

# **PUBLIC DISCLOSURE**

September 12, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of New Hampshire  
RSSD # 265407

62 Pleasant Street  
Laconia, New Hampshire 03246

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

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

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

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

PERFORMANCE LEVELS	<u>BNH BANK</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	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 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.
- A substantial majority of loans are made in the bank’s assessment areas.
- The bank demonstrates excellent geographic distribution in its assessment areas.
- The bank demonstrates good 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 a good record of serving the credit needs of highly economically disadvantaged areas in its assessment areas, low-income individuals, or businesses with gross annual revenues of \$1 million or less, consistent with safe and sound operations.
- The bank makes 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 has 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 areas.
- To the extent changes have been made, the bank's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and 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

BNH is a mutually owned savings bank located in Laconia, NH. BNH is a wholly owned subsidiary of BNH Financial, a one-bank holding company also located in Laconia. BNH became a member of the Federal Reserve System in April 2022. The bank received a Satisfactory rating at its previous Performance Evaluation, dated March 23, 2020, which was conducted by the Federal Deposit Insurance Corporation (FDIC) and based on Interagency Large Institution Examination Procedures.

BNH operates 21 full-service branches throughout New Hampshire. Since the last evaluation, the bank opened a full-service branch in Bedford, relocated a full-service branch in Conway, and closed offices in Concord, Portsmouth, Woodsville, and a limited-service branch in Laconia. The bank also operates a wealth management office in Concord, NH, and a business development office in Falmouth, ME. BNH maintains 29 automated teller machines (ATMs). There is an ATM at each full-service branch and eight stand-alone ATMs.

BNH offers various financial services. The bank's primary business focus is residential and commercial lending. Loan products include fixed- and variable-rate mortgages; jumbo mortgages; residential construction loans; home equity loans and lines of credit; and home improvement, personal, car, boat, collateral, and both secured and unsecured commercial loans. Deposit products include checking, savings, and money market accounts; certificate of deposits; and individual retirement and health savings accounts. BNH also offers wealth management, investment products, and trust services through BNH Financial Services, a department of BNH. A third party, Cetera Investment Services LLC, sells investment and insurance products. Alternative banking services include online and mobile banking, text and telephone banking, and bill pay.

As of June 30, 2022, bank assets totaled \$2.4 billion, loans totaled \$1.9 billion, and deposits totaled \$2.0 billion. Since the last evaluation, bank assets increased by 35.2 percent, which is attributed to a \$407.3 million increase of the bank's loan portfolio. The increase in the dollar volume of loans is partly attributed to a \$348.7 million increase in commercial real estate and commercial and industrial loans.

Table 1 shows the bank's loan portfolio distribution as of June 30, 2022. Residential loans, which include 1-4 family open- and closed-end loans, and multifamily residential properties, have decreased from 46.1 percent to 34.9 percent of the loan portfolio by dollar volume. Commercial loans, which include commercial real estate and commercial and industrial loans, have increased since the last examination, from 42.8 percent to 52.0 percent by dollar volume.

<b>Table 1</b>		
<b>Loan Distribution as of June 30, 2022</b>		
<b>Loan Type</b>	<b>Dollar Amount \$(000s)</b>	<b>Percent of Total Loans (%)</b>
Construction and Land Development	179,087	9.5
Revolving 1-4 Family Residential	36,126	1.9
1-4 Family Residential	507,188	26.8
Multifamily (5 or more) Residential	117,128	6.2
Commercial RE	931,465	49.2
Farmland	1,608	0.1
<b>Total Real Estate Loans</b>	<b>1,772,602</b>	<b>93.7</b>
Commercial and Industrial	53,604	2.8
Consumer	35,736	1.9
Obligations of states and political subdivisions	30,584	1.6
Other loans	91	0.0
<b>Total Loans</b>	<b>1,892,617</b>	<b>100.0</b>

Call Report as of June 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

BNH’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.

BNH has designated three distinct assessment areas: the Non- Metropolitan Statistical Area (MSA) statewide area; the Rockingham County-Strafford County, NH Metropolitan Division (MD); and the Manchester-Nashua, NH MSA. There have been no changes to the assessment areas since the previous performance evaluation.

The Lending Test evaluates the bank’s lending performance pursuant to the following criteria: lending activity, assessment area concentration of loans, geographic distribution of loans, borrower’s profile, responsiveness of credit needs, community development lending activity, and product innovation. The Investment Test evaluates the bank’s performance pursuant to the following criteria: investment and grant activity, responsiveness to credit and community development needs, and community development initiatives. The Service Test evaluates the bank’s performance pursuant to the following criteria: accessibility of delivery systems, changes in branch locations, reasonableness of business hours and services, and community development services. The data used for the evaluation and the applicable timeframes are discussed below.

<sup>1</sup> “Large institutions” are banks or savings associations with assets of at least \$1.322 billion as of December 31 of both of the prior two calendar years.

The Lending Test considered the bank's small business, residential mortgage, and community development lending. The evaluation included small business and Home Mortgage Disclosure Act (HMDA) reportable loans originated by the bank from January 1, 2020, through December 31, 2021. More emphasis was placed on small business loans compared to residential mortgage 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 small business and residential mortgage loans were reviewed, the number of originations was weighted more heavily as the number of loans is more indicative of loan demand.

Aggregate HMDA data consists of lending information from all HMDA reporters that originated or purchased HMDA-reportable loans in the bank's assessment area. The bank's residential loan performance was compared to applicable aggregate data that was obtained from the Consumer Finance Protection Bureau (CFPB). "Other purpose" loans were excluded from the aggregate. Finally, the bank's home mortgage lending performance was compared to demographics from the 2015 American Community Survey (ACS), unless otherwise noted.

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 also 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 March 23, 2020, through September 12, 2022. 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.

Three community contacts were conducted in conjunction with this examination, one within each assessment area. [Although operating in different markets, the contacts expressed similar sentiments in terms of needs and opportunities. They noted some of the most significant challenges include affordable housing, food insecurity, and an increased demand for services as a result of the COVID-19 pandemic and its disproportionate impact on the populations they serve.]

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

### **LENDING TEST**

BNH's overall performance under the Lending Test is rated "High Satisfactory."

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. BNH's overall performance was consistent with the conclusions for the Non-MSA and Manchester-Nashua, NH MSA assessment areas, while the performance in the Rockingham County-Strafford County, NH MD exceeded the overall performance. The bank's performance in its Non-MSA assessment area contributed the most to the conclusions for each performance criteria in the Lending Test.

#### **Lending Activity**

The bank demonstrates good responsiveness to credit needs in its assessment areas, taking into account the number and amount of small business and residential mortgage loans in its assessment areas.

During the evaluation period, the bank originated a total of 3,166 residential and small business loans, of which 2,898 were located in the assessment areas. Of the loans in the assessment areas, 1,363 were residential loans and 1,535 were small business loans. Residential origination volume remained stable in 2020 and 2021, while small business origination volume decreased from 2020 to 2021.

The bank was among the top lenders in New Hampshire during the evaluation period. In the combined assessment areas the bank ranked 27<sup>th</sup> of 466 HMDA reporters in 2020, and 24<sup>th</sup> of 498 HMDA reporters in 2021. For small business loans, the bank ranked 10<sup>th</sup> of 173 small business reporters in the combined assessment area(s) in 2020, and 11<sup>th</sup> of 166 reporters in 2021.

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

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



Table 2 Lending Inside and Outside the Assessment Areas										
Loan Type	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%
Home Purchase - Conventional	658	91.1	164,012	80.1	64	8.9	40,621	19.9	722	100.0
Home Purchase - FHA	15	100.0	2,942	100.0	0	0.0	0	0.0	15	100.0
Home Improvement	27	96.4	2,487	94.5	1	3.6	146	5.5	28	100.0
Multifamily Housing	48	75.0	95,541	57.9	16	25.0	69,401	42.1	64	100.0
Refinancing	602	91.6	141,759	89.9	55	8.4	15,929	10.1	657	100.0
Home Purchase - VA	13	100.0	4,612	100.0	0	0.0	0	0.0	13	100.0
<b>Total HMDA related</b>	<b>1,363</b>	<b>90.9</b>	<b>411,353</b>	<b>76.5</b>	<b>136</b>	<b>9.1</b>	<b>126,097</b>	<b>23.5</b>	<b>1,499</b>	<b>100.0</b>
<b>Total Small Bus. related</b>	<b>1,535</b>	<b>92.1</b>	<b>165,149</b>	<b>84.9</b>	<b>132</b>	<b>7.9</b>	<b>29,387</b>	<b>15.1</b>	<b>1,667</b>	<b>100.0</b>
<b>TOTAL LOANS</b>	<b>2,898</b>	<b>91.5</b>	<b>576,502</b>	<b>78.8</b>	<b>268</b>	<b>8.5</b>	<b>155,484</b>	<b>21.2</b>	<b>3,166</b>	<b>100.0</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 3,166 residential and small business loans, of which 2,898 loans, or 91.5 percent, were inside the assessment areas. The bank originated 1,499 residential mortgage loans, of which 1,363 loans, or 90.9 percent, were inside the assessment areas. The bank originated 1,667 small business loans, of which 1,535 loans, or 92.1 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 excellent geographic distribution of loans in its assessment areas. Performance was consistent among the assessment areas. The bank's performance in its Non-MSA assessment area contributed the most to this conclusion. Please refer to the individual assessment areas for more information regarding the bank's HMDA-reportable and CRA-reportable small business lending performance.

### **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 good 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. Please refer to the individual assessment areas for more information regarding the bank's HMDA-reportable and CRA-reportable small business lending performance.

BNH makes extensive use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals and geographies through a variety of loan programs within its combined assessment areas.

The following list highlights the innovative or flexible lending programs:

- **Paycheck Protection Program (PPP)** - In response to the COVID-19 pandemic in 2020, the bank originated 1,419 PPP loans, totaling \$169.7 million. These loans are administered by the Small Business Administration (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 COVID 19 pandemic. The SBA will forgive loans if the borrower meets the employee retention and eligible expenses criteria. The volume of PPP loans originated, demonstrates the bank's good responsiveness in serving the credit needs of all its assessment areas.

- **Veterans Administration (VA):** The VA's Home Loan Program targets veterans and active-duty military personnel. The program includes no down payment for qualified applicants, which helps low- and moderate-income applicants obtain homeownership. This program is available to veterans throughout New Hampshire. The bank originated 27 loans under this program during the evaluation period.
- **Federal Housing Administration (FHA):** BNH participates in FHA programs that provide mortgage insurance on loans originated by FHA-approved lenders throughout the nation. FHA loans are federally backed mortgages that offer lower down payment and credit score requirements than many conventional loans. The programs are designed for low- and moderate-income borrowers who may have lower than average credit scores. The bank originated 11 loans under this program during the evaluation period.
- **Home Possible Advantage:** Home Possible Advantage is a Federal Home Loan Mortgage Corporation mortgage program that helps low- and moderate-income borrowers obtain homeownership with fixed rates, down payments as low as 3.0 percent, and reduced mortgage insurance coverage resulting in lower monthly payments. The qualifying income limit is equal to 80 percent of the area median income. BNH began offering this program in September 2018 and originated 3 loans under this program during the evaluation period.
- **NH Housing Finance Authority (NHHFA):** NHHFA helps borrowers achieve homeownership by offering affordable mortgage products. NHHFA's mortgage programs offer fixed rates, reduced mortgage insurance premiums, down payment assistance, and closing cost assistance. The Home Preferred program provides 90 percent loan-to-value limits with discounted mortgage insurance options. Home Preferred mortgages help low- and moderate-income borrowers seeking low monthly payments with reduced mortgage insurance premiums. This program serves borrowers with incomes up to 80 percent of area median income. The Home Preferred Plus program provides cash assistance up to 3 percent of the loan amount to help with a down payment or closing costs. NHHFA fully forgives the assistance, a second mortgage after four years as long as the borrower does not sell, refinance, or file for bankruptcy. This program serves borrowers with incomes up to 80 percent of area median income. The bank originated 46 loans under these programs during the evaluation period.
- **Rural Development (RD):** BNH continues to participate in the United States (U.S.) Department of Agriculture's Rural Development Home Loan program. The program assists low-income applicants obtain housing in rural areas, where it may be more difficult, by providing payment assistance. These loans are available throughout the combined assessment area, but primarily benefit the Non-MSA assessment area where the state's most rural communities are located. The bank originated 15 loans under this program during the evaluation period.

- **Small Business Administration (SBA):** The bank offers SBA 7a and SBA 504 loans. For the SBA 7a program, small businesses that meet the SBA's size eligibility standards benefit from long-term financing options, a fixed maturity, and no prepayment penalties. The SBA 504 program is an economic development program that offers small business financing while promoting job growth and creating jobs. The 504/Certified Development Company (CDC) Program provides proven small businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. The bank originated 18 loans under these programs during the evaluation period.
- **NH Business Finance Authority:** BNH also originates Business Finance Authority loans throughout the state. The Capital Access Program is a program designed to provide financing to start-ups, non-profits, and established small businesses and with a 100 percent guarantee on term loans and lines of credit up to \$200,000. The bank originated 36 loans under these programs during the evaluation period.

### **Community Development Lending Activities**

BNH'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 25 community development loans, totaling \$44.9 million. This represents an increase over the previous evaluation where the bank originated 15 community development loans, totaling \$37.4 million. The increase was due in large part to the bank's participation in the PPP, in which the bank originated 17 PPP loans, totaling \$30.5 million, which qualified as community development loans.

Performance was generally consistent among the assessment areas, though the bank's performance in its Non-MSA assessment area contributed the most weight to the assigned rating. The bank's loans were highly responsive to assessment area needs, through revitalizing and stabilizing low- and moderate-income areas, supporting economic development, and supporting affordable housing benefitting low- and moderate-individuals. More information on the bank's community development lending activity is provided in the individual assessment area sections to follow.

