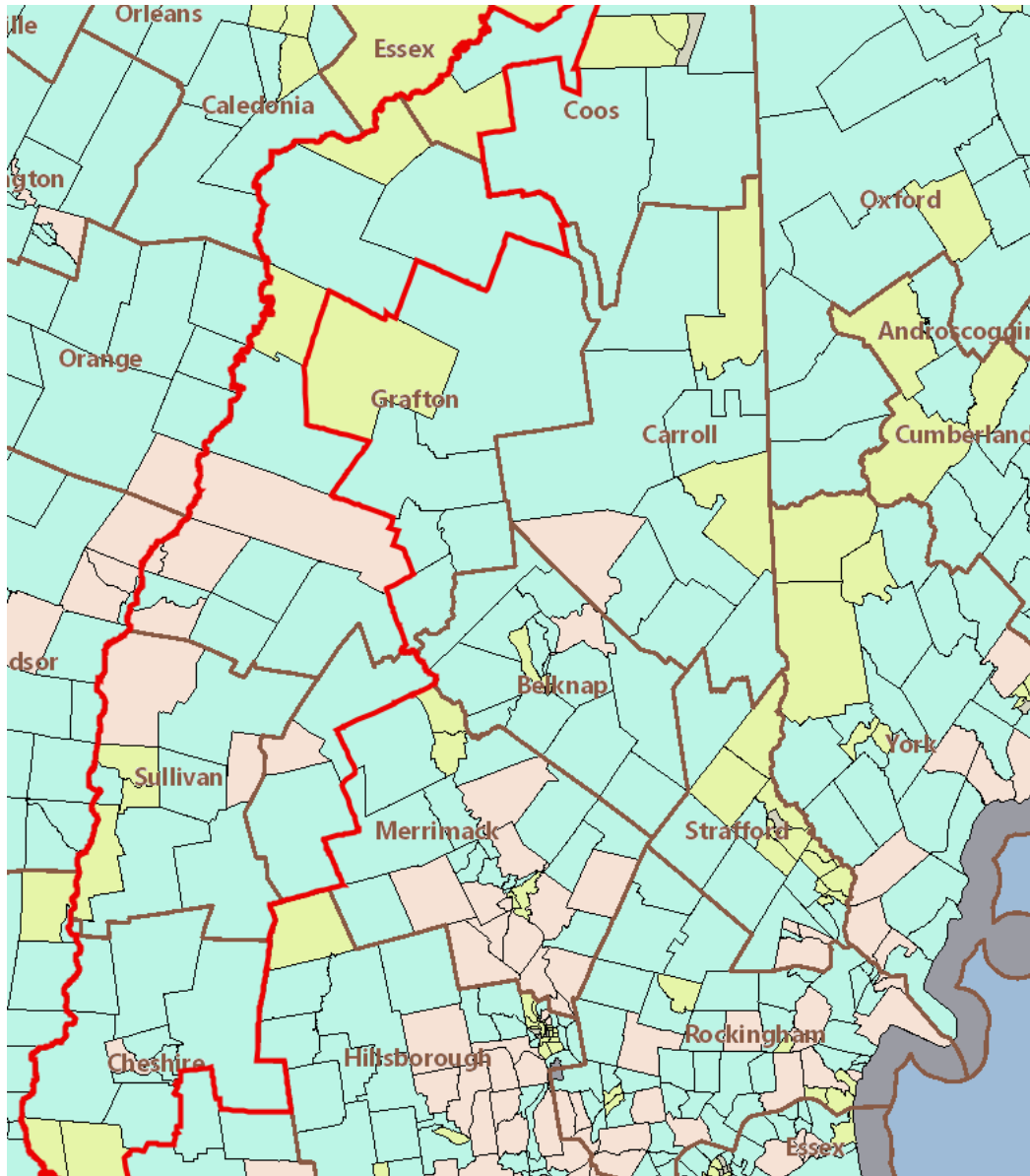
During the evaluation period, 8 bank employees provided their expertise to 8 different community development organizations in the assessment area for a total of 283 hours. The bank employees' involvement primarily consisted of serving as board members for organizations focused on providing community development services to low- and moderate-income individuals and areas in the counties included within the assessment area. The following is a summary of examples of bank employee involvement in such organizations:

- A commercial loan officer at the bank serves on the investment committee of an organization that builds and invests in affordable homes and improves access to capital for businesses in low-income communities.
- A manager at the bank is on the development committee of an organization that helps children thrive by empowering families to break cycles of poverty.
- A bank vice president is a board member of works to inspire and enable youth in the community, especially those most in need to realize their full potential. Located in a moderate-income census tract, the nonprofit provides a variety of afterschool programs and summer camps to the community.

