

PUBLIC DISCLOSURE

November 12, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Profile Bank
RSSD# 672573

45 Wakefield Street
Rochester, New Hampshire 03867

Federal Reserve Bank of Boston

600 Atlantic Avenue
Boston, Massachusetts 02210

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

TABLE OF CONTENTS

INSTITUTION’S CRA RATING 2

SCOPE OF EXAMINATION 2

DESCRIPTION OF INSTITUTION 3

DESCRIPTION OF ASSESSMENT AREA 4

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA 7

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW..... 15

MSA DISCUSSION..... 16

APPENDIX A – MAP OF THE ASSESSMENT AREA..... 18

APPENDIX B – DEMOGRAPHIC INFORMATION 19

APPENDIX C – GLOSSARY..... 20

INSTITUTION'S CRA RATING

Profile Bank (Profile or the bank) is rated **Outstanding**. This rating is based on the following conclusions with respect to the performance criteria:

- The loan-to-deposit ratio (LTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A substantial majority of loans and other lending related activities are inside the AA.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- Lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of different sizes.
- Neither the bank nor this Reserve Bank received any complaints relating to the bank's CRA performance since the previous evaluation.
- The bank's record of providing branches and services enhances credit availability in the AA.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) Interagency Examination Procedures for Small Institutions were utilized to evaluate the bank's CRA performance. As a Small Bank, Profile's CRA performance was based on the lending test pursuant to the following criteria: LTD ratio, AA concentration of loans, geographic distribution of loans, lending to borrowers of different income levels, and response to CRA-related complaints. Lending performance was assessed within the bank's AA. Examiners also considered the bank's performance in providing branches and other services and delivery systems that enhance credit availability in its AA. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy, and market competition, as well as the demographics, economic characteristics, and credit needs of the AA. The following information was reviewed for the evaluation:

- The bank's 20-quarter average LTD ratio.
- Home mortgage and small business data from July 1, 2014 through June 30, 2019, representing the period since the previous evaluation conducted on October 27, 2014.
- Home mortgage data from the bank's Loan Application Register (LAR) reported to the agencies pursuant to the Home Mortgage Disclosure Act (HMDA).
- Small business loan data from the bank's internal records. While Profile is not subject to Large Bank reporting requirements, commercial lending is a key business line.
- Aggregate home mortgage data from the FFIEC and, beginning in 2018, the Consumer Financial Protection Bureau (CFPB).
- Aggregate small business data from Dun & Bradstreet, Short Hills, New Jersey (D&B).
- Demographic data primarily from the U.S. Census Bureau and D&B.
- The bank's record of providing branches and other services and delivery systems from October 27, 2014 through November 12, 2019, representing the period since the previous evaluation.

DESCRIPTION OF INSTITUTION

Profile is a state-chartered savings bank headquartered in Rochester, NH. Rochester is a city located on Route 16 in southeast New Hampshire, adjacent to the Maine border, northwest of Portsmouth and east of Concord. The bank’s characteristics include:

- Profile is a wholly owned subsidiary of Profile Bancorp, Inc., which is a mid-tier holding company wholly owned by Profile Bancorp MHC, a mutual holding company.
- The bank does not have any affiliates or subsidiaries.
- In addition to its main office in Rochester, the bank has three additional branches in Alton, Sanbornville, and Somersworth, NH. Each branch has a deposit-taking ATM. The bank maintains a loan center adjacent to its main office in Rochester.
- The main office and loan center are located in a low-income census tract. The Somersworth branch is located in a moderate-income census tract.
- The bank reported total assets of \$213.3 million, as of June 30, 2019.
- Total assets were stable during the evaluation period.
- The bank’s primary business focus is residential real estate lending. Residential real estate loans primarily consist of 1-4 family closed-end loans secured by first liens.
- Commercial lending is also a key business line. Commercial loans primarily consist of nonfarm nonresidential loans, although the bank also originates commercial and industrial loans.

Table 1		
Composition of Loan Portfolio as of June 30, 2019		
Loan Type	\$000	%
Residential Real Estate	67,771	51.8
Commercial	58,430	44.6
Consumer	4,508	3.4
Other	250	0.2
Agricultural	0	0.0
Gross Loans	130,959	100.0

Source: Consolidated Report of Income and Condition
Note: Percentages may not total 100.0 percent due to rounding

The bank was rated Outstanding under the CRA at its October 27, 2014 performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs of its communities.

DESCRIPTION OF ASSESSMENT AREA

The AA is comprised of a portion of the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA), a portion of the Portland-South Portland, ME MSA, and portions of non-MSA Belknap County and Carroll County in New Hampshire (see Appendix A for an AA map).

