



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

September 11, 2000

## Community Reinvestment Act Performance Evaluation

Bank of New Hampshire, N.A.  
Charter Number: 13764

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Farmington, NH 03835

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**NOTE:** This Evaluation is not, and should not 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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## General Information

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **Bank of New Hampshire, N.A.** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **September 11, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate** - Any company that controls, is controlled by, or is under common control by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

**Community Development (CD)** - Affordable 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.

**Community Reinvestment Act (CRA)** - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Full-Scope Review** - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

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

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**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, branch distribution).

**Low-Income** - Income levels that are less than 50% of the median family income.

**Median Family Income (MFI)** - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income** - Income levels that are at least 50% and less than 80% of the MFI.

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income** - Income levels that are 120% or more of the MFI.

## Overall CRA Rating

This institution is rated **“Satisfactory.”**

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

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X		
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- Lending levels that reflect a good responsiveness by BNH to the credit needs of its assessment areas (AA);
- A majority of the number (90%) and dollar volume (92%) of loans were made within the bank’s AA;
- An overall good distribution of home mortgage loans and small business loans to all geographies;
- An overall good distribution of home mortgage loans to borrowers of different incomes and small businesses;
- An adequate level of qualified community development investments;
- An excellent service delivery system that is very accessible to individuals and geographies of all income levels; and,
- An excellent record of providing community development services.

## Description of Institution

Bank of New Hampshire, N.A. (BNH) is a mid-sized bank headquartered in Manchester, New Hampshire. BNH is a wholly owned subsidiary of Banknorth Group, Inc., a \$19 billion multi-state/multi-bank holding company headquartered in Portland, ME. BNH is an intrastate bank with 77 full-service banking offices serving a significant majority of the state of New Hampshire. Excluded from their assessment areas are Coos County, Sullivan County, and the portion of the Lawrence MA-NH Multi-state MSA situated in New Hampshire. BNH does not have branches in those geographies.

Banking operations have evolved through merger and acquisition from 1875. The name originated in 1969 when Second National Bank (Manchester) merged with Mechanics National Bank of Concord (NH). Current affiliation with Banknorth Group began in 1996 when Peoples Heritage Financial Group (PHFG) acquired Bank of New Hampshire Corporation and BNH. In 1996, First National Bank of Portsmouth (NH), which was already owned by PHFG, merged into BNH. In 1998, PHFG acquired CFX Corporation and merged its four New Hampshire banks into BNH. In 2000, PHFG acquired Banknorth Group and merged its New Hampshire franchise, Farmington National Bank, into BNH. In 2000, PHFG changed its name to Banknorth Group.

BNH is a full-service lender offering various loan and deposit products. Operations are focused on product delivery. Residential mortgage products are offered through all branches and approved in a centralized loan-processing center.

As of June 30, 2000 BNH had assets of \$5 billion, Tier 1 capital of \$298 million, deposits of \$3.2 billion, and total gross loans of \$2.4 billion. Loans comprise 48% of bank assets. Real estate loans make up 52% of the portfolio, loans to individuals equal 32%, commercial & industrial loans equal 15%, and other loans are 1%.

The bank's business strategy calls for high level performance in four areas; excellent product delivery, continued emphasis on residential mortgages, significant growth in small business lending, and a visible increase in community development lending. BNH has demonstrated success in meeting these strategies. One example of combining product delivery and small business strategies resulted in the Small Business Solutions initiative. The origination of this program moved application and approval processes of small business loans from the commercial loan department to retail lending. With appropriate training, each branch was granted small business approval limits up to \$150 thousand. The volume of lending to businesses with revenue less than \$1 million increased 228% in 1999 over 1998. As well, the increase in Community Development loans evidences success with this strategy. Community Development lending in the current evaluation period is \$18.7 million, compared to \$907 thousand in the prior evaluation.

BNH has six wholly owned subsidiaries. BNH Realty Holdings, Inc. was formed to hold Other Real Estate Owned (OREO) property. Total assets at June 30, 2000 were \$4 million. CFX Funding, LLC was formed to hold securitized leases. This portfolio has been running off since 1998; current asset balances are modest. Northgroup Commercial Investment Company and Northgroup Investment Company were formed to hold certain commercial and consumer/residential loan assets, respectively, in conjunction with state tax planning initiatives. These subsidiaries had no impact on the bank's capacity for community reinvestment.

CFX Financial Services was formed to hold limited partnership investments in community development real estate. BNH Charitable Foundation was established to provide a vehicle for funding charitable contributions. Total assets at September 30, 2000 were \$165 thousand. These two subsidiaries had a positive impact on the bank's capacity for community reinvestment and their activities are included in this Evaluation.

There are no legal, financial, or other factors that impede the bank's ability to help meet the credit needs of its AA. Competition is very strong as provided by local banks in each of the nine counties in which BNH operates, two banks with regional presence, and three nationally known mortgage underwriting and servicing companies.

BNH's prior CRA Performance Evaluation dated September 28, 1998 rated bank performance as "Satisfactory." When First National Bank of Portsmouth was merged into BNH, it carried a "Satisfactory" CRA rating from its prior examination dated June 28, 1996. Three of the four CFX New Hampshire banks merged into BNH had "Outstanding" CRA ratings from their respective prior Evaluations. The fourth had a "Satisfactory" rating. In addition, Farmington National Bank was evaluated as of December 1, 1997 and rated "Satisfactory."