The bank makes use of innovative and/or flexible loan programs to help meet the credit needs of low- and moderate-income borrowers and small businesses. The following is a description of innovative and/or flexible lending programs offered by the bank:

- **Paycheck Protection Program (PPP)** - As a large bank, BNH is required to report these PPP loans as small business loans if they are in amounts of \$1 million or less. 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.

## INVESTMENT TEST

BNH's performance under the Investment Test 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; 4) the degree to which the qualified investments are not routinely provided by private investors.

The bank demonstrated a significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position. Qualified investments totaled \$7.1 million, of which \$6.5 million was in the form of equity and/or tax credit investments, and \$625,695 was in the form of donations. Investments at the bank level, which were not attributed to any specific assessment area totaled \$900,000, and consisted of prior-period equity investments.

Of note, the bank chose combatting food insecurity as an area of focus, which was especially prevalent during the COVID-19 pandemic. The community contacts also mentioned combatting food insecurity as a need within the state.

The following is an example of the donation focus in the combined assessment area:

- **New Hampshire Food Bank** – The bank donated \$356,300 during the evaluation period, inclusive of a \$225,000 donation for a mobile food pantry to aid the state during the COVID-19 pandemic. The organization serves as the only food bank in the state and works to provide nutritious food and resources to individuals who are experiencing food insecurity.

The bank demonstrated significant use of innovative or complex qualified investments at the institution level and in the combined assessment areas, through the use of tax credits.

The bank demonstrated good responsiveness to credit and community development needs overall.

## SERVICE TEST

BNH's performance under the Service Test is rated High Satisfactory.

The Service Test evaluates an institution's record of helping to meet the credit needs of its assessment area(s) 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.

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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.

## **Retail Banking Services**

Retail banking services evaluate the availability and effectiveness of an institution's systems for delivering retail banking services, pursuant to the following criteria: 1) the current distribution of the institution's branches among low-, moderate-, middle-, and upper-income geographies; 2) in the context of its current distribution of branches, the record of opening and closing branches, particularly branches located in low- 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's service-delivery systems are accessible to geographies and individuals of different income levels in the combined assessment area. The bank operates a total of 21 branches, 8 of which are located in moderate-income census tracts, with the remaining 13 located in middle- and upper income census tracts. In addition to each branch having an ATM, the bank operates a total of 8 stand-alone ATMs, 5 of which are full-service, and 3 are cash-only. Of the 8 ATMs, 1 is located in a moderate-income census tract, and the remaining 7 are located in middle-income census tracts.

To the extent changes have been made, the bank's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. Since the previous examination, the bank closed 5 branches (including a limited-service branch), relocated a branch, and opened a branch. Of the 5 closed branches 1 (Woodsville) was located in a moderate-income census tract, 2 (Concord and Laconia) were located in middle-income census tracts, and the remaining 2 (Bedford and Portsmouth) were in upper-income census tracts. The Conway branch relocated to a new location on the same street. The new branch in Bedford is located in an upper-income census tract.

BNH 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. BNH offers the same products and services at all full-service branches and business hours are generally consistent among branches in moderate-, middle-, and upper-income census tracts, varying only slightly by branch location. Branch and drive-up hours are generally consistent with local competition.

## **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 provided a relatively high level of community development services during the evaluation period. Employees contributed approximately 691 hours through participation in 192 instances of community development service activities. Of these hours, 434 benefited the Non-MSA assessment area, 119 benefited the Manchester-Nashua, NH MSA assessment area, 87 benefited the Rockingham County-Stafford County, NH MD assessment area, and 51 benefited a

broader statewide area. Performance is similar to that noted at the prior evaluation considering a shorter evaluation period. At that evaluation, employees contributed approximately 1,800 hours through participation in 181 community development service activities. It should be noted that the COVID-19 pandemic greatly impacted service opportunities during the evaluation period. More information on the bank's community development services activity is provided in the individual assessment area sections to follow.

#### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

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

### **SCOPE OF EXAMINATION**

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

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

The Non-MSA assessment area consists of the entirety of the following counties: Belknap, Carrol, Coos, Grafton, and Merrimack, and Sullivan. The only county within the Non-MSA that is not included in this assessment area is Cheshire, in the southwestern most portion of the state. The assessment area covers nearly the entire state, from the Massachusetts state boundary to the south, to Coos County, which borders Canada to the north. In addition to its headquarters in Laconia, the bank operates 14 full-service branches in New Hampshire. Each full-service branch has an ATM. During the review period, the bank relocated the Conway branch in close proximity, and also closed three branches within the Non-MSA assessment area, these branches were located in Concord, Laconia, and Woodsville.

According to the FDIC Summary of Deposits report as of June 30, 2022, branch deposits within the Non-MSA assessment area totaled \$1.6 billion, or 84.2 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 165 branches within the counties that comprise the assessment area. The bank ranked 3<sup>rd</sup>, with a deposit market share of 10.2 percent. National banks, TD Bank, N.A. and Citizens Bank, N.A., ranked 1<sup>st</sup> and 2<sup>nd</sup>, respectively, while Bank of America, N.A. ranked 4<sup>th</sup>. The bank also faces competition from local and regional community banks, including Mascoma Bank and Meredith Valley Savings Bank, which have a significant branch presence in the counties that comprise the Non-MSA assessment area. In terms of lending presence, 70.1 percent of the bank’s home mortgage and small business loans originated within the assessment areas during the review period were in the Non-MSA assessment area.

Relevant demographic data for the Non-MSA assessment area is provided in Table 3.

Table 3 Assessment Area Demographics Non-MSA Assessment Area								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	1.0	907	0.8	306	33.7	22,089	20.0
Moderate-income	19	18.6	19,045	17.2	2,129	11.2	19,936	18.0
Middle-income	60	58.8	66,234	59.9	4,081	6.2	24,321	22.0
Upper-income	22	21.6	24,461	22.1	712	2.9	44,301	40.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>102</b>	<b>100.0</b>	<b>110,647</b>	<b>100.0</b>	<b>7,228</b>	<b>6.5</b>	<b>110,647</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	1,892	835	0.7	44.1	689	36.4	368	19.5
Moderate-income	42,411	19,705	16.0	46.5	11,494	27.1	11,212	26.4
Middle-income	147,881	74,884	60.9	50.6	26,504	17.9	46,493	31.4
Upper-income	44,423	27,536	22.4	62.0	7,514	16.9	9,373	21.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>236,607</b>	<b>122,960</b>	<b>100.0</b>	<b>52.0</b>	<b>46,201</b>	<b>19.5</b>	<b>67,446</b>	<b>28.5</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	113	0.5	100	0.5	13	0.7	0	0.0
Moderate-income	4,089	18.4	3,607	17.9	410	22.9	72	19.7
Middle-income	12,631	56.7	11,505	57.2	893	49.8	233	63.7
Upper-income	5,435	24.4	4,898	24.4	476	26.6	61	16.7
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>22,268</b>	<b>100.0</b>	<b>20,110</b>	<b>100.0</b>	<b>1,792</b>	<b>100.0</b>	<b>366</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.3</b>		<b>8.0</b>		<b>1.6</b>

2021 FFIEC Census Data and 2021 D&B Information  
Total percentages shown may vary by 0.1 percent due to automated rounding differences

### Composition

The Non-MSA assessment area consists of 102 census tracts, of which 1 is low-income, 19 are moderate-income, 60 are middle-income, and 22 are upper-income. The low level of low-income census tracts limits opportunities for the origination of residential and small business loans in these tracts.



*Population*

The assessment area has a population of 419,520 individuals. There are 169,161 households, of which 110,647 are families. The largest portion of families, at 40.0 percent, are upper-income. Middle-income families account for 21.9 percent families, and moderate- and low-income families represent 18.0 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 home to Keene State College. Concord in Merrimack County is the capital of New Hampshire and the state’s third largest city. Outside of these population centers, the Non-MSA assessment area is generally rural, consisting of small villages and forests, including the White Mountain National Forest.

New Hampshire experienced a slight population growth of 0.6 percent between the 2010 US Census and 2015 ACS, while the Non-MSA portion of the assessment area had a slight population decline of 0.3 percent over the same period. The Non-MSA assessment area also has a large population of individuals aged 65 and over. This aging population creates a need for affordable housing and community development services for seniors. Additionally, the aging population generally resides in an aging housing stock, which increases the volume of homes in need of improvement, rehabilitation, and weatherization.

*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 Non-MSA assessment area and the individual counties within the area.

<b>Table 4</b>			
<b>Median Family Income</b>			
<b>Area</b>	<b>2010 Median Family Income</b>	<b>2015 Median Family Income</b>	<b>Percent Change</b>
Non-MSA AA	\$71,562	\$71,479	-0.12%
Belknap County, NH	\$70,646	\$72,089	2.04%
Carroll County, NH	\$65,431	\$62,468	-4.53%
Coos County, NH	\$57,524	\$55,385	-3.72%
Grafton County, NH	\$72,146	\$71,587	-0.78%
Merrimack County, NH	\$81,963	\$81,950	-0.02%
Sullivan County, NH	\$67,470	\$67,911	0.65%
New Hampshire	\$83,246	\$81,726	-1.83%

*Source: 2006 - 2010 U.S. Census Bureau American Community Survey  
2011 - 2015 U.S. Census Bureau American Community Survey  
Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.*

The MFI for the Non-MSA assessment area was \$71,562 in 2010, and \$71,479 in 2015. The percentage of families below the poverty level for the Non-MSA assessment area is 6.5 percent, slightly above the combined assessment areas, at 5.8 percent. Poverty rates are highest in the more rural portions of the Non-MSA assessment area, where poverty rates exceed double digits. This suggests that despite being predominantly middle- and upper-income, many residents in the Non-MSA 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 Non-MSA 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 Non-MSA assessment area contains 236,607 housing units, of which only 52.0 percent are owner-occupied. Rental units account for 19.5 percent of total housing units. Vacant units comprise 28.5 percent of total housing units, driven in part due to vacation and second homes in the area. One-to-four family housing units comprise 89.1 percent of total housing units. Multifamily housing units comprise just 10.2 percent of the housing stock, suggesting that opportunities to finance larger affordable housing properties may be limited. Mobile homes comprise 7.7 percent of the total housing stock; manufactured homes are an affordable housing option for many borrowers within the assessment area given the high cost of housing compared to MFIs.

According to the September 7, 2022, release of the Federal Reserve Board's Beige Book, higher interest rates have cooled home-buying demand in New England, resulting in a sharp decline in closed sales in more recent months. 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 22,268 businesses operating within the assessment area. Of the businesses, the vast majority, at 90.3 percent, have gross annual revenues (GARs) of \$1 million or less. At 57.2 percent, the majority of these businesses are located in middle-income census tracts, which is reflective of the overall census tract distribution of the assessment area. Similarly, 17.9 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 for 2021 was 5.3 percent, while the

unemployment rate for the state of New Hampshire was 3.5 percent. The unemployment rates for the counties within the assessment area also compared favorably to the national unemployment rate, at 4.4 percent in Coos County, 3.3 percent in Grafton County, 3.2 percent in Merrimack County, and 3.3 percent in Sullivan County. Unemployment rates have gradually decreased after rising sharply in the spring and summer of 2020 due to the COVID-19 pandemic. However, many residents and businesses, as well as the non-profit organizations that support them, continue to face economic hardship.

### **Community Contacts**

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 NON-MSA ASSESSMENT AREA**

### **LENDING TEST**

BNH's performance relative to the Lending Test in the Non-MSA assessment area is good. The bank's excellent performance in Geographic Distribution and good performance in Borrower Distribution and Community Development Lending criteria primarily support this conclusion.

#### **Geographic Distribution**

The bank demonstrates excellent geographic distribution of loans in this assessment area. The bank's excellent performance in residential lending and excellent performance in small business lending supports this conclusion.

#### *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 demonstrates an excellent geographic distribution of residential loans.