- The Boston-Cambridge-Newton, MA-NH MSA portion of the AA consists of a portion of the Rockingham County-Strafford County, NH Metropolitan Division (MD). This portion of the AA includes the entirety of Strafford County and four towns in northern Rockingham County.
- The Portland-South Portland, ME MSA portion of the AA includes a small part of western York County. The extension beyond the state boundary is not substantial, consisting of five of the 117 census tracts within the Portland-South Portland, ME MSA. Further, the bank does not operate a branch in Maine and is not subject to interstate banking requirements.
- The AA also includes the eastern portion of non-MSA Belknap County and the southern portion of non-MSA Carroll County. The extension into these rural counties is not substantial, consisting of six of the 15 census tracts in Belknap County and six of the 11 census tracts in Carroll County. Further, the bank's branches and lending activity in these counties are mainly concentrated near the Boston-Cambridge-Newton, MA-NH MSA.

The entire contiguous area is evaluated as a combined AA as this is a more meaningful representation of the way the bank conducts its lending. The bank's performance in the Portland-South Portland, ME MSA and non-MSA counties in New Hampshire is discussed separately at the conclusion of the evaluation.

Community Contact

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 AA. Relevant information assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available. Two contacts were made during the examination.

One contact is a representative from an organization that provides affordable housing to low-income residents in the Seacoast Region. The other contact focuses on small business development in the greater Rochester area. The representatives, both seasoned professionals in their fields, indicated that financial institutions are generally active within the community. Local institutions participate in civic events and donate to community causes. Profile was specifically mentioned as an active community partner. The contacts discussed multiple challenges faced by residents in the AA, namely the lack of affordable housing options and the number of vacant storefronts in downtown Rochester. It was noted that community banks' lending limits can restrict their funding capacity for local housing and revitalization projects. Community banks do frequently engage with community organizations through services and sponsorships. The contacts also mentioned the need to renovate downtown buildings into functional, leasable spaces for local businesses. According to the representatives, there has been a recent municipal effort to revitalize city-centers throughout the Seacoast Region.

Competition

- Profile operates in a competitive geographic area where several community banks and credit unions, as well as larger regional and national banks, maintain a presence.
- According to the Federal Deposit Insurance Corporation (FDIC) Summary of Deposits Report as of June 30, 2019, Profile ranked sixth, with a 5.7 percent deposit market share within its AA. TD Bank, NA and Citizens Bank, NA ranked first and second, with a 28.1 percent and 19.7 percent share, respectively. These national banks each operate nine branches within the AA. Connecticut-based regional bank, People's United Bank, NA ranked third, with a 10.2 percent share. New Hampshire-based community banks Meredith Village Savings Bank and First Seacoast Bank ranked fourth and fifth, with 9.0 percent and 6.7 percent share, respectively.
- Within Rochester, where the bank's main office is located, Profile captured the third largest deposit market share, at 20.6 percent, which accounts for the majority of the bank's deposit base.
- The bank also faces strong competition for loans from mortgage lending companies, including Quicken Loans, Inc. and Residential Mortgage Services, as well as from local credit unions, including Northeast Credit Union.

Demographics

- The AA is comprised of 46 census tracts, of which 1 is low-income, 14 are moderate-income, 25 are middle-income, and 6 are upper-income.
- The AA does not contain any unknown-income census tracts.
- The one low-income census tract is located in Rochester.
- The moderate-income census tracts are primarily located in the central and northern portions of the AA, including the municipalities of Rochester (3), Somersworth (2), and Dover (2). The remaining moderate-income census tracts are located in the towns of Rollinsford, Farmington, Milton, Acton, Newfield, Shapleigh, and Effingham/Freedom.

Population

- The AA has a population of 230,934 individuals.
- Population growth has been generally stable. According to a community contact, the AA has not experienced significant population change.
- The age characteristics of the AA are in line with that of the state of New Hampshire.

Income

- The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. MFI is used to classify the income level of a borrower within each area.
- MFI in each area of the AA has experienced modest growth during the evaluation period.
- Within the AA, 22.9 percent of families are low-income, 19.8 percent are moderate-income, 23.2 percent are middle-income, and 34.1 percent are upper-income.

- Compared to the AA, Strafford County contains the highest percentage of low-income families, at 27.1 percent, and Carroll County contains the highest percentage of moderate-income families, at 23.5 percent.
- The percentage of families in the AA living below the poverty level is 5.9 percent, which is in line with the state of New Hampshire average of 5.6 percent.

Area	2017 \$	2018 \$	Percent Change %
Rockingham County-Strafford County, NH MD	93,800	101,300	8.0
Portland-South Portland, ME MSA	77,800	81,700	5.0
Non-MSA New Hampshire	73,000	80,600	10.4