## Scope of the Evaluation

### Evaluation Period/Products Reviewed

With the exception of community development (CD) loans, investments, and services, the evaluation period is July 1, 1998 through June 30, 2000. For CD loans, the Investment Test, and the Service Test, the evaluation period is July 1, 1998 through September 11, 2000. The prior examination dated September 28, 1998 did not include data after June 30, 1998.

For the Lending Test, BNH's origination or purchase of home mortgage loans, small loans to businesses, and CD loans were evaluated. The bank chose not to report home equity loans on its HMDA report. BNH has a stand-alone home-improvement loan product that is reported and used in our analysis. BNH's originations or purchases of small loans to farms were not evaluated, as volumes were not significant to perform a meaningful analysis (less than 1% of the number of originations or purchases over the Lending Test evaluation period). For this evaluation, we considered BNH to have no small loans to farms.

In evaluating BNH's performance, activities of Farmington National Bank (FNB) are not considered as it was merged into BNH during the evaluation period (May 10, 2000).

The peer comparisons in this Evaluation include only lenders who were required to file HMDA and Small Business Reports for 1999. Small business reporting is required of bank and thrift institutions with assets of \$250 million or more as of December 31 of the prior two calendar years preceding the reporting year, or an affiliate of a holding company with \$1 billion or more in assets during the same time periods.

### Data Integrity

As part of this CRA Evaluation, BNH's publicly filed information on home mortgage loans and small loans to businesses was tested for accuracy. Testing included an evaluation of BNH's processes to ensure that data was reliable.

No significant errors were found in either reported home mortgage data or small loans to businesses. As a result, this Evaluation is based on accurate data.

CD loans, investments, and services submitted by BNH management were verified to ensure that they met regulatory definitions for CD. Some items, for modest amounts, submitted by BNH for consideration are excluded from this Evaluation because they do not meet the definition or purpose of CD.

## **Selection of Areas for Full Scope Review**

For purposes of this Evaluation, each MSA receives full-scope reviews. Also, the non-metropolitan counties of Grafton, Cheshire, Carroll, Merrimack, and Belknap are combined and receive a full-scope review. The counties are geographically proximate with similar performance contexts.

## **Ratings**

The bank's overall rating is based on AA receiving full-scope reviews.

BNH's overall ratings under each test are consolidated conclusions reached for each full-scope AA. When consolidating AA conclusions into overall ratings, slightly more weight is given to the non-MSA AA. The weighting is based on deposit significance to BNH.

## **Other**

Four community contacts were made during this Evaluation. Three are statewide agencies with offices in the Manchester MSA (#4730) and one is in Belknap county, a non-MSA area. Each contact represents a community-based development or financial intermediary. The primary credit need is affordable housing, especially first time homebuyers. The need for affordable housing is significant due to a shortage of suitable housing stock and a significant population with incomes less than 80% of the statewide median income. Near term correction to housing stock shortages are not expected. One reason is that a state statute limiting public education funding to only real estate property taxes inhibits development of affordable and multifamily housing. Communities seek to balance increased education costs with opportunities to maximize property tax revenue. Often, single family housing serves this purpose while affordable and multifamily housing do not fit this financial equation. Affordable housing and small loans to business that relate to lending, investment, and services were considered in our evaluation of BNH's performance under Lending, Investment, and Service Tests. Refer to market Profiles in Appendix B of this Evaluation for more information.

## Fair Lending Review

An analysis of two years HMDA, Small Business, and Small Farm lending data, public comments and consumer complaint information was performed according to the OCC's risk-based fair lending approach. Analysis of this data reveals no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA Evaluation this year. Federal Deposit Insurance Corporation examiners performed the latest comprehensive fair lending examination. This examination was before BNH's conversion to a national charter. No violations of the substantive provisions of the anti-discrimination laws and regulations were identified.

### Conclusions with Respect to Performance Tests

#### LENDING TEST

The bank's performance under the Lending Test is rated **"high satisfactory."**

#### Lending Activity

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity. Overall, lending activity is good. Based on full-scope reviews, the bank's lending performance is good in the non-MSA AA, the Nashua MSA AA, and the Manchester MSA AA. In the Portsmouth MSA AA, lending performance is adequate. This analysis is based on the bank's lending activities in the non-MSA AA, Portsmouth/Rochester MSA, Nashua MSA, and Manchester MSA as detailed below.

This Evaluation considers only home mortgage loans as reported on the bank's HMDA Loan Application Register and small loans to businesses as reported on the Small Business Register. During the evaluation period, home mortgage loans account for 67% of originations or purchases and small loans to businesses account for 33%. Within home mortgage loan originations or purchases, 47% are home mortgage refinance loans, 42% are home purchase loans, and 11% are home improvement loans.

In the non-MSA AA, BNH's home mortgage lending ranked first in 1999 with a market share of 12%. The bank ranked third in small loans to businesses with a 1999 market share of 10%. In terms of deposits, BNH ranked second overall, first among local competitors, with a market share of 12% of deposits for the 29 FDIC insured financial institutions reporting deposits in the non-MSA AA as of June 30, 1999.

In the Portsmouth MSA, BNH's home mortgage lending ranked thirteenth, but fifth among local financial institutions, in 1999. Its market share was 2%. In small loans to businesses, the bank ranked fourth, but first among local financial institutions. Its market share was 10%. In terms of deposits, BNH ranked first with a market share of 25% of deposits among 19 FDIC insured financial institutions reporting deposits as of June 30, 1999.