Table 5 Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Non - MSA													
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	0.4	0	0.0	0.2	0	0.0	0.6	0	0.0	0.2	0.7
Moderate	35	11.9	13.8	8,446	12.0	10.4	46	18.9	16.2	8,535	12.8	12.0	16.0
Middle	220	74.8	64.3	49,232	70.2	62.2	180	74.1	63.1	51,472	77.4	62.5	60.9
Upper	39	13.3	21.5	12,433	17.7	27.3	17	7.0	20.1	6,499	9.8	25.3	22.4
<b>Total</b>	<b>294</b>	<b>100.0</b>	<b>100.0</b>	<b>70,111</b>	<b>100.0</b>	<b>100.0</b>	<b>243</b>	<b>100.0</b>	<b>100.0</b>	<b>66,506</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	0	0.0	0.1	0	0.0	0.0	0	0.0	0.1	0	0.0	0.1	0.7
Moderate	24	12.1	9.6	3,916	8.1	7.3	30	13.5	10.4	5,542	11.1	7.9	16.0
Middle	137	69.2	59.5	32,338	66.7	56.7	160	71.7	61.2	34,082	68.2	58.8	60.9
Upper	37	18.7	30.7	12,232	25.2	36.0	33	14.8	28.3	10,374	20.7	33.2	22.4
<b>Total</b>	<b>198</b>	<b>100.0</b>	<b>100.0</b>	<b>48,486</b>	<b>100.0</b>	<b>100.0</b>	<b>223</b>	<b>100.0</b>	<b>100.0</b>	<b>49,998</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	0	0.0	0.4	0	0.0	0.1	0	0.0	0.2	0	0.0	0.0	0.7
Moderate	5	38.5	11.5	355	26.7	8.7	2	22.2	11.7	196	20.8	9.6	16.0
Middle	7	53.8	60.5	825	62.0	61.5	5	55.6	60.7	486	51.6	59.6	60.9
Upper	1	7.7	27.6	150	11.3	29.6	2	22.2	27.4	260	27.6	30.8	22.4
<b>Total</b>	<b>13</b>	<b>100.0</b>	<b>100.0</b>	<b>1,330</b>	<b>100.0</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>100.0</b>	<b>942</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>													<b>Multi-family Units %</b>
Low	1	7.7	1.2	132	1.4	0.1	2	9.1	0.9	163	1.0	0.1	1.0
Moderate	3	23.1	32.6	799	8.6	18.3	9	40.9	36.6	9,665	61.6	40.7	23.7
Middle	7	53.8	50.0	4,078	43.7	72.4	11	50.0	52.7	5,850	37.3	53.0	59.6
Upper	2	15.4	16.3	4,329	46.4	9.2	0	0.0	9.8	0	0.0	6.3	15.8
<b>Total</b>	<b>13</b>	<b>100.0</b>	<b>100.0</b>	<b>9,338</b>	<b>100.0</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>	<b>100.0</b>	<b>15,678</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	0.2	0.3	132	0.1	0.1	2	0.4	0.3	163	0.1	0.1	0.7
Moderate	67	12.9	11.5	13,516	10.5	8.8	87	17.5	12.6	23,938	18.0	10.5	16.0
Middle	371	71.6	61.3	86,473	66.9	59.4	356	71.6	61.8	91,890	69.0	60.2	60.9
Upper	79	15.3	26.9	29,144	22.5	31.7	52	10.5	25.3	17,133	12.9	29.2	22.4
<b>Total</b>	<b>518</b>	<b>100.0</b>	<b>100.0</b>	<b>129,265</b>	<b>100.0</b>	<b>100.0</b>	<b>497</b>	<b>100.0</b>	<b>100.0</b>	<b>133,124</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.

As displayed in Table 5, in 2020 the bank originated 1 home mortgage loan, or 0.2 percent, in the single low-income census tract, which is in-line with the aggregate, at 0.3 percent, and slightly behind the owner-occupied housing units in this tract, at 0.7 percent. Within moderate-income census tracts, the bank originated 67 loans, or 12.9 percent, which exceeded the aggregate at 11.5 percent, and was slightly behind the percentage of owner-occupied housing units, at 16.0 percent. The majority of the bank's loans were originated in middle- and upper-income tracts. BNH extended 71.6 percent in middle-income tracts, exceeding the aggregate and demographics, at 61.3 percent and 60.9 percent, respectively. However, loans in upper-income tracts, 15.3 percent, trailed the aggregate and demographics, at 26.9 percent and 22.4 percent, respectively.

In 2021, the bank originated 2 home mortgage loans, or 0.4 percent, in low-income census tracts, exceeding the aggregate, at 0.3 percent, and slightly behind the owner-occupied housing units in these tracts, at 0.7 percent. Within moderate-income census tracts, the bank originated 87 loans, or 17.5 percent, again exceeding the aggregate, at 12.6 percent, and also the percentage of owner-occupied housing units at 16.0 percent. The majority of the bank’s loans were originated in middle- and upper-income tracts. The bank extended 71.6 percent in middle-income tracts, exceeding the aggregate and demographics, at 61.8 percent and 60.9 percent, respectively. However, loans in upper-income tracts, at 10.5 percent, trailed the aggregate and demographics, at 25.3 percent, and 22.4 percent, respectively.

There are limited lending opportunities for HMDA-reportable loans in the single low-income census tract within the bank’s Non-MSA assessment area as less than one percent of the owner-occupied housing is located in this tract. Despite this, the bank’s performance was in-line with the aggregate performance. There were no conspicuous gaps in the bank’s home mortgage loan penetration in the low- or moderate-income tracts. During the evaluation period, the bank made loans in the single low-income census tract in both years and penetrated 12 of the 19 moderate-income census tracts in 2020 and 18 of the 19 moderate-income tracts in 2021. Additionally, the bank exceeded the performance of the aggregate in the moderate-income census tracts in both years, further supporting the bank’s excellent performance.

*Small Business Lending*

Table 6 represents the distribution of small business loans by census tract income level. The bank demonstrates an excellent geographic distribution of small business loans.

Table 6 Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography Assessment Area: Non - MSA													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank			Agg		Bank		Agg		
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
<b>Low</b>	2	0.3	0.4	247	0.3	0.5	2	0.4	0.4	379	0.7	0.7	0.5
<b>Moderate</b>	169	22.1	17.1	18,270	25.0	17.9	124	25.5	17.4	16,002	28.2	17.0	18.4
<b>Middle</b>	486	63.4	56.3	46,247	63.3	53.0	303	62.2	56.9	34,271	60.4	52.4	56.7
<b>Upper</b>	109	14.2	25.1	8,271	11.3	28.0	58	11.9	23.8	6,075	10.7	29.6	24.4
<b>Total</b>	766	100.0	100.0	73,035	100.0	100.0	487	100.0	100.0	56,727	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 2 loans, or 0.3 percent, to businesses in the single low-income census tract, which was in-line with the aggregate, at 0.4 percent, and slightly below the total businesses by tract, at 0.5 percent. Within moderate-income census tracts, the bank originated 169 loans, or 22.1 percent, which exceeded the aggregate, at 17.1 percent, and the total businesses by census tract, at 18.4 percent. The majority of the bank’s loans were originated in middle-income census tracts, exceeding the aggregate and demographic figures in middle-

income census tracts. Within upper-income census tracts, the bank originated 109 loans, or 14.2 percent, which trailed the aggregate, at 25.1 percent, and the total businesses by census tract, at 24.4 percent.

In 2021, the bank originated 2 loans, or 0.4 percent, to businesses in the single low-income census tract, which was again in-line with the aggregate, at 0.4 percent, and slightly below the total businesses by tract, at 0.5 percent. Within moderate-income census tracts, the bank originated 124 loans, or 25.5 percent, which again exceeded the aggregate, at 17.4 percent, and the total businesses by census tract, at 18.4 percent. The majority of the bank's loans, 303 loans, or 62.2 percent, were originated to businesses in middle-income census tracts, exceeding the aggregate and demographics, at 56.9 and 56.7 percent, respectively. Within upper-income census tracts, the bank originated 58 loans, or 11.9 percent, which trailed the aggregate, at 23.8 percent, and the total businesses by census tract, at 24.4 percent.

There were no conspicuous gaps in the bank's small business loan penetration in the low- or moderate-income tracts. During the evaluation period, the bank made loans in the single low-income census tract in both years and penetrated 17 of the 19 moderate-income census tracts in 2020, and 16 of the 19 moderate-income tracts in 2021. Additionally, the bank's performance in moderate-income tracts exceeded both the aggregate performance and the demographics in both years further supporting the bank's excellent performance.

### **Borrower Distribution**

The distribution of borrowers reflects good penetration among customers of different income levels and business customers of different sizes. The bank's good performance with residential lending and small business lending supports this conclusion.

#### *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 good.

Table 7 Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Non - MSA													
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	19	6.5	5.6	1,792	2.6	2.9	9	3.7	3.8	835	1.3	1.8	20.0
Moderate	50	17.0	18.9	6,891	9.8	13.5	27	11.1	16.5	4,464	6.7	11.1	18.0
Middle	58	19.7	21.7	10,992	15.7	19.2	50	20.6	22.6	13,385	20.1	19.2	22.0
Upper	160	54.4	45.6	47,817	68.2	56.2	143	58.8	46.7	45,525	68.5	57.6	40.0
Unknown	7	2.4	8.1	2,619	3.7	8.2	14	5.8	10.5	2,297	3.5	10.3	0.0
<b>Total</b>	<b>294</b>	<b>100.0</b>	<b>100.0</b>	<b>70,111</b>	<b>100.0</b>	<b>100.0</b>	<b>243</b>	<b>100.0</b>	<b>100.0</b>	<b>66,506</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Refinance Loans</b>													
Low	11	5.6	4.1	1,218	2.5	2.1	11	4.9	4.5	1,505	3.0	2.5	20.0
Moderate	34	17.2	13.5	4,896	10.1	9.4	39	17.5	16.6	5,227	10.5	11.9	18.0
Middle	37	18.7	21.1	7,345	15.1	17.8	51	22.9	22.9	9,555	19.1	19.7	22.0
Upper	116	58.6	45.7	35,027	72.2	54.5	119	53.4	42.1	32,922	65.8	51.5	40.0
Unknown	0	0.0	15.6	0	0.0	16.1	3	1.3	13.9	789	1.6	14.5	0.0
<b>Total</b>	<b>198</b>	<b>100.0</b>	<b>100.0</b>	<b>48,486</b>	<b>100.0</b>	<b>100.0</b>	<b>223</b>	<b>100.0</b>	<b>100.0</b>	<b>49,998</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	2	15.4	7.3	105	7.9	4.4	2	22.2	6.8	146	15.5	4.4	20.0
Moderate	3	23.1	19.7	350	26.3	13.0	2	22.2	14.7	196	20.8	11.2	18.0
Middle	2	15.4	22.4	105	7.9	16.7	0	0.0	26.7	0	0.0	20.5	22.0
Upper	6	46.2	46.6	770	57.9	57.9	4	44.4	48.1	500	53.1	59.2	40.0
Unknown	0	0.0	4.0	0	0.0	8.0	1	11.1	3.8	100	10.6	4.8	0.0
<b>Total</b>	<b>13</b>	<b>100.0</b>	<b>100.0</b>	<b>1,330</b>	<b>100.0</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>100.0</b>	<b>942</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													
Low	32	6.3	4.9	3,115	2.6	2.5	22	4.6	4.4	2,486	2.1	2.3	20.0
Moderate	87	17.2	15.8	12,137	10.1	11.1	68	14.3	16.3	9,887	8.4	11.4	18.0
Middle	97	19.2	21.1	18,442	15.4	18.1	101	21.3	22.8	22,940	19.5	19.2	22.0
Upper	282	55.8	45.2	83,614	69.7	55.0	266	56.0	44.2	78,947	67.2	54.6	40.0
Unknown	7	1.4	13.1	2,619	2.2	13.3	18	3.8	12.3	3,186	2.7	12.5	0.0
<b>Total</b>	<b>505</b>	<b>100.0</b>	<b>100.0</b>	<b>119,927</b>	<b>100.0</b>	<b>100.0</b>	<b>475</b>	<b>100.0</b>	<b>100.0</b>	<b>117,446</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.

As displayed in Table 7, the bank extended 32 loans to low-income borrowers in 2020, representing 6.3 percent of total loans and exceeding the aggregate, at 4.9 percent. While the bank and aggregate were below the percentage of low-income families, at 20.0 percent, it is not expected that the bank would match the percentage of low-income families due to the relatively high housing values as compared to MFIs. Affordability presents challenges for low-income families given the high median home values. The bank's loans to moderate-income borrowers, at 17.2 percent, also exceeded the aggregate, at 15.8 percent, and was in-line with the percentage of moderate-income families, at 18.0 percent. The bank's originations to middle-income borrowers, at 19.2 percent, slightly lagged the aggregate and the percentage of middle-income families, at 21.1 percent and 22.0 percent, respectively, in 2020, while originations to upper-income borrowers, at 55.8 percent, exceeded both the aggregate and percentage of upper-income families, at 45.2 percent and 40.0 percent, respectively.

In 2021, the bank extended 22 loans, or 4.6 percent, to low-income borrowers, which again exceeded the aggregate, at 4.4 percent. The bank’s percentage was also below the percentage of low-income families; however, as discussed, the bank is not expected to match the percentage of low-income families. The bank extended 68 loans, or 14.3 percent, to moderate-income borrowers, trailing the aggregate’s 16.3 percent. The bank was able to extend 101 loans, or 21.3 percent, to middle-income borrowers, trailing the aggregate, at 22.8 percent, and exceeding the percentage of middle-income families, at 22.0 percent. The majority of the bank’s loans, 266 or 56.0 percent, were made to upper-income borrowers. The bank’s lending to upper-income borrowers exceeded the aggregate, at 44.2 percent, and the percentage of upper-income families, at 40.0 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 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 good.

<b>Table 8</b>													
<b>Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses</b>													
<b>Assessment Area: Non - MSA</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>#</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>	46	6.0	33.4	9,415	12.9	20.7	66	13.6	50.2	13,038	23.0	28.2	90.3
<b>Over \$1 Million</b>	30	3.9		5,252	7.2		35	7.2		9,267	16.3		8.0
<b>Revenue Unknown</b>	690	90.1		58,368	79.9		386	79.3		34,422	60.7		1.6
<b>Total</b>	766	100.0		73,035	100.0		487	100.0		56,727	100.0		100.0
<b>By Loan Size</b>													
<b>\$100,000 or Less</b>	574	74.9	89.6	17,204	23.6	36.3	352	72.3	92.3	11,334	20.0	37.2	
<b>\$100,001 - \$250,000</b>	111	14.5	6.3	18,041	24.7	21.5	70	14.4	4.6	11,121	19.6	20.2	
<b>\$250,001 - \$1 Million</b>	81	10.6	4.1	37,790	51.7	42.1	64	13.1	3.1	32,272	56.9	42.6	
<b>Total</b>	766	100.0	100.0	73,035	100.0	100.0	487	100.0	100.0	56,727	100.0	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>													
<b>\$100,000 or Less</b>	19	41.3		985	10.5		31	47.0		1,612	12.4		
<b>\$100,001 - \$250,000</b>	13	28.3		2,411	25.6		20	30.3		3,490	26.8		
<b>\$250,001 - \$1 Million</b>	14	30.4		6,019	63.9		15	22.7		7,936	60.9		
<b>Total</b>	46	100.0		9,415	100.0		66	100.0		13,038	100.0		
<i>Source: 2021 FFIEC Census Data 2021 Dun &amp; Bradstreet Data 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 vast majority of the bank’s loans, 690 or 90.1 percent, were to businesses where revenues were not known. 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 74.9 percent of its loans in amounts under \$100,000 in 2020. As mentioned above, smaller loan amounts may sometimes 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. Similarly, in 2021, 386 or 79.3 percent of loans, had unknown revenues due to the PPP participation and the bank made 72.3 percent of its loans in amounts under \$100,000 in 2021.