## APPENDIX A

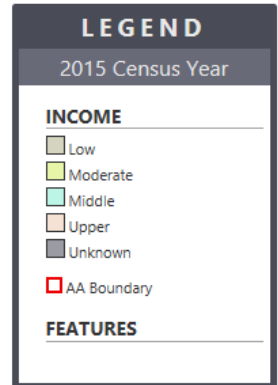
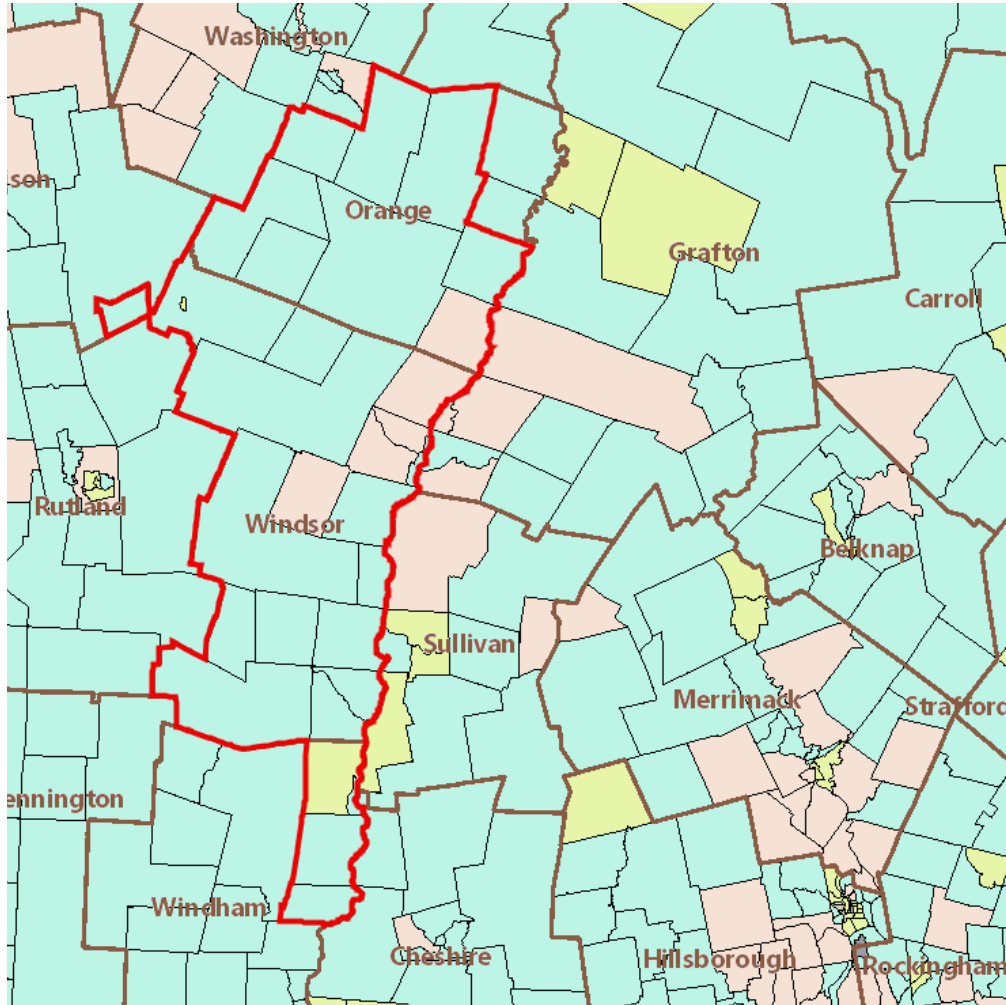
### MAPS