In the Nashua MSA, BNH's home mortgage lending ranked sixteenth overall, but fifth among local financial institutions. Its market share was 2%. In small loans to businesses, the bank ranked third, but first among local financial institutions. Its market share was 9%. In terms of deposits, BNH ranked first with a market share of 31% of deposits among nine FDIC insured financial institutions reporting deposits as of June 30, 1999.

In the Manchester MSA, BNH's home mortgage lending ranked thirteenth, but fifth among local financial institutions in 1999. Its market share was 2%. The bank ranked fourth overall, but first among local financial institution, in small loans to businesses with a market share of 10%. In terms of deposits, BNH ranked third with a market share of 19% of deposits among 12 FDIC insured financial institutions reporting deposits in the combined MSA areas as of June 30, 1999.

## **Distribution of Loans by Income Level of the Geography**

BNH's overall geographic distribution of home mortgage and small loans to businesses is good. The bank's lending performance is good in the non-MSA AA, the Nashua MSA AA, and the Manchester MSA AA. In the Portsmouth MSA AA, lending performance is adequate. The overall distribution of home improvement and refinance loans is excellent, and for home purchase and small loans to businesses, performance is good.

Less than one-quarter of 1% of all units in the Manchester MSA low-income geographies are owner-occupied. Both areas are highly commercialized. As a result, analysis of home ownership related performance in low-income tracts is omitted.

## **Home Mortgage Loans**

### ***Home Purchase Loans***

Refer to Table 2 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home purchase loan originations. BNH's overall geographic distribution of home purchase loans by income level of census tract is good.

In the non-MSA AA, the geographic distribution of home purchase loans is good. The percentage of home purchase loans in moderate-income census tracts is near to the percentage of owner occupied units in these areas. The bank's market share in moderate-income areas is very near the bank's overall market share for home purchase loans. In addition, BNH's market rank is first both overall and in moderate-income geographies.

In the Portsmouth MSA, the geographic distribution of home purchase loans is good. The percentage of home purchase loans in moderate-income census tracts is equal to the percentage of owner occupied units in these areas. However, the bank's market share in moderate-income areas is less than the bank's overall market share. BNH's market share is ranked fifth overall but, it is twenty-first in moderate-income geographies. This is due to significant competition from numerous mortgage companies including GMAC, Norwest, Cendant, Countrywide, North American, National City, and Chase Manhattan Mortgage. Local competitors in moderate-income geographies include Federal Savings Bank and Piscataqua Savings Bank.

In the Nashua MSA, the geographic distribution of home purchase loans is good. The percentage of home purchase loans in moderate-income census tracts is very near to the percentage of owner occupied units in these areas. BNH's market share in moderate-income geographies equals the bank's overall market share. In addition, while the bank's market rank is sixth overall and in moderate-income census tracts, among local competitors, BNH ranks first both overall and in moderate-income census tracts.

In the Manchester MSA, the geographic distribution of home purchase loans is good. The percentage of home purchase loans in moderate-income census tracts is very near to the percentage of owner occupied units in these areas. The bank's market share in moderate-income geographies is near to the bank's overall market share. BNH's market rank is third overall and fourth in moderate-income geographies. Among local competitors, BNH ranks first overall and second in moderate-income geographies.

### ***Home Improvement Loans***

Refer to Table 3 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home improvement loan originations. BNH's overall geographic distribution of home improvement loans by income level of census tract is excellent.

In the non-MSA AA, the geographic distribution of home improvement loans is excellent. The percentage of home improvement loans in moderate-income geographies exceeds the percentage of owner occupied units in these areas. Furthermore, the bank's home improvement loan market share in moderate-income areas significantly exceeds the bank's overall market share. BNH's market rank is

third both overall and in moderate-income geographies.

In the Portsmouth MSA, the geographic distribution of home improvement loans is adequate. The percentage of home improvement loans in moderate-income census tracts is near to the percentage of owner occupied units in these areas. However, BNH's market share of home improvement loans in moderate-income census tracts is significantly less than the bank's overall market share.

In the Nashua MSA, the geographic distribution of home improvement loans is excellent. The percentage of home improvement loans in moderate-income census tracts exceeds the percentage of owner occupied units in these areas. In addition, the bank's market share of home improvement loans in moderate-income census tracts exceeds the bank's overall home improvement loan market share. BNH's market rank is third both overall and in moderate-income census tracts.

In the Manchester MSA, the geographic distribution of home improvement loans is excellent. The percentage of home improvement loans in moderate-income census tracts is equal to the percentage of owner occupied units in these areas. In addition, BNH's market share for home improvement loans in moderate-income census tracts is very near to the bank's overall market share.

### ***Refinance Loans***

Refer to Table 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's refinance loan originations. BNH's overall geographic distribution of refinance loans by income level of census tract is excellent.

In the non-MSA AA, the geographic distribution of refinance loans is excellent. The percentage of refinance loans in moderate-income geographies is very near to the percentage of owner occupied units in these areas. BNH's refinance loan market share in moderate-income geographies exceeds the bank's overall refinance loan market share. In addition, the bank's refinance loan market share is ranked first both overall and in moderate-income geographies.

In the Portsmouth MSA, the geographic distribution of refinance loans is good. The percentage of refinance loans in moderate-income census tracts is near to the percentage of owner occupied units in these areas. BNH's refinance loan market share in moderate-income census tracts is less than the bank's overall market share. The bank's refinance loan market share is ranked first overall and third in moderate-income geographies. Among local competitors, BNH ranks second in moderate-income census tracts.