**Community Development Lending**

The bank made a relatively high level of community development loans. The bank originated 15 community development loans, totaling \$29.1 million, in the Non-MSA assessment area. Twelve loans, totaling \$24.8 million, were made under the PPP. The remaining 3 loans, totaling \$4.3 million, supported affordable housing. This activity level represents an increase over the prior evaluation, primarily driven by the bank’s PPP loan participation. At the previous evaluation, the bank made 8 community development loans, totaling \$22.3 million. Table 9 provides a summary of the bank’s community development lending.

Table 9 Qualified Community Development Loans Non-MSA Assessment Area								
Community Development Category	2020 (as of March 23)		2021		2022		Review Period	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Affordable Housing	1	1,326	2	3,000	0	0	3	4,326
Revitalization/Stabilization	3	4,362	1	1,416	0	0	4	5,778
Economic Development	7	17,680	1	1,340	0	0	8	19,020
<b>Total</b>	11	23,368	4	5,756	0	0	15	29,124

*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:

- During 2020 and 2021, the bank originated 12 PPP loans over \$1MM within the Non-MSA assessment area. These loans were designed to assist the efforts of small businesses and to keep these businesses’ workforces employed during the COVID-19 pandemic. These loans helped retain low- and moderate-income jobs and stabilize low- and moderate-income areas. Through these PPP loans, the bank was responsive to the specific credit needs of the assessment area during a difficult time.
- In 2020, the bank originated a \$1.3 million loan to a non-profit, co-operative owned, mobile home park to improve infrastructure in the park. Due to the ownership structure the park is able to maintain low lot rents for the residents and maintain affordability. Community contacts indicated that affordable housing is a critical need in the assessment area.

- In 2021, the bank originated two loans to a non-profit totaling \$3.0 million to facilitate capital improvements on a property that provides nearly 100 units of affordable housing to low-income seniors. As noted previously, affordable housing is a critical need in the assessment area.

## INVESTMENT TEST

BNH’s performance relative to the Investment Test in this assessment area is good.

The bank demonstrates a significant level of qualified investments, particularly those that are not routinely provided by private investors, occasionally in a leadership position. Overall, the bank made \$5.7 million in qualified investments during the evaluation period in the Non-MSA assessment area. Of the total, \$5.3 million were in the form of prior-period equity investments, \$255,000 were tax credit investments and \$157,700 were donations.

### *Equity Investments*

The bank demonstrates significant use of innovative or complex qualified investments through tax credit investments made during the evaluation period. The bank utilized NH Community Development Finance Authority (CDFA) tax credit investments opportunities. The CDFAs tax credit program aims to support organizations that are engaged in community economic development initiatives that show a high degree of community support, build partnerships, and leverage other resources.

The following are examples of qualified tax credit investments made by the bank in the Non-MSA assessment area.

- The bank purchased a \$25,000 tax credit for its investment for the renovation of an emergency housing shelter.
- The bank purchased a \$125,000 tax credit for its investment to an organization focused on capacity building of community development organizations in New Hampshire.

### *Grants and Donations*

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

Community Development Category	2020 (as of March 23)		2021		2022		Review Period	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	1	1,000	2	10,000	0	0	3	11,000
Community Services	8	67,500	7	27,200	3	52,000	18	146,700
<b>Total</b>	9	68,500	9	37,200	3	52,000	21	157,700

*Bank provided qualified investment data.*

The bank provided 21 donations, totaling \$157,700, in the Non-MSA assessment area. Of the total, the greatest by number and by dollar volume were qualified as supporting community development services.

The following is a sample of the organizations that benefited from the bank's contributions.

- **Boys and Girls Club of the Lakes Region** – The bank donated \$100,000 to this organization during the evaluation period. The organization provides youth development services to all children in the area, at no cost, including low-and-moderate-income individuals.
- **Affordable Housing, Education, and Development (AHEAD)** – The bank donated \$5,000 to this organization in 2021. The organization's mission is to provide affordable housing that strengthens and revitalizes rural communities. The organization achieves its mission by connecting with community partners to develop affordable housing developments.

The bank demonstrates good responsiveness to credit and community development needs through its investment in affordable housing tax credits and the wide range of community development services supported by donations. The community contact indicated that affordable housing is a critical need in the assessment area and the bank's new tax credit investments demonstrated that the bank is working to meet credit and community development needs in the assessment area. Additionally, community development service donations helped support a variety of qualified activities targeted to low- and moderate-income individuals such as childcare, social services, education, workforce development, health programs, substance recovery, homeless shelters, soup kitchens, and youth programs.

## **SERVICE TEST**

BNH's performance relative to the Service Test in the Non-MSA assessment area is good. The bank's good performance in the Retail Banking Services and Community Development Services criteria primarily supports this conclusion.

### **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>Census Tract Income Category</b>	<b>Total Census Tract</b>	<b>Total Population</b>	<b>Bank Offices by Census Tract</b>	
	<b>% of #</b>	<b>% of #</b>	<b>#</b>	<b>%</b>
Low	1.0	0.9	0	0
Moderate	18.6	17.4	5	33.3
Middle	58.8	59.0	9	60.0
Upper	21.6	22.5	1	6.7
Unknown	0.0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>

2021 FFIEC Census data

As mentioned previously, the assessment area contains a single low-income census tract. Of the bank’s 15 branches in the assessment area, 5 branches, or 33.3 percent, are located in moderate-income tracts. The branches in moderate-income tracts are located in Claremont, Concord Heights, Laconia, Littleton, and Whitefield. With 33.3 percent of branches located in moderate-income tracts, the bank’s branch distribution in moderate-income tracts exceeds the percentage of tracts by number of tracts in the assessment area, at 18.6 percent, and the percentage of the population living in those tracts, at 17.4 percent.

The bank has closed three branches during the evaluation period in the Non-MSA assessment area and relocated one branch; no new branches were opened in this area. The closed branches included Woodsville in a moderate-income census tract, in Concord in a middle-income census tract, and a limited-service branch in Laconia in a middle-income census tract. The relocated branch is in Conway and was relocated in close proximity. Notably, there are 4 BNH branches and 2 ATMs within reasonable proximity to the closed moderate-income branch which helps to mitigate that closures impact. Therefore, to the extent changes have been made, its record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.

The bank 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 five located in moderate-income tracts.

**Community Development Services**

The bank demonstrates it provides a relatively high level of community development services in its assessment area. Although the bank’s community development services are not particularly innovative, the relatively high level of community development services is reflected through the extent and degree to which they serve low- and moderate-income areas, and their responsiveness to available opportunities.

*Employee Services*

During the evaluation period, bank employees provided their expertise through 106 instances and 434 hours of volunteering to different community development organizations in the assessment area. The bank employees' involvement primarily consisted of serving as board members for organizations focused on providing community development services, affordable housing, and economic development 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:

- **Hands Across the Table** – This nonprofit organization offers a community meal program which provides a free, weekly hot supper for those in need in the Greater Laconia area. An average of 100-140 guests attends each supper. In 2020, 2021, and 2022 a bank employee was a board member for this organization.
- **Mt. Washington Housing Coalition (MWHC)** – This nonprofit organization works toward ensuring residents of the Valley have adequate supply of affordable rental and sale housing. MWHC provides research, public advocacy, and work in tandem with developers, planning boards, and subject matter experts. A senior vice president is a board member of this organization.

## **ROCKINGHAM COUNTY-STRAFFORD COUNTY, NH MD – Full-Scope Review**

### **SCOPE OF EXAMINATION**

The scope for this assessment area is consistent with the scope presented in the overall section of the Performance Evaluation.

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ROCKINGHAM COUNTY-STRAFFORD COUNTY, NH MD**

The Rockingham County-Strafford County, NH MD assessment area consists of 91 census tracts across Rockingham and Strafford Counties. Rockingham and Strafford counties represent the seacoast of New Hampshire and are located in the southeastern most portion of the state. BNH operations in the Rockingham County-Strafford County, NH MD assessment area include two branches and one full-service ATM. The two branches are located in moderate-income census tracts and the ATM is located in a middle-income census tract. Since the previous evaluation, the bank closed one branch in Portsmouth.

According to the FDIC Summary of Deposits report as of June 30, 2022, branch deposits within the assessment area totaled \$130.9 million, or 6.5 percent, of the bank’s total deposits. According to the FDIC Deposit Market Share report as of the same date, there were 27 financial institutions offering deposit services through 118 branches within the counties that comprise the assessment area. The bank ranked 17<sup>th</sup>, with a deposit market share of 0.9 percent. National banks, TD Bank, N.A. and Citizens Bank, N.A., ranked 1<sup>st</sup> and 2<sup>nd</sup>, respectively, while Bank of America, N.A. ranked 3<sup>rd</sup>. The bank also faces competition from local and regional community banks, including First Seacoast Bank, Kennebunk Savings Bank, and Newburyport Five Cents Savings Bank, which have a significant branch presence in the counties that comprise the assessment area. In terms of lending presence, 14.1 percent of the bank’s home mortgage and small business loans originated during the review period were in the assessment area.

Relevant demographic data for the Rockingham County-Strafford County, NH MD assessment area is provided in Table 12 below.

Table 12 Assessment Area Demographics Rockingham Strafford MD								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	1.1	1,377	1.2	207	15.0	21,627	19.1
Moderate	19	20.9	22,997	20.3	2,079	9.0	20,712	18.3
Middle	49	53.8	65,768	58.0	2,385	3.6	26,037	23.0
Upper	20	22.0	23,161	20.4	367	1.6	44,927	39.7
Unknown	2	2.2	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>91</b>	<b>100.0</b>	<b>113,303</b>	<b>100.0</b>	<b>5,038</b>	<b>4.4</b>	<b>113,303</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	3,254	1,330	1.1	40.9	1,553	47.7	371	11.4
Moderate	42,521	21,412	17.7	50.4	16,088	37.8	5,021	11.8
Middle	99,462	71,566	59.2	72.0	20,972	21.1	6,924	7.0
Upper	34,994	26,679	22.1	76.2	5,644	16.1	2,671	7.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>180,231</b>	<b>120,987</b>	<b>100.0</b>	<b>67.1</b>	<b>44,257</b>	<b>24.6</b>	<b>14,987</b>	<b>8.3</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	333	1.4	295	1.3	35	1.8	3	1.6
Moderate	4,341	17.9	3,976	18.0	329	17.1	36	18.9
Middle	14,189	58.5	12,864	58.1	1,217	63.2	108	56.8
Upper	5,314	21.9	4,958	22.4	314	16.3	42	22.1
Unknown	82	0.3	50	0.2	31	1.6	1	0.5
<b>Total AA</b>	<b>24,259</b>	<b>100.0</b>	<b>22,143</b>	<b>100.0</b>	<b>1,926</b>	<b>100.0</b>	<b>190</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>91.3</b>		<b>7.9</b>		<b>0.8</b>
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

### Composition

The Rockingham County-Strafford County, NH MD assessment area consists of 91 census tracts, of which 1 is low-income, 19 are moderate-income, 49 are middle-income, 20 are upper-income, and 2 tracts have unknown incomes. The low level of low-income census tracts limits opportunities for the origination of residential and small business loans in these tracts.

### Population

The assessment area has a population of 424,279 individuals. There are 165,244 households, of which 113,303 are families. The largest portion of families, at 39.7 percent, are upper-income. Middle-income families account for 23.0 percent families, and moderate- and low-income

families represent 18.3 percent and 19.1 percent, respectively. While New Hampshire experienced a slight population growth of 0.6 percent between the 2010 US Census and 2015 ACS, Rockingham and Strafford Counties experienced an even larger increase of 1.2 percent and 1.7 percent respectively, over the same period.

*Income*

The FFIEC adjusts the 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. The MFI for the assessment area was \$93,157 in 2010 and \$90,150 in 2015. The percentage of families below the poverty level for the assessment area is 4.4 percent, below the combined assessment areas at 5.8 percent. Table 13 displays the MFI for the assessment area and the individual counties within the area.

<b>Table 13</b>			
<b>Median Family Income Change</b>			
<b>Area</b>	<b>2010 Median Family Income</b>	<b>2015 Median Family Income</b>	<b>Percent Change</b>
Rockingham-Strafford MD	\$93,157	\$90,150	-3.23%
Rockingham County, NH	\$98,510	\$96,200	-2.34%
Strafford County, NH	\$78,716	\$76,368	-2.98%
New Hampshire	\$83,246	\$81,726	-1.83%

*Source: 2006 - 2010 U.S. Census Bureau American Community Survey  
2011 - 2015 U.S. Census Bureau American Community Survey  
Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.*

*Housing*

The assessment area contains 180,231 housing units, of which 67.1 percent are owner-occupied. Rental units account for 24.6 percent of total housing units. Vacant units comprise 8.3 percent of total housing units. One-to-four family housing units comprise 79.5 percent of total housing units. Multifamily housing units comprise just 13.7 percent of the housing stock, suggesting that opportunities to finance larger affordable housing properties may be limited. Mobile homes comprise 6.7 percent of the total 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 September 7, 2022, release of the Federal Reserve Board’s Beige Book, higher interest rates have cooled home-buying demand in New England, resulting in a sharp decline in closed sales. 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 14.9 percent in Rockingham County and 18.0 percent in Strafford 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 24,259 businesses operating within the assessment area. Of the businesses, the vast majority, at 91.3 percent, have gross annual revenues (GARs) of \$1 million or less. At 58.5 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, 17.9 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 University of New Hampshire, Lincoln Life Assurance, Exeter Hospital, Portsmouth Regional Hospital, and Lindt & Sprungli USA.