Source: FFIEC Median Family Income Estimates

Housing

- The AA contains 116,257 housing units, of which 57.2 percent are owner-occupied.
- Rental units comprise 19.5 percent of housing units overall. Rental units account for 47.7 percent of housing units within the low-income census tract, and 30.7 percent of housing units in moderate-income census tracts, limiting residential lending opportunities in these areas.
- Vacant units comprise 23.4 percent of total housing units, which exceeds the state of New Hampshire average of 16.0 percent. Vacant units comprise 34.6 percent and 47.2 percent of the housing stock in Belknap County and Carroll County, respectively, which is attributed to the number of seasonal and occasional use homes in the Lakes Region of New Hampshire.
- The median housing value in the combined AA is \$221,958, which is slightly below the state of New Hampshire average of \$237,300.
- Median housing values are highest in Rockingham County and lowest in Strafford County. According to a community contact, higher rents in Rockingham County, particularly in the city of Portsmouth, make it a more attractive location for real estate developers, hindering the construction of affordable housing in Strafford County communities, such as Rochester.
- According to the New Hampshire Realtors trade group, housing unit sales are stable and median sales prices are increasing, with both measures reaching a record-high in 2016.¹

Economic Conditions

- Economic conditions in the AA are generally stable.
- According to the U.S. Bureau of Labor Statistics, the average non-seasonally adjusted unemployment rate for New Hampshire was 2.5 percent in 2018. The average non-seasonally adjusted unemployment rate for Strafford County was 2.3 percent in that year.
- Unemployment rates in the AA have been decreasing and compare favorably to the average non-seasonally adjusted unemployment rate for the United States in 2018, at 3.9 percent.

¹ Source: <https://www.nhar.org/resource/market-data>

- According to the October 16, 2019 release of the Federal Reserve’s Beige Book, labor markets remain tight, particularly in retail, with a more mixed outlook in manufacturing.²
- According to D&B data, primary industries in the AA include construction, retail trade, other non-administrative services, and professional, scientific and technology services.
- One community contact noted the number of vacant storefronts in downtown Rochester, specifically mentioning the need to renovate downtown buildings into leasable spaces.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s average LTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on asset size, product offerings, and geographic proximity to the AA.

Profile’s LTD ratio is reasonable. The bank’s average LTD ratio was 70.6 percent over the 20-quarter period from July 1, 2014 through June 30, 2019. The LTD ratio was stable during this period, ranging from a low of 67.3 percent, as of December 31, 2017, to a high of 74.7 percent, as of March 31, 2017. The bank’s most recent LTD ratio was 69.7 percent. In addition to originating loans for its own portfolio, the bank also originated home mortgage loans for sale to the Federal Home Loan Bank (FHLB) through the Mortgage Partnership Finance Program. Profile sold approximately \$5 million in home mortgage loans to the FHLB during the evaluation period. The bank also sold home mortgage loans and referred applicants to the New Hampshire Housing Finance Authority (NHHFA). While not reflected in the bank’s net loans total, these channels allowed the bank to deliver a wider array of credit products suitable to the needs of the AA. Moreover, many larger institutions borrow as a source of asset funding while Profile solely relies on deposits. Table 4 shows the bank’s LTD in comparison to similarly situated institutions.

Table 4			
Comparative LTD Ratios			
Institution	Location	Asset Size \$000	LTD Ratio 20 Quarter
Profile Bank	Rochester, NH	213,343	70.6
First Seacoast Bank	Dover, NH	406,929	116.4
Franklin Savings Bank	Franklin, NH	519,367	85.9
Piscataqua Savings Bank	Portsmouth, NH	280,281	77.4
<i>Source: Consolidated Report of Income and Condition</i>			

² Source: https://www.federalreserve.gov/monetarypolicy/files/BeigeBook_20191016.pdf

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. A substantial majority of the bank’s loans, by number and dollar, are originated inside the AA. In 2018, the bank originated 101 loans, of which 77 were home mortgage loans and 24 were small business loans. Of these loans, the bank originated 96, or 95.0 percent, inside the AA. By dollar volume, the bank originated 92.5 percent of loans inside the AA. By product, the bank originated 94.8 percent of home mortgage loans and 95.8 percent of small business loans inside the AA. Lending inside the AA for both products by number was 95.7 percent in 2017, 94.2 in 2016, and 91.3 percent in 2015. Table 5 shows the percentage of lending extended inside and outside of the AA for 2018.

Table 5								
2018 Lending Inside and Outside the AA								
Loan Type	Inside				Outside			
	#	\$000	#%	\$%	#	\$000	#%	\$%
Home Purchase	31	5,745	93.9	89.0	2	707	6.1	11.0
Home Refinance	28	4,818	96.6	94.5	1	282	3.4	5.5
Home Improvement	8	988	88.9	85.3	1	170	11.1	14.7
Other Closed/Exempt	6	280	100.0	100.0	0	0	0.0	0.0
Total HMDA Loans	73	11,831	94.8	91.1	4	1,159	5.2	8.9
Small Business Loans	23	3,900	95.8	97.2	1	112	4.2	2.8
Total Loans	96	15,731	95.0	92.5	5	1,271	5.0	7.5

Note: Percentages may not total 100.0 percent due to rounding

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts. The bank’s geographic distribution of loans reflects excellent dispersion among the different census tracts within the AA.