In the Nashua MSA, the geographic distribution of refinance loans is excellent. The percentage of refinance loans in moderate-income census tracts is very near to the percentage of owner occupied units in these areas. BNH's refinance loan market share in moderate-income census tracts exceeds the bank's overall market share. In addition, the bank's refinance loan market share is ranked first both overall and



in moderate-income census tracts.

In the Manchester MSA, the geographic distribution of refinance loans is good. The percentage of refinance loans in moderate-income census tracts is very near to the percentage of owner occupied units in these areas. However, BNH's refinance loan market share in moderate-income census tracts is significantly less than the overall market share. In addition, the bank's refinance loan market share is ranked second overall and sixth in moderate-income geographies. Active competitors in the moderate-income geographies include St. Mary's Bank, Countrywide Home Loans, Citizens Bank New Hampshire, and Norwest Mortgage.

### **Small Loans to Businesses**

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses. BNH's overall distribution of small loans to businesses by income level of geography was good.

In the non-MSA AA, the geographic distribution of small loans to businesses was poor. In moderate-income areas, the distribution of loans was significantly less than the percentage of businesses located in those areas. In addition, BNH's market share in moderate-income areas was well below the bank's overall market share.

In the Portsmouth MSA, the geographic distribution of small loans to businesses is excellent. BNH's distribution of loans in moderate-income areas exceeded the percentage of businesses located in those areas. In addition, the bank's market share in moderate-income areas exceeded the bank's overall market share. Moreover, the bank's market rank was second in moderate-income census tracts compared to fourth overall. Among local competitors, BNH was ranked first both overall and in moderate-income census tracts.

In the Nashua MSA, the geographic distribution of small loans to businesses is good. The bank's distribution of loans in moderate-income areas was less than the percentage of businesses located in those areas. However, the bank's market share in moderate-income areas equaled the bank's overall market share. Moreover, while BNH's market rank was third overall and fourth in moderate-income geographies, it ranked first overall and second in moderate-income geographies relative to local competitors.

In the Manchester MSA, the geographic distribution of small loans to businesses is excellent. The bank's distribution of loans in low-income census tracts equaled, and in moderate-income areas exceeded, the percentage of businesses located in those areas. In addition, BNH's market share in both low- and moderate-income areas exceeded its overall market share. BNH's market rank was fourth overall and third in low- and moderate-income geographies. However, when compared to local competitors, the bank's market rank was first both overall and in low- and

moderate-income geographies.

## **Lending Gap Analysis**

There were no conspicuous or inappropriate gaps found in BNH's geographic loan distribution. In the non-MSA AA, we identified five block-numbering areas where the bank did not originate any loans. However, all five areas contain no owner occupied housing units and no businesses. In the Portsmouth MSA, we identified two census tracts where the bank did not originate any loans. However, there are no people or businesses residing in these census tracts.

## **Inside/Outside Ratio**

BNH has a strong record of lending within the AA. The bank made a substantial majority, 90% by number and 92% by dollar volume, of loans inside the AA. The in/out analysis was performed at the bank level, as opposed to the individual assessment area level, and includes bank originations and purchases only. This performance was a positive factor in the overall analysis of the geographic distribution of lending by income level of geography.

## **Distribution of Loans by Income Level of Borrower**

BNH's overall distribution of home mortgage and business loans to borrowers of different income levels is good. The bank's lending performance is good in the non-MSA AA, the Nashua MSA AA, and the Manchester MSA AA. In the Portsmouth MSA AA, lending performance is adequate. The overall distribution of home improvement loans is excellent, business loan distribution is adequate, home purchase loan distribution is good and refinance loan distribution is adequate.

## **Home Mortgage Loans**

### ***Home Purchase Loans***

Refer to Table 7 in Appendix C for the facts and data used to evaluate the borrower income distribution of the bank's home purchase loan originations. BNH's overall distribution of home purchase loans by income level of borrower is good.

In the non-MSA AA, the distribution of home purchase loans by income level of borrower is good. Performance context information mitigates bank performance. Impediments to construction of affordable housing, high median housing costs, and low wages were considered in this conclusion. The percentage of home purchase loans to low-income borrowers is significantly less than the percentage of low-income families. However, BNH's market share for low-income borrowers is very near to the bank's overall market share. The percentage of home purchase loans to moderate-income borrowers is equal to the percentage of moderate-income families, and BNH's home purchase loan market share for moderate-income

borrowers is very near to the overall market share. BNH's market share is ranked first overall and second for both low- and moderate-income borrowers. Among local competitors, BNH's market rank is first for both low- and moderate-income borrowers.

In the Portsmouth MSA, the distribution of home purchase loans by income level of borrower is adequate. BNH's percentage of home purchase loans to moderate-income borrowers is near to the percentage of moderate-income families in the MSA, and BNH's market share for moderate-income borrowers is near to the bank's

overall market share. However, the bank's percentage of home purchase loans to low-income borrowers is significantly less than the percentage of low-income families in the AA. BNH's market share for low-income borrowers is equal to the overall market share.

In the Nashua MSA, the distribution of home purchase loans by income level of borrower is good. The percentage of home purchase loans to moderate-income borrowers is significantly greater than the percentage of moderate-income families.

BNH's market share for moderate-income borrowers is very near to the overall market share. While the percentage of home purchase loans to low-income borrowers is significantly less than the percentage of low-income families in the AA, BNH's market share for low-income borrowers exceeds the bank's overall market share.