### *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 for 2021 was 5.3 percent, while the unemployment rate for the state of New Hampshire was 3.5 percent. The unemployment rates for the counties within the assessment area also compared favorably to the national unemployment rate, at 3.4 percent in Rockingham County and 3.2 percent in Strafford County. Unemployment rates have gradually decreased after rising sharply in the spring and summer of 2020 due to the COVID-19 pandemic. However, many residents and businesses, as well as the non-profit organizations that support them, continue to face economic hardship.

### **Community Contacts**

Examiners met with the executive director of a non-profit dedicated to combating family homelessness through safe housing and education, which serves Western Rockingham through Hillsborough County. The greatest community needs in the area were identified as more affordable housing and the treatment of substance misuse. The contact noted that financial institutions could increase community involvement by investing in affordable housing, providing expertise and leadership by serving on non-profit boards, and continuing their sponsorship and volunteerism in the communities, including financial literacy and first-time home buyer courses. In addition, providing savings and lending programs such as U.S. Department of Agriculture and FHA loans, that are dedicated to low- and moderate-income individuals, is imperative to the betterment of the community and its residents. 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 ROCKINGHAM COUNTY-STRAFFORD COUNTY, NH MD ASSESSMENT AREA**

### **LENDING TEST**

BNH's performance relative to the Lending Test in the Rockingham County-Strafford County, NH MD assessment area is excellent. The bank's excellent performance in Geographic Distribution and Borrower Distribution and good performance Community Development Lending criteria primarily support this conclusion.

**Geographic Distribution**

The bank demonstrates excellent geographic distribution of loans in its assessment area. The bank’s excellent performance in residential lending and excellent performance in small business lending supports this conclusion.

*Residential Lending*

Table 14 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 demonstrates an excellent geographic distribution of residential loans .

<b>Table 14</b>													
<b>Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography</b>													
<b>Assessment Area: Rockingham-Strafford MD</b>													
<b>Geographic Income Level</b>	<b>Bank And Aggregate Loans By Year</b>												<b>Owner Occupied Units %</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>#</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>Home Purchase Loans</b>													
<b>Lo w</b>	3	5.2	1.6	505	4.3	0.9	2	3.6	1.6	303	2.2	1.0	1.1
<b>Mo de rate</b>	23	39.7	20.7	4,118	34.7	16.0	27	48.2	21.8	5,558	41.2	17.0	17.7
<b>Middle</b>	28	48.3	56.6	6,476	54.6	56.1	22	39.3	56.7	6,044	44.8	57.0	59.2
<b>Upper</b>	4	6.9	21.2	754	6.4	27.0	5	8.9	19.9	1,585	11.7	25.0	22.1
<b>To tal</b>	58	100.0	100.0	11,853	100.0	100.0	56	100.0	100.0	13,490	100.0	100.0	100.0
<b>Re finance Loans</b>													
<b>Lo w</b>	1	1.5	0.7	266	1.5	0.4	1	1.7	1.0	96	0.7	0.6	1.1
<b>Mo de rate</b>	19	27.9	12.9	3,750	21.0	10.1	15	25.4	14.9	2,171	15.0	11.7	17.7
<b>Middle</b>	38	55.9	60.3	10,311	57.9	58.5	30	50.8	60.0	7,710	53.3	58.5	59.2
<b>Upper</b>	10	14.7	26.1	3,489	19.6	30.9	13	22.0	24.2	4,488	31.0	29.1	22.1
<b>To tal</b>	68	100.0	100.0	17,816	100.0	100.0	59	100.0	100.0	14,465	100.0	100.0	100.0
<b>Home Improvement Loans</b>													
<b>Lo w</b>	0	0.0	0.6	0	0.0	0.4	0	0.0	1.0	0	0.0	0.8	1.1
<b>Mo de rate</b>	0	0.0	14.4	0	0.0	12.1	2	66.7	12.9	75	65.2	12.0	17.7
<b>Middle</b>	2	100.0	60.9	100	100.0	58.0	1	33.3	60.4	40	34.8	55.3	59.2
<b>Upper</b>	0	0.0	24.1	0	0.0	29.5	0	0.0	25.7	0	0.0	31.9	22.1
<b>To tal</b>	2	100.0	100.0	100	100.0	100.0	3	100.0	100.0	115	100.0	100.0	100.0
<b>Multifamily Loans</b>													
<b>Lo w</b>	1	50.0	10.6	6,163	96.1	2.7	0	0.0	3.0	0	0.0	0.4	3.1
<b>Mo de rate</b>	1	50.0	42.6	248	3.9	29.7	6	75.0	52.2	6,190	71.8	26.9	35.1
<b>Middle</b>	0	0.0	36.2	0	0.0	63.3	1	12.5	37.3	659	7.6	68.5	48.5
<b>Upper</b>	0	0.0	10.6	0	0.0	4.3	1	12.5	7.5	1,769	20.5	4.1	13.3
<b>To tal</b>	2	100.0	100.0	6,411	100.0	100.0	8	100.0	100.0	8,618	100.0	100.0	100.0
<b>Total Home Mortgage Loans</b>													
<b>Lo w</b>	5	3.8	1.0	6,934	19.2	0.7	3	2.4	1.1	399	1.1	0.7	1.1
<b>Mo de rate</b>	43	33.1	15.3	8,116	22.4	12.8	50	39.7	16.8	13,994	38.1	14.1	17.7
<b>Middle</b>	68	52.3	59.1	16,887	46.7	57.8	54	42.9	58.9	14,453	39.4	58.3	59.2
<b>Upper</b>	14	10.8	24.6	4,243	11.7	28.7	19	15.1	23.1	7,842	21.4	26.8	22.1
<b>To tal</b>	130	100.0	100.0	36,180	100.0	100.0	126	100.0	100.0	36,688	100.0	100.0	100.0

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.

As displayed in Table 14, in 2020 the bank originated 5 home mortgage loans, or 3.8 percent, in the single low-income census tract, which exceeded the aggregate, at 1.0 percent, and exceeded the owner-occupied housing units in this tract, at 1.1 percent. Within moderate-income census tracts, the bank originated 43 loans, or 33.1 percent, which again exceeded the aggregate, at 15.3 percent, and similarly exceeded the percentage of owner-occupied housing units, at 17.7 percent. The majority of the bank's loans were originated in middle-income tracts. BNH extended 52.3 percent in middle-income tracts, trailing the aggregate and demographics, at 59.1 percent and 59.2 percent, respectively. Loans in upper-income tracts, 10.8 percent, trailed the aggregate and demographics, at 24.6 percent and 22.1 percent, respectively.

In 2021, the bank originated 3 home mortgage loans, or 2.4 percent, in low-income census tracts, again exceeding the aggregate and demographics, at 1.1 percent. Within moderate-income census tracts, the bank originated 50 loans, or 39.7 percent, again exceeding the aggregate and demographics, at 16.8 percent and 17.7 percent, respectively. The majority of the bank's loans were originated in middle-income tracts. The bank extended 42.9 percent in middle-income tracts, trailing the aggregate and demographics, at 58.9 percent and 59.2 percent, respectively. Loans in upper-income tracts, at 15.1 percent, trailed the aggregate and demographics, at 23.1 percent and 22.1 percent, respectively.

There were no conspicuous gaps in the bank's home mortgage loan penetration in the low- or moderate-income tracts. During the evaluation period, the bank made loans in the single low-income census tract in both years and penetrated 13 of the 19 moderate-income census tracts in 2020 and 15 of the 19 moderate-income tracts in 2021. Additionally, the bank exceeded the performance of the aggregate and the demographics in the low- and moderate-income census tracts in both years, further supporting the bank's excellent performance.

### *Small Business Lending*

Table 15 represents the distribution of small business loans by census tract income level. The bank demonstrates an excellent geographic distribution of small business loans.

Table 15 Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography Assessment Area: Rockingham-Strafford MD													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	2	2.2	0.9	192	1.6	0.8	2	3.6	0.8	195	2.0	0.6	1.4
Moderate	28	30.4	16.4	3,395	29.1	15.7	12	21.8	16.2	1,160	12.0	15.1	17.9
Middle	51	55.4	59.9	6,733	57.7	62.3	36	65.5	59.8	5,675	58.5	62.3	58.5
Upper	9	9.8	22.1	1,045	9.0	19.9	5	9.1	22.5	2,670	27.5	21.0	21.9
Unknown	2	2.2	0.3	301	2.6	1.0	0	0.0	0.2	0	0.0	0.9	0.3
Tract-Unk	0	0.0	0.4	0	0.0	0.3	0	0.0	0.5	0	0.0	0.1	
<b>Total</b>	92	100.0	100.0	11,666	100.0	100.0	55	100.0	100.0	9,700	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 2 loans, or 2.2 percent, to businesses in the single low-income census tract, which exceeded the aggregate and the total businesses by tract, at 0.9 percent and 1.4 percent, respectively. Within moderate-income census tracts, the bank originated 28 loans, or 30.4 percent, which again exceeded the aggregate and the total businesses by tract, at 16.4 percent and 17.9 percent, respectively. The majority of the bank’s loans, at 55.4 percent, were originated in middle-income census tracts, slightly trailing the aggregate and demographic figures in middle-income census tracts at 59.9 percent and 58.5 percent, respectively. Within upper-income census tracts, the bank originated 9 loans, or 9.8 percent, which trailed the aggregate and the total businesses by tract, at 22.1 percent and 21.9 percent, respectively.

In 2021, the bank originated 2 loans, or 3.6 percent, to businesses in the single low-income census tract, which again exceeded the aggregate and the total businesses by tract, at 0.8 percent and 1.4 percent, respectively. Within moderate-income census tracts, the bank originated 12 loans, or 21.8 percent, which again exceeded the aggregate and the total businesses by tract, at 16.2 percent and 17.9 percent, respectively. The majority of the bank’s loans, 36 loans, or 65.5 percent, were originated to businesses in middle-income census tracts, slightly exceeding the aggregate and demographics, at 59.8 and 58.5 percent, respectively. Within upper-income census tracts, the bank originated 5 loans, or 9.1 percent, which trailed the aggregate and the total businesses by tract, at 22.5 percent and 21.9 percent, respectively.

There were no conspicuous gaps in the bank’s small business loan penetration in the low- or moderate-income tracts. During the evaluation period, the bank made loans in the single low-income census tract in both years and penetrated 12 of the 19 moderate-income census tracts in 2020 and 8 of the 19 moderate-income tracts in 2021. Additionally, the bank’s performance in low- and moderate-income tracts exceeded both the aggregate performance and the demographics in both years further supporting the bank’s excellent performance.

**Borrower Distribution**

The distribution of borrowers reflects excellent penetration among customers of different income levels and business customers of different sizes. The bank’s excellent performance with residential lending primarily supports this conclusion.

*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 excellent.

<b>Table 16</b>													
<b>Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level</b>													
<b>Assessment Area: Rockingham-Strafford MD</b>													
<b>Borrower Income Level</b>	<b>Bank And Aggregate Loans By Year</b>												<b>Families by Family Income %</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>#</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>Home Purchase Loans</b>													
<b>Low</b>	11	19.0	7.9	910	7.7	4.1	18	32.1	7.9	1,843	13.7	4.0	19.1
<b>Moderate</b>	17	29.3	23.4	2,827	23.9	18.0	10	17.9	22.2	1,864	13.8	17.0	18.3
<b>Middle</b>	15	25.9	26.1	4,005	33.8	25.1	10	17.9	25.5	2,857	21.2	24.6	23.0
<b>Upper</b>	14	24.1	34.0	3,863	32.6	43.5	15	26.8	33.1	5,579	41.4	42.6	39.7
<b>Unknown</b>	1	1.7	8.7	248	2.1	9.4	3	5.4	11.3	1,347	10.0	11.7	0.0
<b>Total</b>	58	100.0	100.0	11,853	100.0	100.0	56	100.0	100.0	13,490	100.0	100.0	100.0
<b>Refinance Loans</b>													
<b>Low</b>	5	7.4	4.8	738	4.1	2.6	12	20.3	7.3	984	6.8	4.3	19.1
<b>Moderate</b>	16	23.5	18.0	3,105	17.4	13.7	12	20.3	21.3	1,145	7.9	16.8	18.3
<b>Middle</b>	22	32.4	24.9	5,282	29.6	23.0	14	23.7	26.0	3,462	23.9	24.8	23.0
<b>Upper</b>	24	35.3	37.4	8,556	48.0	44.5	21	35.6	31.6	8,874	61.3	39.5	39.7
<b>Unknown</b>	1	1.5	14.8	135	0.8	16.2	0	0.0	13.9	0	0.0	14.7	0.0
<b>Total</b>	68	100.0	100.0	17,816	100.0	100.0	59	100.0	100.0	14,465	100.0	100.0	100.0
<b>Home Improvement Loans</b>													
<b>Low</b>	1	50.0	7.2	65	65.0	4.7	2	66.7	6.5	75	65.2	5.1	19.1
<b>Moderate</b>	1	50.0	17.4	35	35.0	14.4	0	0.0	18.2	0	0.0	15.2	18.3
<b>Middle</b>	0	0.0	27.5	0	0.0	24.2	0	0.0	27.5	0	0.0	25.1	23.0
<b>Upper</b>	0	0.0	46.1	0	0.0	52.4	1	33.3	44.9	40	34.8	50.4	39.7
<b>Unknown</b>	0	0.0	19	0	0.0	4.4	0	0.0	2.9	0	0.0	4.3	0.0
<b>Total</b>	2	100.0	100.0	100	100.0	100.0	3	100.0	100.0	115	100.0	100.0	100.0
<b>Total Home Mortgage Loans</b>													
<b>Low</b>	17	13.3	5.7	1,713	5.8	3.1	32	27.1	7.5	2,902	10.3	4.2	19.1
<b>Moderate</b>	34	26.6	19.3	5,967	20.0	14.9	22	18.6	21.2	3,009	10.7	16.7	18.3
<b>Middle</b>	37	28.9	25.1	9,287	31.2	23.5	24	20.3	25.9	6,319	22.5	24.6	23.0
<b>Upper</b>	38	29.7	36.7	12,419	41.7	44.2	37	31.4	33.0	14,493	51.6	41.0	39.7
<b>Unknown</b>	2	1.6	13.1	383	1.3	14.3	3	2.5	12.4	1,347	4.8	13.4	0.0
<b>Total</b>	128	100.0	100.0	29,769	100.0	100.0	118	100.0	100.0	28,070	100.0	100.0	100.0
<i>Source: 2021 FFIEC Census 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>													
<i>Multifamily loans are not included in the borrower distribution analysis.</i>													