Home Mortgage Lending

The geographic distribution of home mortgage lending is excellent. In 2018, the bank originated 1 home mortgage loan, or 1.4 percent, in the 1 low-income tract, which was slightly below the aggregate of 2.7 percent and demographic indicator of 2.0 percent. The home mortgage loan originated in a low-income tract was a home purchase loan, and the bank’s performance in this loan category was in line with the aggregate. In 2017, the bank originated 3 home mortgage loans, or 5.1 percent, in the 1 low-income tract, which was above the aggregate and demographic indicator. The AA did not contain a low-income census tract prior to 2017. In 2018, the bank originated 25 home mortgage loans, or 34.2 percent, in moderate-income census tracts, which was well above the aggregate of 27.9 percent and demographic indicator of 26.0 percent. While the bank lagged the aggregate in 2017, the bank was well above the aggregate in both 2016 and 2015. The bank’s performance in moderate-income tracts is particularly notable considering almost half of housing units in moderate-income census tracts are non-owner-

occupied.

The evaluation did not identify any conspicuous gaps in the geographic distribution of home mortgage loans in the AA. The bank penetrated the one low-income census tract in both 2018 and 2017. Profile also penetrated 7 of the 14 moderate-income census tracts in AA in 2018, with similar penetration levels in each year of the evaluation period. Generally, the bank's lending activity is concentrated in Rochester, which contains the 1 low-income and 4 moderate-income census tracts. The bank's level of activity in Rochester is notable considering a majority of the bank's deposit base is in this city.

Table 6 Distribution of 2018 Home Mortgage Lending By Income Level of Geography							
Census Tract Income Level	Bank Loans			Aggregate HMDA		% of Owner Occupied Units	
	#	\$000	#%	\$%	#%		\$%
Total Home Mortgage Loans							
Low	1	84	1.4	0.7	2.7	2.0	2.0
Moderate	25	4,110	34.2	34.7	27.9	25.7	26.0
Middle	46	7,337	63.0	62.0	60.3	59.4	63.4
Upper	1	300	1.4	2.5	9.1	12.9	8.6
Unknown	0	0	0.0	0.0	0.0	0.0	0.0
Home Purchase Loans							
Low	1	84	3.2	1.5	3.4	2.4	2.0
Moderate	11	2,150	35.5	37.4	29.3	25.2	26.0
Middle	18	3,211	58.1	55.9	59.0	60.6	63.4
Upper	1	300	3.2	5.2	8.3	11.7	8.6
Unknown	0	0	0.0	0.0	0.0	0.0	0.0
Home Refinance Loans							
Low	0	0	0.0	0.0	1.7	1.3	2.0
Moderate	11	1,809	39.3	37.5	26.9	23.3	26.0
Middle	17	3,009	60.7	62.5	61.4	62.6	63.4
Upper	0	0	0.0	0.0	9.9	12.7	8.6
Unknown	0	0	0.0	0.0	0.0	0.0	0.0
Home Improvement Loans							
Low	0	0	0.0	0.0	0.9	0.7	2.0
Moderate	0	0	0.0	0.0	22.2	18.7	26.0
Middle	8	988	100.0	100.0	66.1	66.2	63.4
Upper	0	0	0.0	0.0	10.7	14.4	8.6
Unknown	0	0	0.0	0.0	0.0	0.0	0.0
Other Closed/Exempt							
Low	0	0	0.0	0.0	1.4	0.3	2.0
Moderate	3	151	50.0	53.9	22.0	17.4	26.0
Middle	3	129	50.0	46.1	58.2	66.7	63.4
Upper	0	0	0.0	0.0	18.4	15.6	8.6
Unknown	0	0	0.0	0.0	0.0	0.0	0.0

Source: 2018 FFIEC Census data; 2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding

Small Business Lending

The geographic distribution of small business lending is excellent. Profile is a small bank not subject to small business reporting requirements; thus aggregate data is not used as a direct comparator in this category. Instead, the bank’s performance is analyzed against the demographic indicator, which is the percentage of businesses in the AA located in census tracts based on the census tract income level. The bank consistently outperformed the demographic indicator in small business lending in low- and moderate-income census tracts in each year of the review period. In 2018, the bank originated 1 small business loan, or 4.3 percent, in the 1 low-income tract, which compared favorably to the demographic indicator of 3.6 percent. In 2017, the bank originated 2 small business loans, or 6.9 percent, in the 1 low-income tract, which was well above the demographic indicator. As mentioned previously, the AA did not contain a low-income census tract prior to 2017. The bank demonstrated particularly strong performance in small business lending in moderate-income census tracts during the evaluation period. In 2018, Profile originated 10 small business loans, or 43.5 percent, in moderate-income census tracts, which was significantly above the demographic indicator of 28.2 percent. The bank’s performance was even stronger in 2017 with 55.2 percent of small business loans originated in moderate-income census tracts.