In the Manchester MSA, the distribution of home purchase loans by income level of borrower is excellent. Performance context information mitigates bank performance. Impediments to construction of affordable housing and low wages were considered in this rating. The percentage of home purchase loans to moderate-income borrowers is significantly greater than the percentage of moderate-income families. BNH's market share for moderate-income borrowers is equal to its overall market share. While the percentage of home purchase loans to low-income borrowers is significantly less than the percentage of low-income families in the AA, the bank's market share for low-income borrowers exceeds the overall market share. Moreover, BNH's market share to low-income borrowers ranks first, compared to third overall. For moderate-income borrowers, BNH's market rank is third overall and first among local competitors.

### ***Home Improvement Loans***

Refer to Table 8 in Appendix C for the facts and data used to evaluate the borrower income distribution of the bank's home improvement loan originations. BNH's overall distribution of home improvement loans by income level of borrower is excellent.

In the non-MSA AA, the distribution of home improvement loans by income level of

borrower is excellent. The percentage of home improvement loans to low-income borrowers is near to the percentage of low-income families in the MSA. BNH's percentage of home improvement loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families. Furthermore, the bank's home improvement loan market share for both low- and moderate-income borrowers significantly exceeds the bank's overall market share. The bank is ranked third overall and second in terms of both low- and moderate-income borrowers.

In the Portsmouth MSA, the distribution of home improvement loans by income level of borrower is adequate. BNH's percentage of home improvement loans to moderate-income borrowers is less than the percentage of moderate-income families in the MSA. The percentage of home improvement loans to low-income borrowers is significantly below the percentage of low-income families. BNH's home improvement loan market share for moderate-income borrowers is very near to, and for low-income borrowers is near to, the bank's overall market share for home improvement loans.

In the Nashua MSA, the distribution of home improvement loans by income level of borrower is excellent. BNH's percentage of home improvement loans to low-income borrowers exceeds the percentage of low-income families in the MSA. BNH's percentage of home improvement loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the MSA. BNH's home improvement loan market share for low- and moderate-income borrowers significantly exceed the bank's overall home improvement loan market share.

In the Manchester MSA, the distribution of home improvement loans by income level of borrower is excellent. BNH's percentage of home improvement loans to low-income borrowers equals the percentage of low-income families in the MSA. The percentage of home improvement loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families. Moreover, BNH's home improvement loan market share to low-income borrowers significantly exceeds, and to moderate-income borrowers exceeds, the bank's overall home improvement loan market share.

### ***Refinance Loans***

Refer to Table 9 in Appendix C for the facts and data used to evaluate borrower income distribution of the bank's refinance loan originations. BNH's overall distribution of refinance loans by income level of borrower is adequate.

In the non-MSA AA, the distribution of refinance loans by income level of borrower is adequate. BNH's percentage of refinance loans to moderate-income borrowers is very near to the percentage of moderate-income families in the non-MSA AA. The bank's percentage of refinance loans to low-income borrowers is significantly below the percentage of low-income families in the area. However, while the

bank's refinance loan market share for both low- and moderate-income borrowers is less than the bank's overall refinance loan market share, the bank's market share is ranked first overall, as well as with respect to both low- and moderate-income borrowers.

In the Portsmouth MSA, the distribution of refinance loans by income level of borrower is poor. The percentage of refinance loans to moderate-income borrowers is less than the percentage of moderate-income families in the MSA. The bank's percentage of refinance loans to low-income borrowers is significantly less than the percentage of low-income families in the area. The bank's refinance loan market share for both low-income borrowers is less than, and for moderate-income borrowers is very near to, BNH's overall refinance loan market share.

In the Nashua MSA, the distribution of refinance loans by income level of borrower is good. BNH's percentage of refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the MSA. The percentage of refinance loans to low-income borrowers is significantly less than the percentage of low-income families in the area. BNH's refinance loan market share for low-income borrowers is less than, and for moderate-income borrowers is near to, the bank's overall refinance loan market share. While BNH is ranked first in terms of overall refinance loan market share, it is ranked second for moderate-income borrowers and third for low-income borrowers. However, considering only local competitors, BNH's market rank is second for moderate-income borrowers and first for low-income borrowers.

In the Manchester MSA, the distribution of refinance loans by income level of borrower is adequate. BNH's percentage of refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the MSA. The percentage of refinance loans to low-income borrowers is significantly less than the percentage of low-income families in the area. The bank's refinance loan market share for low- and moderate-income borrowers is less than the bank's overall refinance loan market share.

### **Small Loans to Businesses**

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's small loans to businesses. BNH's overall record of making loans to business with gross revenue less than \$1 million, or small businesses, and small size loans to businesses is good.

In the non-MSA AA, the distribution of loans to small size businesses and small size loans, i.e. loans for less than \$100 thousand is adequate. The bank makes 70% of its business loans to small size businesses compared to 87% of all businesses in the non-MSA AA that are small businesses. In 1999, BNH's 11% market share for loans to businesses with annual revenues of \$1 million or less exceeded its 10% market share for all small business loans. A significant majority of BNH's business

loans, roughly 73%, were for amounts less than \$100 thousand. Small businesses generally seek loans of less than \$100 thousand.