As displayed in Table 16, the bank extended 17 loans to low-income borrowers in 2020, representing 13.3 percent of total loans and exceeding the aggregate, at 5.7 percent. While the bank and aggregate were below the percentage of low-income families, at 19.1 percent, it is not expected that the bank would match the percentage of low-income families due to the relatively high housing values as compared to MFIs. Affordability presents challenges for low-income families given the high median home values. The bank's loans to moderate-income borrowers, at 26.6 percent, also exceeded the aggregate, at 19.3 percent, and exceeded the percentage of moderate-income families, at 18.3 percent. The bank's originations to middle-income borrowers at 28.9 percent, exceeded the aggregate and the percentage of middle-income families, at 25.1 percent and 23.0 percent, respectively. While originations to upper-income borrowers at 29.7 percent, trailed both the aggregate and percentage of upper-income families, at 36.7 percent and 39.7 percent, respectively.

In 2021, the bank extended 32 loans, or 27.1 percent, to low-income borrowers, which significantly exceeded the aggregate and also exceeded the percentage of low-income families, at 7.5 percent and 19.1 percent, respectively. The bank extended 22 loans, or 18.6 percent, to moderate-income borrowers, slightly trailing the aggregate's 21.2 percent, but exceeding the percentage of middle-income families, at 18.3 percent. The bank was able to extend 24 loans, or 20.3 percent, to middle-income borrowers, trailing the aggregate, at 25.9 percent, and exceeding the percentage of middle-income families, at 23.0 percent. The majority of the bank's loans, 37 or 31.4 percent, were made to upper-income borrowers, trailing the aggregate and percentage of upper-income families, at 33.0 percent and 39.7 percent, respectively.

### *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 good.

<b>Table 17</b>													
<b>Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses</b>													
<b>Assessment Area: Rockingham-Strafford MD</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	7.6	39.7	1,549	13.3	24.5	10	18.2	47.1	2,129	21.9	26.8	91.3
<b>Over \$1 Million</b>	4	4.3		1,122	9.6		4	7.3		1,658	17.1		7.9
<b>Revenue Unknown</b>	81	88.0		8,995	77.1		41	74.5		5,913	61.0		0.8
<b>Total</b>	92	100.0		11,666	100.0		55	100.0		9,700	100.0		100.0
<b>By Loan Size</b>													
<b>\$100,000 or Less</b>	63	68.5	87.5	2,027	17.4	34.6	34	61.8	91.4	1,062	10.9	38.6	
<b>\$100,001 - \$250,000</b>	13	14.1	7.8	2,215	19.0	23.0	9	16.4	5.2	1,671	17.2	20.9	
<b>\$250,001 - \$1 Million</b>	16	17.4	4.7	7,424	63.6	42.5	11	20.0	3.3	5,198	53.6	40.5	
<b>Total</b>	92	100.0	100.0	11,666	100.0	100.0	55	100.0	100.0	9,700	100.0	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>													
<b>\$100,000 or Less</b>	3	42.9		129	8.3		3	30.0		98	4.6		
<b>\$100,001 - \$250,000</b>	2	28.6		400	25.8		4	40.0		807	37.9		
<b>\$250,001 - \$1 Million</b>	2	28.6		1,020	65.8		3	30.0		1,224	57.5		
<b>Total</b>	7	100.0		1,549	100.0		10	100.0		2,129	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, 81 or 88.0 percent, were to businesses where revenues were not known. 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 17, the bank made 68.5 percent of its loans in amounts under \$100,000 in 2020. As mentioned above, smaller loan amounts may sometimes 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. Similarly, in 2021, 41 or 74.5 percent of loans, had unknown revenues due to the PPP participation. As shown in Table 17, the bank made 61.8 percent of its loans in amounts under \$100,000 in 2021.

### **Community Development Lending**

The bank made a relatively high level of community development loans in the assessment area. The bank originated 9 community development loans, totaling \$15.1 million, in the assessment area. 5 loans totaling \$5.7 million were made under the PPP. The remaining loans included 3 that supported affordable housing and 1 that supported revitalization and stabilization of a low-

income areas. This activity level represents an increase over the prior evaluation, primarily driven by the bank’s PPP loan participation. At the previous evaluation the bank made 5 community development loans, totaling \$10.1 million. Table 18 provides a summary of the bank’s community development lending.

Table 18 Qualified Community Development Loans Rockingham Strafford MD Assessment Area								
Community Development Category	2020 (as of March 23)		2021		2022		Review Period	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Affordable Housing	0	0	2	2,428	1	800	3	3,228
Revitalization/Stabilization	3	8,398	0	0	0	0	4	8,398
Economic Development	3	3,524	0	0	0	0	3	3,524
<b>Total</b>	6	11,922	2	2,428	1	800	9	15,150

*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:

- During 2020, the bank originated 5 PPP loans over \$1MM within the assessment area. These loans were designed to assist the efforts of small businesses and to keep these businesses’ workforce employed during the COVID-19 pandemic. These loans helped to retain low- and moderate-income jobs and stabilize low- and moderate-income areas. Through these PPP loans, the bank was responsive to the specific credit needs of the assessment area during a difficult time.
- In 2020, the bank originated a \$6.1 million loan to renovate a vacant property in a low-income census tract within an economic revitalization zone. The project will help revitalize and stabilize the area by creating 50 apartments and commercial retail space.
- In 2021 and 2022, the bank originated three loans to co-operative owned mobile home parks. These loans assist in making capital improvements and retain the non-profit ownership of the parks, helping to ensure lot rents stay affordable. As noted previously, affordable housing is a critical need in the assessment area and such loans are particularly responsive to community needs.

## INVESTMENT TEST

BNH’s performance relative to the Investment Test in this assessment area is adequate.

The bank demonstrates an adequate level of qualified investment, particularly those that are not routinely provided by private investors, although rarely in a leadership position. Overall, the bank made \$43,922 in qualified investments during the evaluation period in this assessment area. Of the total, \$16,922 were tax credit investments and \$27,000 were donations.



*Equity Investments*

The bank’s occasional use of innovative or complex qualified investments is demonstrated by the use of tax credit investments through the NH CDFA Program.

The following are examples of qualified tax credit investments made by the bank in this assessment area.

- The bank purchased a \$5,000 tax credit that supports economic development in Strafford.
- The bank purchased a \$11,922 tax credit that supports a homeless center in Strafford County.

*Grants and Donations*

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

<b>Table 19 Qualified Community Development Donations Rockingham Strafford MD Assessment Area</b>								
Community Development Category	2020 (as of March 23)		2021		2022		Review Period	
	#	\$	#	\$	#	\$	#	\$
Affordable Housing	0	0	1	2,500	0	0	1	2,500
Community Services	3	10,000	4	12,000	1	2,500	8	24,500
<b>Total</b>	3	10,000	5	14,500	1	2,500	9	27,000

*Bank provided qualified investment data.*

The bank provided 9 donations, totaling \$27,000, in the assessment area. Of the total, the greatest by number and by dollar volume were qualified as supporting community development services.

The following is a sample of the organizations that benefited from the bank’s contributions.

- **Families In Transition**– The bank donated \$5,000 to this organization that combats homelessness by providing housing solutions and developing partnerships with the community to benefit the individuals and the communities in which they live.
- **Take Out Hunger** - The bank donated \$5,000 to this organization that combats food insecurity by providing local restaurants money to prepare and package nutritious meals for people experiencing food insecurity.

The bank demonstrates adequate responsiveness to credit and community development needs through its investment in affordable housing tax credits and the community development services supported by donations. Additionally, community development service donations helped support a variety of qualified activities targeted to low- and moderate-income individuals such as childcare, social services, education, workforce development, health programs, shelters, food insecurity, and youth programs.

**SERVICE TEST**

BNH’s performance relative to the Service Test in this assessment area is good.

**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 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 20 Distribution of Offices by Income Category Rockingham Strafford MD Assessment Area</b>				
<b>Census Tract Income Category</b>	<b>Total Census Tract</b>	<b>Total Population</b>	<b>Bank Offices by Census Tract</b>	
	<b>% of #</b>	<b>% of #</b>	<b>#</b>	<b>%</b>
Low	1.1	1.4	0	0.0
Moderate	20.9	20.9	2	100.0
Middle	53.8	56.8	0	0.0
Upper	22.0	20.9	0	0.0
Unknown	2.2	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>

*2021 FFIEC Census data*

As mentioned previously, the assessment area contains a single low-income census tract. The bank’s 2 branches in the assessment area, are located in moderate-income census tracts. The branches in moderate-income tracts are located in Dover and Rochester. With 100.0 percent of branches located in moderate-income tracts, the bank’s branch distribution in moderate-income tracts exceeds the percentage of tracts by number of tracts in the assessment area, at 20.9 percent, and the percentage of the population living in those tracts, also at 20.9 percent.

The bank closed one branch during the evaluation period within this assessment area, no new branches were opened in this area. The closed branch was located in Portsmouth in an upper-income census tract. Therefore, to the extent changes have been made, its record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to 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 five located in moderate-income tracts.

## Community Development Services

The bank demonstrates it provides a relatively high level of community development services in this assessment area. 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*

The bank provided a relatively high level of community development services during the evaluation period. During the evaluation period, employees contributed approximately 87 hours of community development service activities. 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:

- **Wentworth Economic Development Corporation (WEDCO)** – The mission of this organization is to promote and support businesses and the creation of employment opportunities by providing development assistance and financing. WEDCO achieves its mission by offering counseling, financial assistance, economic development, resources, business assistance, all attained through involvement in the community. In 2020, a bank employee was a board and committee member of the organization.
- **Strafford County Board of Realtors' Community Service** – This organization provides members access to resources necessary for them to ethically and effectively service consumers and provide opportunities of community service. Community Service events that have been organized by the organization help support low- and moderate-income individuals through soup kitchens, fundraising, and youth assistance services. In 2020, a bank employee was an affiliate board member.

## **MANCHESTER-NASHUA, NH MD – Limited-Scope Review**

### **SCOPE OF THE EXAMINATION**

BNH's operations in the Manchester-Nashua, NH MSA received a limited-scope review. The scope of this assessment area is consistent with the scope of the examination presented in the overall section of the Performance Evaluation.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN MANCHESTER-NASHUA, NH MSA**

The Manchester-Nashua, NH MSA consists of the entirety of Hillsborough County in the southern portion of New Hampshire. The bank's assessment area in this MSA consists of 44 of the 86 census tracts in Hillsborough County. The bank operates four full-service branches, in Antrim, Bedford, Hillsborough, and Manchester, each with an ATM. There was a single branch closing and branch opening in 2021; both branches were located in Bedford, a few miles apart.

According to the FDIC Summary of Deposits report as of June 30, 2022, branch deposits within the Manchester-Nashua, NH MSA assessment area totaled \$186.8 million, or 9.2 percent, of the bank's total deposits. In terms of lending presence, 6.9 percent of the bank's home mortgage and small business loans originated within this assessment area during the review period.

Table 21 displays information about the assessment area by tract income categories including details on total families, housing units, and businesses.

Table 21 Assessment Area Demographics Manchester Nashua MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	4	9.1	2,477	5.3	764	30.8	10,868	23.3
Moderate	16	36.4	13,872	29.8	1,698	12.2	9,081	19.5
Middle	17	38.6	21,118	45.4	779	3.7	10,485	22.5
Upper	6	13.6	9,078	19.5	204	2.2	16,111	34.6
Unknown	1	2.3	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>44</b>	<b>100.0</b>	<b>46,545</b>	<b>100.0</b>	<b>3,445</b>	<b>7.4</b>	<b>46,545</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	5,349	838	1.9	15.7	3,770	70.5	741	13.9
Moderate	28,072	10,487	23.3	37.4	14,901	53.1	2,684	9.6
Middle	35,172	23,493	52.2	66.8	8,241	23.4	3,438	9.8
Upper	12,322	10,150	22.6	82.4	1,647	13.4	525	4.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>80,915</b>	<b>44,968</b>	<b>100.0</b>	<b>55.6</b>	<b>28,559</b>	<b>35.3</b>	<b>7,388</b>	<b>9.1</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	381	4.0	339	3.9	39	4.8	3	4.4
Moderate	3,063	31.8	2,745	31.3	297	36.3	21	30.9
Middle	3,870	40.1	3,558	40.6	291	35.5	21	30.9
Upper	2,261	23.4	2,067	23.6	171	20.9	23	33.8
Unknown	70	0.7	49	0.6	21	2.6	0	0.0
<b>Total AA</b>	<b>9,645</b>	<b>100.0</b>	<b>8,758</b>	<b>100.0</b>	<b>819</b>	<b>100.0</b>	<b>68</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.8</b>		<b>8.5</b>		<b>0.7</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.								