Table 7					
Distribution of 2018 Small Business Lending					
By Income Level of Geography					
Census Tract Income Level	Bank Small Business Loans				% of Businesses
	#	\$000	#%	\$%	
Low	1	300	4.3	7.7	3.6
Moderate	10	1,339	43.5	34.3	28.2
Middle	11	2,061	47.8	52.8	58.3
Upper	1	200	4.3	5.1	9.8
Unknown	0	0	0.0	0.0	0.0

Source: 2018 FFIEC Census Data; 2018 D&B data; 2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding

Other Lending Related Activities

Community development loans were considered as other lending-related activities in evaluating the geographic distribution of loans. The bank actively seeks opportunities to finance community development loans. Notably, Profile originated a loan, totaling \$2.8 million, to finance the construction of affordable housing for the elderly, located in a low-income census tract. The bank also participates in the U.S. Small Business Administration (SBA) 504 Loan Program for owner occupied commercial real estate purchase and expansion, as well as the SBA 7(a) Guaranty Loan Program. These programs seek to promote economic development by financing businesses. Taken together, these activities are responsive to affordable housing and downtown renovation needs expressed by community contacts.

Lending to Borrowers of Different Income Levels

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses of different revenue sizes. Profile's lending has a reasonable penetration among individuals of different income levels and businesses and farms of different sizes.

Home Mortgage Lending

The borrower distribution of home mortgage lending is reasonable. In 2018, the bank originated 11 home mortgage loans, or 15.1 percent, to low-income borrowers, which was above the aggregate of 9.4 percent. In 2017, the bank originated five home mortgage loans, or 8.5 percent, to low-income borrowers, which was in line with the aggregate of 7.6 percent. Lending to low-income borrowers lagged the aggregate slightly in 2016, and exceeded the aggregate slightly in 2015. In all years, the bank lagged the demographic indicator; however, the bank may not meet the percentage distribution of low-income families because families with very low-income levels may not qualify for a home mortgage loan. While the bank's lending to low-income borrowers was in line with or above the aggregate, the bank's lending to moderate-income borrowers lagged the aggregate. In 2018, the bank originated 12 home mortgage loans, or 16.4 percent, to moderate-income borrowers, which was below the aggregate of 23.8 percent. In 2017, the bank originated eight home mortgage loans, or 13.6 percent, to moderate-income borrowers, which was well below the aggregate of 21.9 percent. Lending to moderate-income borrowers was above the aggregate in prior years. This decrease during the evaluation period is partially attributed to the evolution of Profile's arrangement with the NHHFA. In earlier years of the review period, the bank originated the loans for sale to the NHHFA, and reported these loans on the HMDA LAR. In mid-2017, Profile began acting as a broker between the borrower and the NHHFA, interviewing, pre-qualifying, and accepting applications on behalf of the agency. These loans were not reported on the bank's HMDA LAR.

Table 8 Distribution of 2018 Home Mortgage Lending By Borrower Income Level							
Borrower Income Level	Bank Loans				Aggregate HMDA		Families by Family
	#	\$000	#%	\$%	#%	\$%	
Total Home Mortgage Loans							
Low	11	936	15.1	7.9	9.4	5.3	22.9
Moderate	12	1,835	16.4	15.5	23.8	18.5	19.8
Middle	15	2,288	20.5	19.3	24.6	22.8	23.2
Upper	30	5,656	41.1	47.8	27.8	34.1	34.1
Unknown	5	1,116	6.8	9.4	14.4	19.3	0.0
Home Purchase Loans							
Low	4	485	12.9	8.4	8.0	4.5	22.9
Moderate	6	878	19.4	15.3	23.7	19.3	19.8
Middle	5	783	16.1	13.6	24.7	24.0	23.2
Upper	15	3,459	48.4	60.2	26.8	35.1	34.1
Unknown	1	140	3.2	2.4	16.8	17.1	0.0
Home Refinance Loans							
Low	4	331	14.3	6.9	12.5	8.3	22.9
Moderate	5	882	17.9	18.3	25.2	20.5	19.8
Middle	7	1,343	25.0	27.9	25.7	25.5	23.2
Upper	9	1,387	32.1	28.8	27.6	36.0	34.1
Unknown	3	875	10.7	18.2	9.0	9.6	0.0
Home Improvement Loans							
Low	1	70	12.5	7.1	11.1	8.9	22.9
Moderate	0	0	0.0	0.0	25.0	20.2	19.8
Middle	1	108	12.5	10.9	24.4	20.5	23.2
Upper	6	810	75.0	82.0	37.7	46.9	34.1
Unknown	0	0	0.0	0.0	1.8	3.5	0.0
Other Closed/Exempt							
Low	2	50	33.3	17.9	9.9	3.9	22.9
Moderate	1	75	16.7	26.8	20.6	15.7	19.8
Middle	2	54	33.3	19.3	24.8	11.9	23.2
Upper	0	0	0.0	0.0	39.0	44.9	34.1
Unknown	1	101	16.7	36.1	5.7	23.6	0.0

Source: 2018 FFIEC Census data; 2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank consistently originated a majority of small business loans to businesses with gross annual revenue (GAR) of \$1 million or less. In 2018, the bank originated 70.0 percent of small business loans to businesses with GAR of \$1 million or less. Other years were similar. Comparably, 91.9 percent of businesses in the AA report revenue of \$1 million or less. However, the bank may not meet the percentage distribution of businesses in the AA by GAR because very small businesses might not demand loan financing, relying instead on business credit cards or cash.