In the Portsmouth MSA, the distribution of loans to small size businesses and small size loans is adequate. BNH made 62% of its small business loans to small size businesses compared to 85% of all businesses in the MSA that are small. In 1999, BNH's 11% market share for loans to businesses with annual revenues of \$1 million or less exceeded its 10% market share for all small business loans. A majority of loans, roughly 65%, were for amounts less than \$100 thousand.

In the Nashua MSA, the distribution of loans to small size businesses and small size loans is adequate. BNH made 60% of its loans to small size businesses compared to the 86% of all businesses in the MSA that are small businesses. In 1999, the bank's 10% market share for loans to businesses with annual revenues of \$1 million or less exceeded its 9% market share for all small business loans. A majority of loans, roughly 64%, were for amounts less than \$100 thousand.

In the Manchester MSA, the distribution of loans to small size businesses and small size loans is adequate. Sixty eight percent of BNH's small business loans were made to small size businesses. Small businesses represent 86% of all businesses in the MSA. In 1999, BNH's 13% market share for loans to businesses with annual revenues of \$1 million or less exceeded its 10% market share for all small business loans. A majority of loans, roughly 68%, were for amounts less than \$100 thousand.

## **Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development (CD) lending.

CD lending has a neutral impact on the Lending Tests for the non-MSA assessment area, the Portsmouth MSA, and the Nashua MSA area. CD lending has a very positive impact on the Lending Test for the Manchester MSA. Lending volume is identified by assessment area using the locations where proceeds are expended.

During the evaluation period, BNH originated nine loans totaling \$8.7 million in the Manchester MSA assessment area. This represents nearly 20% of Tier 1 capital allocated to this area based upon the percentage of bank deposits originating in this assessment area. Seven credit facilities, 79% of the number and 41% of funds, were used in the development of affordable housing, the primary need identified by community contacts for this area. Two loans totaling \$5.1 million were made in low-income geographies and five loans totaling \$1.8 million were made in moderate-income geographies. In the non-MSA assessment area, four loans were made totaling \$6.1 million. This represents 5% of Tier 1 capital allocated to this assessment area. In the Nashua assessment area, two loans were made totaling \$2.4 million. This represents 4% of Tier 1 capital allocated to this assessment area. In the Portsmouth assessment area, three loans were made totaling \$1.5 million. This represents 2% of Tier 1 capital allocated to this assessment area.

The following are some examples of CD lending.

- Manchester MSA, Nashua MSA, and Portsmouth MSA. Three mobile-home parks were converted to co-operatives, and purchase loans totaling \$4.7 million were originated by BNH. This funding assured that ownership in 337 housing units was retained by a majority of families who were low- and moderate-income. BNH evidences leadership in lending to cooperatives and LMI individuals by having a staff member specialize in originating and funding these loans directly. In contrast, other lenders in mobile home cooperatives, owned by LMI individuals, buy participation loans through the New Hampshire Housing Community Loan Program.
- Manchester MSA. The largest individual loan was a \$3.1 million participation loan in construction and permanent financing of a community center. The center is located in one of only two low-income census tracts in the assessment area and the site is within a federally designated enterprise community. This project is expected to help stabilize the area as seventeen full-time and 100 part-time new jobs are expected to result from this endeavor. All have pay ranges less than 80% of the area median income.
- Non MSA. A \$2.1 million rehabilitation of a mill building housing organizations dedicated to serving the needs of low- and moderate-income families. This project required a combination of loans and investments, both of which were provided by BNH. Concurrent assumption of creditor risks and ownership risks were necessary to start this project and doing so demonstrates the bank's leadership and innovation. BNH is the only bank in this \$2.1 million project; it is a limited partner as well. The two general partners are for-profit subsidiaries of local not-for-profit service agencies. Permanent funding is not guaranteed and leases covering debt service had not been signed when renovation began. This project involves one-half of a former woolen mill, the other one-half had been developed into affordable housing.
- Manchester MSA. A \$2.0 million construction and permanent financing of a health facility located in a low-income geography in which an estimated 80% of patients are low- or moderate-income persons.

## **Product Innovation and Flexibility**

Product innovation and flexibility has a positive impact on Lending Test conclusions.

BNH offers a full array of standard loan programs and products. In addition, BNH developed one very innovative program and offers a number of flexible loan programs to address community credit needs. The significantly innovative loan program is "Wheels-to-Work."



“Wheels-to-Work” is an innovative and flexible loan program developed and implemented by BNH and a local non-profit group during the evaluation period. The program addresses the transportation needs of low- and moderate-income individuals. BNH provides affordable loans to program participants to purchase used cars that have been donated by car dealerships. This program is targeted to low- and moderate-income individuals throughout NH who need a car to get or keep a job. The loan aspect of this program is designed to provide participants a sense of true ownership and help them establish a credit history. BNH is the sole provider of loans under this program. During the evaluation period, BNH provided loans totaling \$22 thousand to 11 individuals to purchase cars in this program.

Flexible mortgage loan programs offered by BNH include NH Housing Finance Authority and Rural Development (Rural Housing) programs. NH Housing Finance Authority mortgage loan programs are available for first-time homebuyers who meet specific income limit and other guidelines. These mortgages offer below market rates, grants or assistance with closing costs, waiving of certain lender fees, and flexible underwriting and documentation standards. Rural Housing program loans are available for homebuyers that meet income limit guidelines, are unable to qualify for conventional financing, and satisfy other program requirements. Mortgages offered under this program provide waiving of certain lender fees, flexible underwriting guidelines, and no down payments. Number and dollar amount of loans by borrower or area income levels are not available.