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MSA (MANCHESTER-NASHUA, NH MSA)

Examiners conducted a limited scope review of the bank’s CRA performance in the MSA assessment area. Examiners determined that the bank’s performance in this assessment area was consistent with the bank’s overall performance under the lending, investment, and service tests. The results are summarized in Table 22.

<b>Table 22</b>			
<b>Assessment Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>
Manchester-Nashua, NH MSA	Consistent	Consistent	Consistent

The bank's Lending Test performance in the MSA assessment area was good and consistent with the overall performance.

The bank's Investment Test performance in the Manchester-Nashua, NH MSA assessment area was good and consistent with the overall performance. The bank did not have any equity investments that were specific to the Manchester-Nashua, NH MSA assessment area; however, a \$20,000 tax credit investment directly benefitting the assessment area was made. Additionally, the bank made 21 donations, totaling \$157,700, during the evaluation period.

The bank's Service Test performance was good and consistent with the overall performance. Specifically, employees contributed approximately 119 hours through participation in development service activities.

The following tables highlight the bank's performance with respect to the geographic distribution and borrower profile criterion.

Table 23 Distribution of 2020 and 2021 Home Mortgage Lending By Income Level of Geography Assessment Area: Manchester - Nashua MSA													
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	9.1	3.3	420	17.2	3.2	2	13.3	3.8	588	12.4	3.4	19
Moderate	2	18.2	30.6	292	11.9	25.6	4	26.7	31.9	1,146	24.2	27.5	23.3
Middle	6	54.5	46.0	1,163	47.5	43.5	6	40.0	45.6	1,265	26.7	43.1	52.2
Upper	2	18.2	20.1	572	23.4	27.8	3	20.0	18.7	1,732	36.6	26.0	22.6
<b>Total</b>	<b>11</b>	<b>100.0</b>	<b>100.0</b>	<b>2,447</b>	<b>100.0</b>	<b>100.0</b>	<b>15</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>Refinance Loans</b>													
Low	0	0.0	2.1	0	0.0	1.8	0	0.0	2.4	0	0.0	2.1	19
Moderate	3	10.3	19.6	581	8.8	15.5	11	52.4	23.0	1,753	49.0	19.6	23.3
Middle	16	55.2	48.5	2,922	44.4	43.7	8	38.1	49.9	1,488	41.6	46.1	52.2
Upper	10	34.5	29.9	3,079	46.8	39.0	2	9.5	24.6	336	9.4	32.2	22.6
<b>Total</b>	<b>29</b>	<b>100.0</b>	<b>100.0</b>	<b>6,582</b>	<b>100.0</b>	<b>100.0</b>	<b>21</b>	<b>100.0</b>	<b>100.0</b>	<b>3,577</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Home Improvement Loans</b>													
Low	0	0.0	1.1	0	0.0	0.6	0	0.0	0.2	0	0.0	0.1	19
Moderate	0	0.0	17.0	0	0.0	13.5	0	0.0	21.0	0	0.0	15.7	23.3
Middle	0	0.0	50.5	0	0.0	47.3	0	0.0	49.3	0	0.0	47.4	52.2
Upper	0	0.0	31.3	0	0.0	38.5	0	0.0	29.5	0	0.0	36.8	22.6
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Multifamily Loans</b>													
Low	1	25.0	31.3	358	2.3	10.4	3	25.0	17.2	1,132	2.6	14.0	10.8
Moderate	2	50.0	48.8	488	3.2	48.1	7	58.3	60.2	6,610	15.2	35.3	54.1
Middle	1	25.0	15.0	14,500	94.5	27.2	2	16.7	19.4	35,671	82.2	50.0	29.5
Upper	0	0.0	5.0	0	0.0	14.3	0	0.0	3.2	0	0.0	0.6	5.7
<b>Total</b>	<b>4</b>	<b>100.0</b>	<b>100.0</b>	<b>15,346</b>	<b>100.0</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>100.0</b>	<b>43,413</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Total Home Mortgage Loans</b>													
Low	2	4.5	2.6	778	3.2	2.7	5	10.4	2.9	1,720	3.3	3.2	19
Moderate	7	15.9	23.3	1,361	5.6	20.5	22	45.8	25.9	9,509	18.4	23.1	23.3
Middle	23	52.3	47.5	18,585	76.2	42.9	16	33.3	48.3	38,424	74.3	45.3	52.2
Upper	12	27.3	26.6	3,651	15.0	33.9	5	10.4	22.9	2,068	4.0	28.4	22.6
<b>Total</b>	<b>44</b>	<b>100.0</b>	<b>100.0</b>	<b>24,375</b>	<b>100.0</b>	<b>100.0</b>	<b>48</b>	<b>100.0</b>	<b>100.0</b>	<b>51,721</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.													

**Table 24**  
**Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography**  
**Assessment Area: Manchester - Nashua MSA**

Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
<b>Low</b>	1	1.2	2.9	9	0.1	2.1	1	2.0	3.2	10	0.2	2.6	4.0
<b>Moderate</b>	31	36.0	31.2	3,775	40.3	34.5	17	34.7	30.4	1,724	37.1	30.1	31.8
<b>Middle</b>	36	41.9	39.6	4,664	49.7	37.8	18	36.7	40.1	1,830	39.4	43.1	40.1
<b>Upper</b>	18	20.9	25.5	928	9.9	24.2	13	26.5	25.7	1,081	23.3	22.8	23.4
<b>Unknown</b>	0	0.0	0.7	0	0.0	1.4	0	0.0	0.7	0	0.0	1.4	0.7
<b>Tract-Unk</b>	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
<b>Total</b>	86	100.0	100.0	9,376	100.0	100.0	49	100.0	100.0	4,645	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.



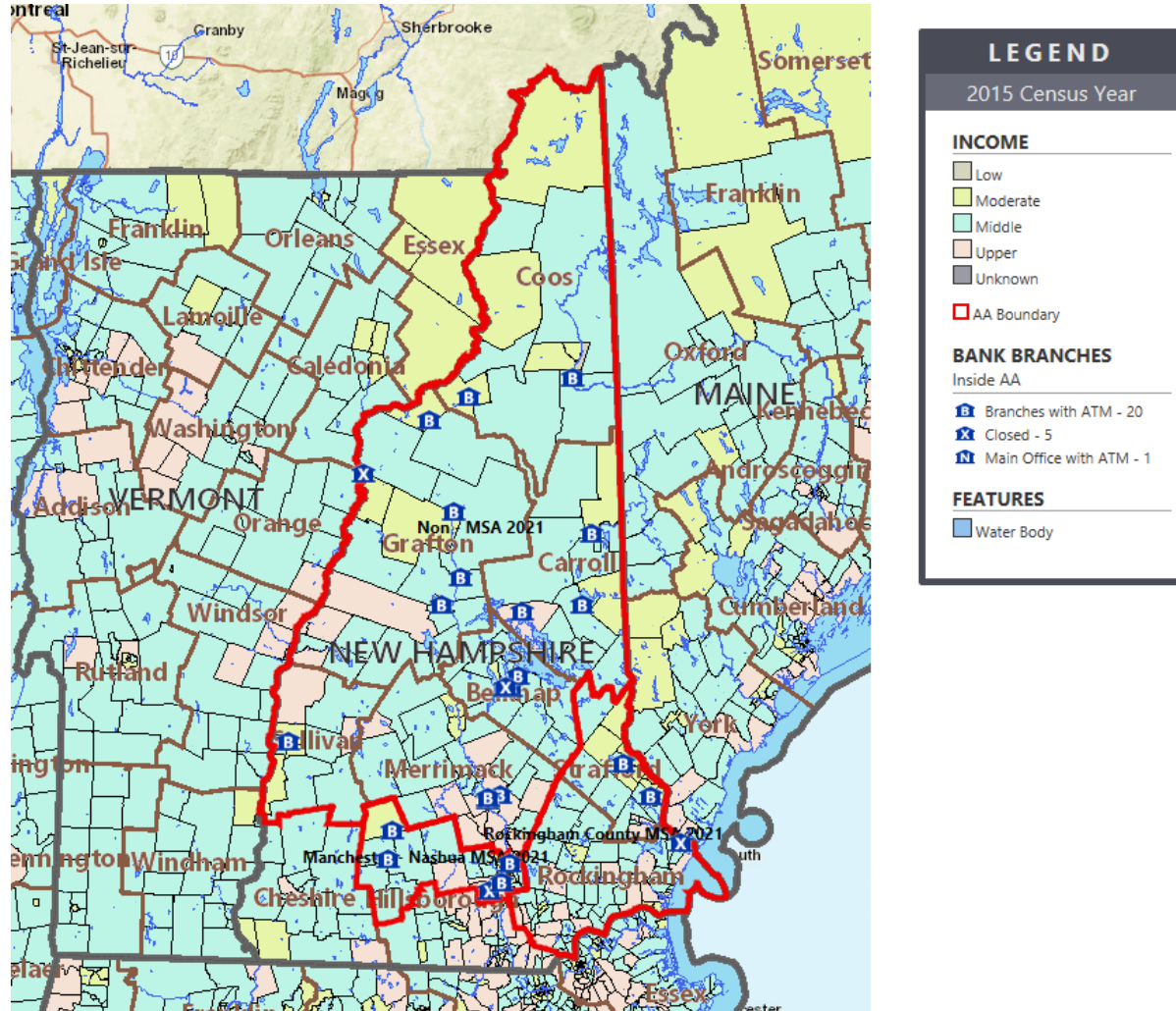
Table 25 Distribution of 2020 and 2021 Home Mortgage Lending By Borrower Income Level Assessment Area: Manchester - Nashua MSA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2020						2021						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	# %	\$(000)	\$ %	\$ %	#	%	# %	\$(000)	\$ %	\$ %	
<b>Home Purchase Loans</b>													
Lo w	1	9.1	11.4	105	4.3	7.3	1	6.7	8.4	148	3.1	4.9	23.3
Mo de rate	2	18.2	30.6	553	22.6	26.7	2	13.3	27.8	499	10.5	23.9	19.5
Middle	4	36.4	24.0	1,027	42.0	25.2	4	26.7	25.4	709	15.0	25.1	22.5
Upp er	2	18.2	24.6	498	20.4	31.5	6	40.0	26.8	2,603	55.0	33.4	34.6
Unkno wn	2	18.2	9.3	264	10.8	9.4	2	13.3	11.7	772	16.3	12.7	0.0
To tal	11	100.0	100.0	2,447	100.0	100.0	15	100.0	100.0	4,731	100.0	100.0	100.0
<b>Re finance Loans</b>													
Lo w	2	6.9	7.0	216	3.3	4.1	5	23.8	7.3	508	14.2	4.7	23.3
Mo de rate	10	34.5	19.9	1,552	23.6	15.5	10	47.6	23.4	1,687	47.2	18.9	19.5
Middle	6	20.7	24.3	1,286	19.5	23.0	2	9.5	24.8	380	10.6	23.9	22.5
Upp er	10	34.5	31.1	3,321	50.5	37.3	3	14.3	28.8	676	18.9	35.4	34.6
Unkno wn	1	3.4	17.7	207	3.1	20.1	1	4.8	15.7	326	9.1	17.1	0.0
To tal	29	100.0	100.0	6,582	100.0	100.0	21	100.0	100.0	3,577	100.0	100.0	100.0
<b>Ho me Improvement Loans</b>													
Lo w	0	0.0	9.1	0	0.0	6.4	0	0.0	8.3	0	0.0	5.9	23.3
Mo de rate	0	0.0	21.4	0	0.0	18.5	0	0.0	20.6	0	0.0	19.9	19.5
Middle	0	0.0	28.3	0	0.0	26.7	0	0.0	26.1	0	0.0	20.3	22.5
Upp er	0	0.0	37.6	0	0.0	44.0	0	0.0	42.4	0	0.0	52.3	34.6
Unkno wn	0	0.0	3.6	0	0.0	4.4	0	0.0	2.6	0	0.0	1.7	0.0
To tal	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
<b>Total Home Mortgage Loans</b>													
Lo w	3	7.5	8.4	321	3.6	5.3	6	16.7	7.7	656	7.9	4.8	23.3
Mo de rate	12	30.0	23.0	2,105	23.3	19.4	12	33.3	24.5	2,186	26.3	20.7	19.5
Middle	10	25.0	24.1	2,313	25.6	23.6	6	16.7	24.9	1,089	13.1	24.2	22.5
Upp er	12	30.0	29.0	3,819	42.3	35.0	9	25.0	28.9	3,279	39.5	35.1	34.6
Unkno wn	3	7.5	15.4	471	5.2	16.7	3	8.3	13.9	1,098	13.2	15.2	0.0
To tal	40	100.0	100.0	9,029	100.0	100.0	36	100.0	100.0	8,308	100.0	100.0	100.0
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.													