New Hampshire assessment area

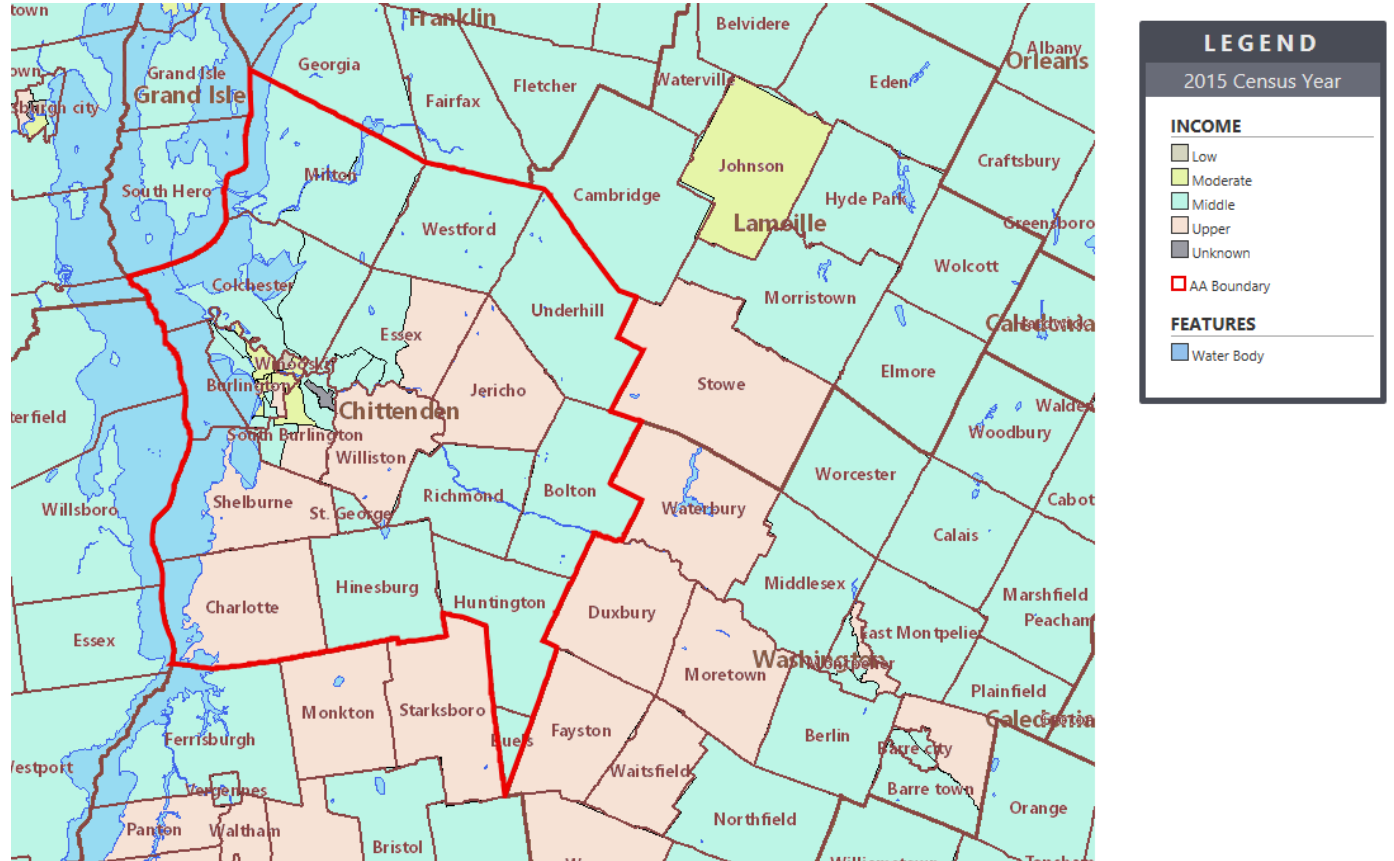




East Central Vermont assessment area



Burlington assessment area



**APPENDIX B**  
**SCOPE OF EXAMINATION**

<b>TIME PERIOD REVIEWED</b>		Lending Test: 1/1/2020 - 12/31/2021 Investment & Service Tests: 11/2/2020 - 1/30/2023	
<b>FINANCIAL INSTITUTION</b>			<b>PRODUCTS REVIEWED</b>
Mascoma Bank Lebanon, NH			Residential mortgage loans 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>
New Hampshire AA	Full procedures	N/A	
Vermont AA	Full procedures	N/A	
Burlington AA	Full procedures	N/A	

**APPENDIX C**

**SUMMARY OF STATE RATINGS**

<b>State Name</b>	<b>Lending Test Rating</b>	<b>Investment Test Rating</b>	<b>Service Test Rating</b>	<b>Overall State Rating</b>
New Hampshire	Outstanding	Outstanding	High Satisfactory	Outstanding
Vermont	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory

## APPENDIX D

### GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Underserved middle-income geography:** A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that



the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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