Table 9					
Distribution of 2018 Small Business Lending					
By Revenue Size of Businesses					
	Bank Loans				Total Businesses
	#	\$000	#%	%	%
By Revenue					
\$1 Million or Less	16	2,318	69.6	59.4	91.9
Over \$1 Million	7	1,582	30.4	40.6	6.8
Not Known	0	0	0.0	0.0	1.3
Total	23	3,900	100.0	100.0	100.0
By Loan Size					
\$100,000 or Less	12	620	52.2	15.9	
\$100,001 - \$250,000	5	734	21.7	18.8	
\$250,001 - \$1 Million	6	2,545	26.1	65.3	
Total	23	3,899	100.0	100.0	
<i>Source: 2018 FFIEC Census Data; 2018 D&B data; 2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding</i>					

Response to Complaints

Neither the bank nor this Reserve Bank received any CRA-related complaints since the previous evaluation.

QUALIFIED SERVICES

Qualified services were reviewed from the date of the prior evaluation, October 27, 2014 to the date of the current evaluation, November 12, 2019. In order to be considered, services must meet the definition of community development. Overall, the bank's record of providing branches and services enhances credit availability in the AA, adding support to the outstanding rating.

The bank operates four full service branch locations that are easily accessible within the AA. The main office and loan center are located in the only low-income census tract in the AA, and the only low-income census tract in the Rockingham County-Strafford County, NH MD. Community contacts noted

the importance of Profile's long-standing presence in the downtown Rochester area. The Somersworth branch is located in a moderate-income census tract. The Sanbornville branch is located in Carroll County. Profile is one of only 7 banks, and one of only 4 community banks, with a branch presence in this more rural county. Branch hours at all locations are from 8:30AM to 5:00PM Monday through Friday, and 8:30AM to 12:00PM on Saturday. All locations offer extended drive-up service hours until 6:00PM on Friday, night drop boxes, and 24 hour drive-up ATMs. The bank did not open or close any branches during the evaluation period.

Profile routinely hosted homebuyer workshops, both independently and in collaboration with The Housing Partnership, a non-profit organization dedicated to financial education and workforce housing development in the Seacoast Region. Profile held several seminars, presenting information on programs that make homeownership more affordable for first-time homebuyers and low- and moderate-income individuals. In addition, the bank sponsored an event in support of the Workforce Housing Coalition of the Greater Seacoast, wherein community partners gathered to discuss and map solutions to the region's affordable housing challenges.

Furthermore, several Profile employees, including members of senior management, hold leadership roles in philanthropic organizations. One staff member serves as the vice president of the board of Great Falls Development Corporation, a non-profit providing alternative financing for struggling businesses in Somersworth, NH. Another employee serves as the director of Alton Community Services, providing financial counseling and employment assistance to low-income residents of Belknap County. Bank staff is also represented on the board of the Strafford Economic Development Design District, an organization committed to the strategic economic development of Strafford County, including projects that benefit low-and moderate-income residents. Additionally, one Profile employee is a member of the aforementioned Workforce Housing Coalition of the Greater Seacoast, an initiative charged with cultivating viable, affordable housing options in the Seacoast Region of NH and ME.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

An evaluation of the bank's fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

MSA DISCUSSION

The AA is comprised of a portion of the Boston-Cambridge-Newton, MA-NH MSA, a portion of the Portland-South Portland, ME MSA, and portions of non-MSA Belknap County and Carroll County in New Hampshire. While the entire contiguous area is evaluated as a combined AA, as this is a more meaningful representation of the way the bank conducts its lending, the bank's performance in the MSA and non-MSA portions of the AA is discussed separately here.

Boston-Cambridge-Newton, MA-NH MSA

The Boston-Cambridge-Newton, MA-NH MSA portion of the AA consists of a portion of the Rockingham County-Strafford County, NH MD. Specifically, this portion of the AA consists of the entirety of Strafford County and four towns in northern Rockingham County. This portion of the AA contains 29 of the 46 census tracts in the AA, and 2 of the bank's 4 branches, including its main office. The 1 low- and 12 of the 14 moderate-income census tracts are located in this portion of the AA. There are 145,437 individuals and 36,468 families in this portion of the AA, of which 25.1 percent are low-income, 20.2 percent are moderate-income, 23.0 percent are middle-income, and 31.7 percent are upper-income. This portion of the AA contains 60,886 housing units, of which 61.5 percent are owner-occupied. There are 6,152 businesses in this portion of the AA, representing a majority of businesses in the combined AA. Economic conditions in this portion of the AA are generally stable, consistent with the AA as a whole.