<b>Table 26</b>													
<b>Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses</b>													
<b>Assessment Area: Manchester - Nashua MSA</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>	3	3.5	42.6	1,244	13.3	23.2	3	6.1	52.3	1,136	24.5	31.8	90.8
<b>Over \$1 Million</b>	7	8.1		1,343	14.3		6	12.2		916	19.7		8.5
<b>Revenue Unknown</b>	76	88.4		6,789	72.4		40	81.6		2,593	55.8		0.7
<b>Total</b>	86	100.0		9,376	100.0		49	100.0		4,645	100.0		100.0
<b>By Loan Size</b>													
<b>\$100,000 or Less</b>	62	72.1	86.8	1,970	21.0	33.1	38	77.6	92.5	1,304	28.1	40.4	
<b>\$100,001 - \$250,000</b>	15	17.4	8.1	2,493	26.6	23.3	7	14.3	4.5	1,215	26.2	20.0	
<b>\$250,001 - \$1 Million</b>	9	10.5	5.1	4,913	52.4	43.6	4	8.2	3.0	2,126	45.8	39.6	
<b>Total</b>	86	100.0	100.0	9,376	100.0	100.0	49	100.0	100.0	4,645	100.0	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>													
<b>\$100,000 or Less</b>	1	33.3		75	6.0		1	33.3		100	8.8		
<b>\$100,001 - \$250,000</b>	1	33.3		249	20.0		1	33.3		192	16.9		
<b>\$250,001 - \$1 Million</b>	1	33.3		920	74.0		1	33.3		844	74.3		
<b>Total</b>	3	100.0		1,244	100.0		3	100.0		1,136	100.0		
<i>Source: 2021 FFIEC Census Data 2021 Dun &amp; Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>													
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>													

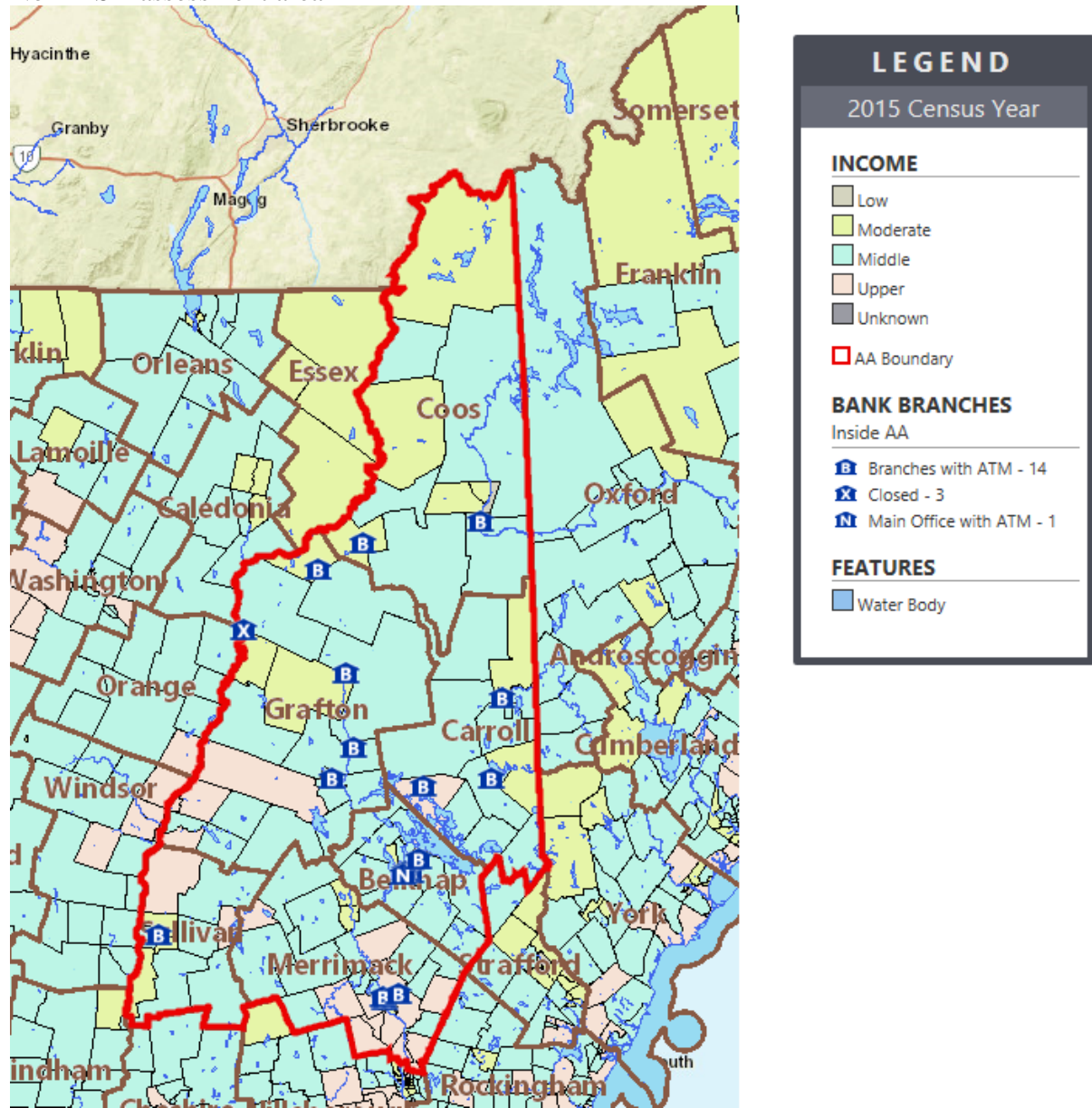
## APPENDIX A

### MAPS

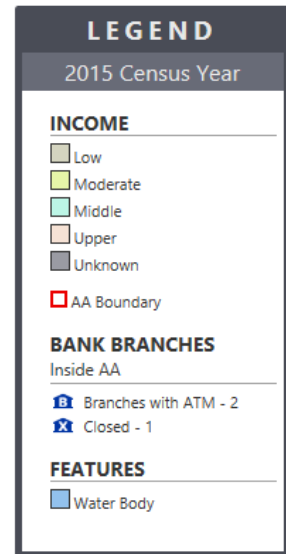
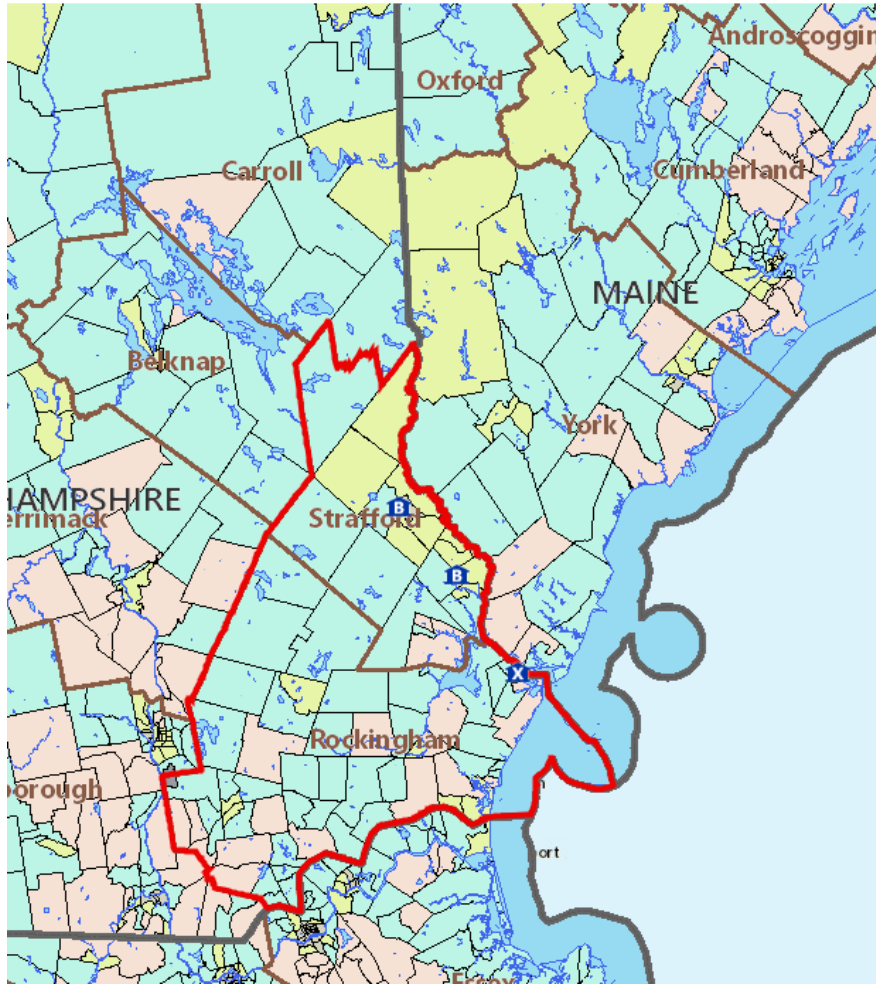
Combined assessment area



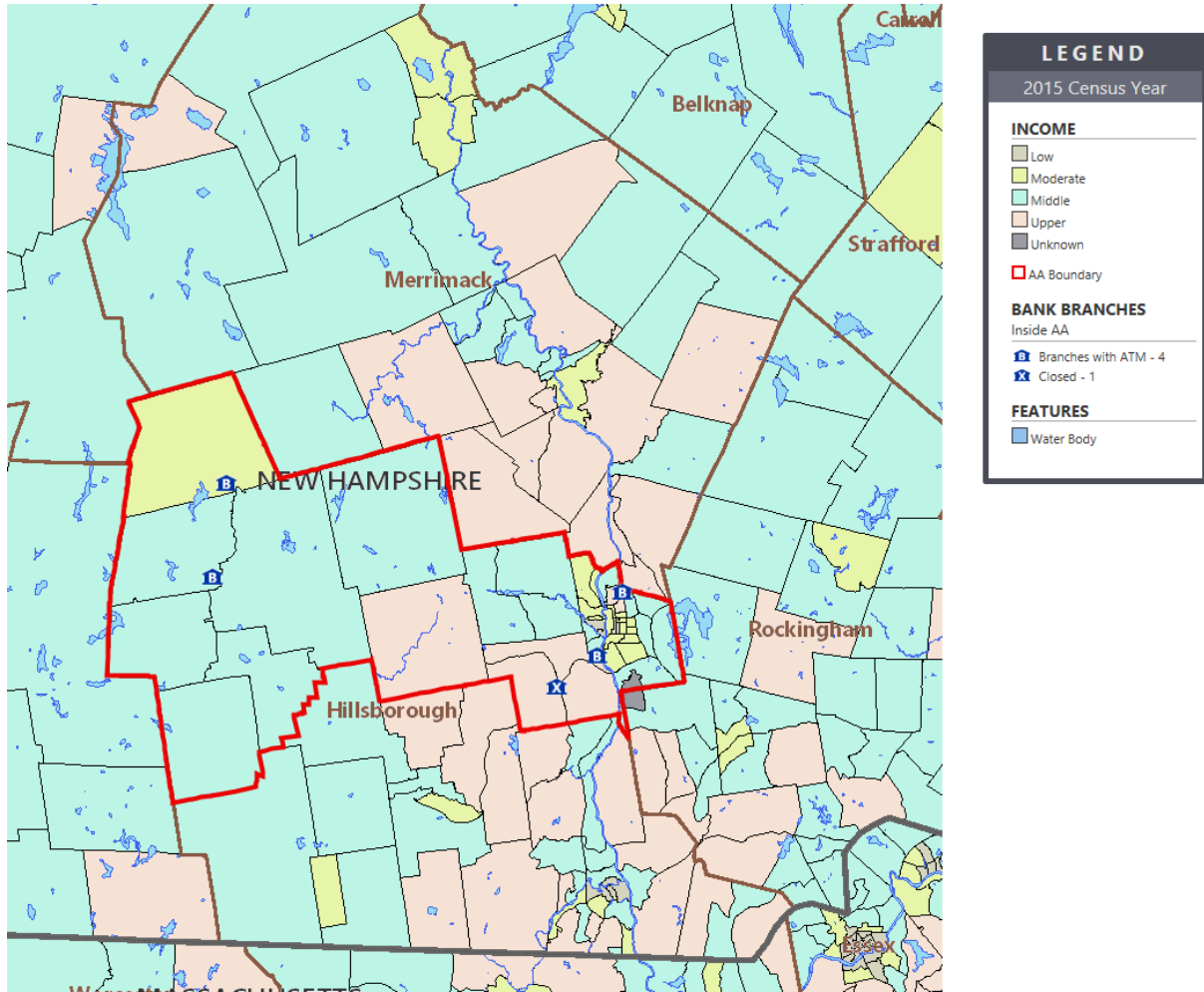
Non-MSA assessment area



Rockingham County – Strafford County, NH MD assessment area



Manchester-Nashua, NH MSA assessment area



**APPENDIX B**

**SCOPE OF EXAMINATION**

<b>SCOPE OF EXAMINATION</b>			
<b>TIME PERIOD REVIEWED</b>			
HMDA-Reportable Lending: January 1, 2020 – December 31, 2021 CRA-Reportable Small Business Lending: January 1, 2020 – December 31, 2021 Community Development Activity: March 23, 2020 – September 12, 2022			
<b>FINANCIAL INSTITUTION</b>		<b>PRODUCTS REVIEWED</b>	
Bank of New Hampshire		<ul style="list-style-type: none"> <li>• HMDA- and CRA-Reportable Small Business Loans</li> <li>• Community Development Loans, Investments, and Services</li> </ul>	
<b>AFFILIATE(S)</b>			
<b>AFFILIATE RELATIONSHIP</b>		<b>PRODUCTS REVIEWED</b>	
None		N/A	
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EVALUATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
<b>Combined Assessment Area</b>			
<b>Non-MSA</b>	<b>Full scope</b>	<b>None</b>	<b>None</b>
<b>Rockingham County–Strafford County, NH MD</b>	<b>Full scope</b>	<b>None</b>	<b>None</b>
<b>Manchester-Nashua, NH MSA</b>	<b>Limited scope</b>	<b>None</b>	<b>None</b>

## APPENDIX C

### GLOSSARY

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

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

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

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

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

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

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



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

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

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include 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