BNH also evidences innovation and lending flexibility within CD lending. The following CD loan example is included to further validate the bank’s lending flexibility. BNH committed \$75 thousand and granted more lenient terms on a previously granted credit facility, both of which support affordable housing and vital health services to very low income senior citizens. This project is the first of its kind in New Hampshire and is termed “on the cutting edge of long term care.” This facility is in the non-MSA assessment area.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

Bank of New Hampshire’s overall performance under the Investment Test is **“low satisfactory.”** Based on full-scope reviews, the bank’s performance in the non-MSA AA is good, in the Portsmouth, Nashua, and Manchester MSAs performance is adequate. We included assessment of community development opportunities as provided by bank management and community contacts. The level of opportunity in each assessment area is moderate.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank’s performance under the Investment Test. Investments that benefited a broad

geographical area that included MSA and/or non-MSA areas are distributed based upon the following criteria. Where information is available detailing which area(s) an investment benefited, the distribution is based on the proportion of benefit that went to each area. Otherwise, the distribution is based on the percentage of bank deposits generated in each MSA or non-MSA AA.

### **Non-MSA AA**

BNH's investment performance in the non-MSA AA is good. This conclusion is based on the level of investments compared to investment opportunities and capacity of the bank. During the evaluation period, BNH made seven investments that benefited the non-MSA AA or a broader area that included the non-MSA AA. All of the investments were made in projects that support affordable housing initiatives, the primary need in the area as identified by community contacts.

BNH made seven investments and 24 grants totaling \$1.9 million. BNH also had \$1.7 million outstanding on qualified investments that were made in prior evaluation periods. In aggregate, current period investments and outstanding balances on prior period investments total \$3.6 million. BNH also formally committed an additional \$3.2 million in existing community development investments in the non-MSA AA. The following are examples of investments made in the non-MSA AA.

- The bank invested \$337 thousand to rehabilitate a mill building that will be used to house organizations dedicated to serving the needs of low- and moderate-income families. This project required a combination of loans and investments, both of which were provided by BNH, and demonstrates the bank's leadership and innovation. BNH is the only bank in this \$3.0 million project, and they have the additional leadership role of limited partner. The two general partners are for-profit subsidiaries of local not-for-profit service agencies. A combination of investments and loans were required to qualify the loans as meeting minimum cash flow criteria. Permanent funding is not guaranteed and leases covering debt service had not been signed when renovation began. This project involves one-half of a former woolen mill, the other one-half was formerly developed into affordable housing.
- BNH invested \$572 thousand in three affordable housing projects. These projects contributed to the creation of 33 affordable housing units and qualify as Low Income Housing Tax Credits.

Prior period investments consist of six affordable housing projects, an affordable housing loan equity fund, and a Small Business Investment Company (SBIC). The seven affordable housing investments contributed to the development or revitalization of 76 units of affordable housing for low- and moderate-income families.

BNH made \$225 thousand in qualified grants and donations during the evaluation period to community development related organizations that serve the non-MSA AA. The organizations' activities provide affordable housing for low- and moderate-income families, community services targeted to low- and moderate-income individuals, or promote economic development for small business.

BNH also made three investments during the evaluation period that provide benefits to broad geographic areas that include multiple MSA or non-MSA areas. The investments are discussed below, but are allocated between the MSA and non-MSA AA based on the proportion of benefit that went to each area or on each area's pro-rata share of deposits.

- BNH made an equity equivalent investment in a loan fund for affordable housing totaling \$500 thousand. BNH played a leadership role in the development of this investment and was the first bank in NH to invest in the fund. The fund provides loans to low- and moderate-income individuals for housing and to community groups that provide services to low- and moderate-income families throughout the four AA.
- BNH invested \$89 thousand in a housing equity fund for affordable housing projects throughout NH. BNH played a leadership role in this investment by being a founding member of the fund. A bank officer also serves as Chairman of the Board for this fund. BNH is committed to invest an additional \$3.5 million in this fund which will be paid out through 2005. This is a Low-Income Housing Tax Credit investment that has funded affordable housing projects throughout the non-MSA and Manchester MSA areas of NH.
- BNH invested \$1.2 million in a housing equity fund that supports affordable housing projects throughout NH. This investment represents installments of a multi-year investment commitment. BNH is committed to invest an additional \$1.8 million in this fund which will be paid out through 2001. This is a Low-Income Housing Tax Credit investment that has funded affordable housing projects in each of the MSA and non-MSA AA except the Nashua MSA.

### **Portsmouth MSA**

BNH's investment performance in the Portsmouth MSA is adequate. During the evaluation period, BNH made three investments and 17 grants that benefited the Portsmouth MSA. Two of the investments benefited a broad geographical area that includes the Portsmouth MSA and are discussed above under "Non-MSA AA." All of the investments were made in projects that support affordable housing initiatives, the primary need in the community as identified by community contacts.

During the evaluation period, BNH made qualifying investments and grants totaling \$842 thousand. BNH also had \$444 thousand outstanding on qualified investments that were made in prior evaluations periods. In aggregate, current and prior period investments total \$1.3 million. BNH is formally committed to invest

an additional \$667 thousand in existing community development investments impacting the Portsmouth MSA. The following is an example of investments made within the Portsmouth MSA.

- BNH invested \$237 thousand in a 12 unit transitional housing project that provides housing assistance for low- and moderate-income families. This investment represents the final installments on a multi-year investment commitment. This project qualifies as a Low Income Housing Tax Credit.