The bank's lending performance in this portion of the AA is consistent with its lending performance in the combined AA. In 2018, the bank originated 52 loans in this portion of the AA, representing 54.2 percent of loans originated in the combined AA. Of these 52 loans, 35 were home mortgage loans and 17 were small business loans. In 2018, the bank originated one home mortgage loan in the one low-income tract in this portion of the AA. In that same year, the bank originated 20 home mortgage loans, or 57.1 percent, in moderate-income census tracts, which was well above the aggregate of 37.6 percent. In terms of lending to borrowers of different income levels, in 2018, the bank was above the aggregate in lending to low-income borrowers and in line with the aggregate in lending to moderate-income borrowers. The bank demonstrated particularly strong performance in small business lending in moderate-income census tracts during the evaluation period, consistently exceeding the demographic indicator. Consistent with lending performance in the combined AA, a majority of the bank's small business loans were made to businesses with reported revenues of \$1 million or less.

Portland-South Portland, ME MSA

Due to the bank's proximity to Maine, a portion of the AA extends slightly beyond the state boundary to include a portion of western York County in the Portland-South Portland, ME MSA. The bank does not maintain a branch in this portion of the AA. This portion of the AA contains 5 of the 46 census tracts in the AA, of which 1 is moderate-income, 3 are middle-income, and 1 is upper-income. There are 32,131 individuals and 8,940 families in this portion of the AA, of which 19.3 percent are low-income, 20.9 percent are moderate-income, 25.3 percent are middle-income, and 34.5 percent are

upper-income. This portion of the AA contains 15,773 housing units, of which 63.8 percent are owner-occupied. There are 1,008 businesses in this portion of the AA, representing a small percentage of businesses in the combined AA. Economic conditions in this portion of the AA are generally stable, consistent with the AA as a whole.

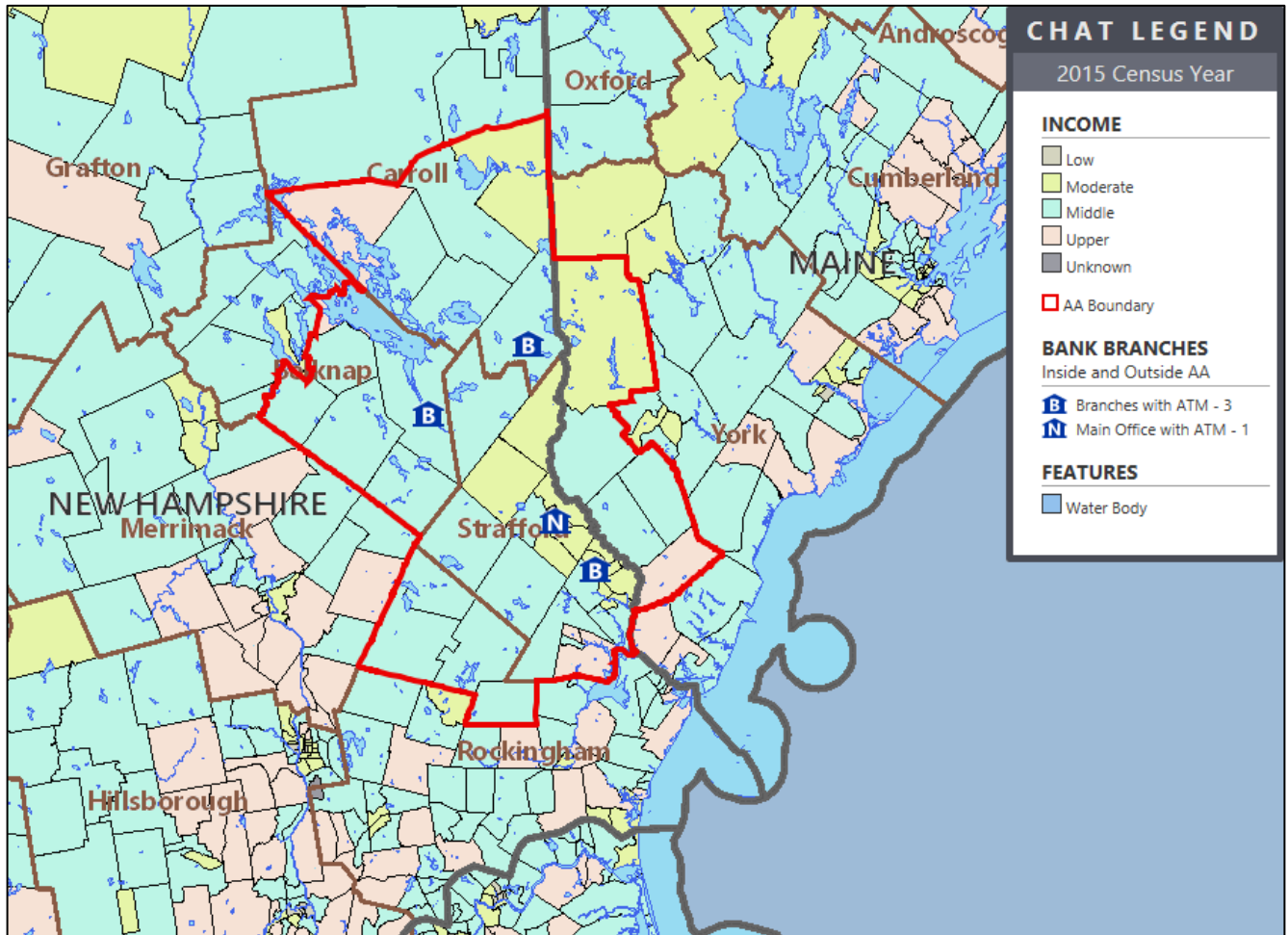
The bank's lending performance in this portion of the AA is consistent with its lending performance overall. In 2018, the bank originated eight home mortgage loans in this portion of the AA, representing 8.3 percent of loans originated in the combined AA in this year. In 2018, the bank originated 4 of 8 home mortgage loans in a moderate-income tract, representing strong penetration compared to the aggregate of 26.3 percent. In terms of lending to borrowers of different income levels, in 2018, the bank was well above the aggregate in lending to low-income borrowers and below the aggregate in lending to moderate-income borrowers. The bank only originated three small business loans in this portion of the AA, none of which were made in 2018.

Belknap County and Carroll County, NH (Non-MSA)

The AA extends slightly into the eastern portion of non-MSA Belknap County and the southern portion of non-MSA Carroll County. The bank maintains one branch in each of these counties. This portion of the AA contains 12 of the 46 census tracts in the AA, with 6 census tracts in each county. Of the 12 census tracts, 1 is moderate-income, 9 are middle-income, and 2 are upper-income. The one moderate-income census tract is located in Carroll County. There are 53,366 individuals and 15,799 families in this portion of the AA, of which 20.1 percent are low-income, 18.4 percent are moderate-income, 22.4 percent are middle-income, and 39.1 percent are upper-income. This portion of the AA contains 39,598 housing units, of which 47.9 percent are owner-occupied. Vacant units comprise 43.9 percent of total housing units in this portion of the AA, attributed to the number of seasonal and occasional use homes in the Lakes Region. There are 2,827 businesses in this portion of the AA, representing a small percentage of businesses in the combined AA. Economic conditions in this portion of the AA are generally stable, consistent with the AA as a whole.

The bank's lending performance in this portion of the AA is consistent with its lending performance overall. In 2018, the bank originated 36 loans in this portion of the AA, representing 37.5 percent of loans originated in the combined AA. Of these loans, 30 were home mortgage loans and 6 were small business loans. In 2018, the bank originated one home mortgage loan in the one moderate-income census tract, which was below the aggregate of 6.0 percent. However, the moderate-income census tract is located in the northernmost portion of Carroll County, geographically distant from the bank's branch in this county. In terms of lending to borrowers of different income levels, in 2018, the bank was above the aggregate in lending to low-income borrowers and below the aggregate in lending to moderate-income borrowers. All six of the small business loans were in a middle-income census tract, which is reasonable considering the demographics of this portion of the AA. Consistent with lending performance in the combined AA, a majority of the bank's small business loans were made to businesses with reported revenues of \$1 million or less.

APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX B – DEMOGRAPHIC INFORMATION

AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	2.2	1,377	2.2	207	15.0	14,034	22.9
Moderate	14	30.4	17,881	29.2	1,685	9.4	12,119	19.8
Middle	25	54.3	36,832	60.2	1,569	4.3	14,206	23.2
Upper	6	13.0	5,117	8.4	154	3.0	20,848	34.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	46	100.0	61,207	100.0	3,615	5.9	61,207	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied		Rental		Vacant		
		#	% by	% by	#	% by	#	% by
Low	3,254	1,330	2.0	40.9	1,553	47.7	371	11.4
Moderate	34,459	17,308	26.0	50.2	10,570	30.7	6,581	19.1
Middle	65,696	42,145	63.4	64.2	8,618	13.1	14,933	22.7
Upper	12,848	5,696	8.6	44.3	1,875	14.6	5,277	41.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	116,257	66,479	100.0	57.2	22,616	19.5	27,162	23.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or =		Over \$1 Million		Revenue Not		
		#	%	#	%	#	%	#
Low	363	3.6	313	3.4	41	6.0	9	7.0
Moderate	2,821	28.2	2,576	28.1	210	30.8	35	27.3
Middle	5,822	58.3	5,387	58.7	361	53.0	74	57.8
Upper	981	9.8	902	9.8	69	10.1	10	7.8
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	9,987	100.0	9,178	100.0	681	100.0	128	100.0
Percentage of Total Businesses:				91.9		6.8		1.3
Source: 2018 FFIEC Census Data; 2018 D&B data; 2015 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding								

APPENDIX C – GLOSSARY

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

Census tract: A small subdivision of metropolitan and other densely populated 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 upon 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 development: 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, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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.

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 is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 that 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 (for example, 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: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance is analyzed using only quantitative factors (for example, 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.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A 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. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a 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.

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.

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 loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by 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): A loan 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.

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