Prior period investments consist of an affordable housing project, a transitional housing project, an affordable housing loan equity fund, and a SBIC. The two affordable housing related investments contributed to the development or revitalization of 46 units of housing for low- and moderate-income families and qualify as Low-Income Housing Tax Credit investments.

BNH made qualifying grants and donations totaling \$41 thousand during the evaluation period to community development related organizations serving the Portsmouth MSA. The organizations' activities provide affordable housing for low- and moderate-income families, community services targeted to low- and moderate-income individuals, or promote economic development for small business.

### **Nashua MSA**

BNH's investment performance in the Nashua MSA is adequate. During the evaluation period, BNH made one investment and 19 grants that benefited the Nashua MSA. The investment benefited a broad geographical area that includes the Nashua MSA and is discussed above under "Non-MSA AA." The investment was made in a project that supports affordable housing initiatives, the primary need in the community as identified by community contacts.

During the evaluation period, BNH made qualifying investments and grants totaling \$159 thousand. BNH also has \$264 thousand outstanding on qualified investments that were made in prior evaluation periods. In aggregate, current and prior period investments total \$423 thousand.

Prior period investments consist of an affordable housing project and a SBIC. The affordable housing investment contributed to the development or revitalization of 24 units of affordable housing for elderly low- and moderate-income individuals.

BNH made qualifying grants and donations totaling \$64 thousand during the evaluation period to community development related organizations serving the Nashua MSA. The organizations' activities provide affordable housing for low- and moderate-income families, community services targeted to low- and moderate-income individuals, or promote economic development for small business.

## **Manchester MSA**

BNH's investment performance in the Manchester MSA is adequate. During the evaluation period, BNH made three investments and 28 grants that benefited the Manchester MSA or a broader statewide area that included the MSA. All three qualifying investments benefited a broad geographical area that includes the Manchester MSA and are discussed above under "Non-MSA AA."

During the evaluation period, BNH made qualifying investments and grants totaling \$382 thousand. BNH also has \$536 thousand outstanding on qualified investments that were made in prior evaluations periods. In aggregate, current and prior period investments total \$919 thousand. BNH is formally committed to invest an additional \$785 thousand in existing community development investments in the Manchester MSA.

Prior period investments consist of an affordable housing project, an affordable housing equity loan fund, and a SBIC. The affordable housing related investments contributed to the development or revitalization of 18 units of affordable housing for low- and moderate-income families.

BNH made qualifying grants and donations totaling \$76 thousand during the evaluation period to community development related organizations serving the Manchester MSA. The organizations' activities provide affordable housing for low- and moderate-income families, community services targeted to low- and moderate-income individuals, or promote economic development for small business.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

Bank of New Hampshire's performance under the service test is rated "**outstanding.**" Based on full scope reviews, the bank's performance in the non-MSA area, Portsmouth MSA AA, and Manchester MSA AA is excellent. Performance in the Nashua MSA is good.

### **Retail Banking Services**

Refer to table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

### **Non-MSA**

BNH's distribution of branches in the non-MSA AA is excellent. Branches are readily accessible to geographies and individuals of different income levels throughout the non-MSA area. BNH operates 37 branches throughout the non-MSA area, including six in retail businesses of which three are supermarkets.

Supermarket branches generally increase accessibility by virtue of being a frequent destination for many individuals and by offering longer hours. Two, or more than 5%, of the branches are located in moderate-income census tracts. This distribution of branches is excellent compared to the nearly 4% of the population that live in moderate-income geographies.

Branch openings and closings have not adversely impacted accessibility for low- and moderate-income individuals or areas. During the evaluation period, the bank closed three branches in the non-MSA AA. All of the closed branches were located in middle-income geographies.

Branch hours do not vary in a way that inconveniences any portion of the non-MSA AA and there are no material differences in services provided throughout the branch network. Branch office hours and days of operation vary based on the convenience and needs of each branch's area. In general, branch hours range from 8:30 or 9:00am to 5:00 or 6:00pm Monday through Friday. The three in-store branch hours range from 9:00 or 10:00am to 6:00 or 8:00pm Monday through Friday. Most of the branches, including the two located in moderate-income areas, are open Saturdays from 8:30 or 9:00am to noon or 1:00pm. Two of the in-store branches also offer Sunday hours.

The bank operates 36 automated teller machines (ATM) throughout the non-MSA AA, including 29 full service and 7 cash dispensing ATMs. One, or 3%, of the ATMs is located in a moderate-income census tract. This distribution is good compared to the 4% of the population that live in moderate-income areas. The ATM located in the moderate-income geography is full service. All of the bank's ATMs offer 24-hour service. BNH customers are also given free access to all 412 Banknorth Group ATMs located throughout New England and New York.

### **Portsmouth MSA**

BNH's distribution of branches in the Portsmouth MSA is excellent. The bank's branches are readily accessible to geographies and individuals of different income levels throughout the MSA. The bank operates 15 branches throughout the Portsmouth MSA. Two, or 13%, of the branches are located in moderate-income census tracts. This distribution of branches is excellent compared to the 10% of the population that live in the moderate-income geographies.

Branch openings and closings have had a positive impact on accessibility for low- and moderate-income individuals and geographies. During the evaluation period, the bank relocated one branch in the Portsmouth MSA from a middle-income census tract to a moderate-income census tract. There was no other branching activity in the Portsmouth MSA during the evaluation period.

Branch hours do not vary in a way that inconveniences any portion of the Portsmouth MSA and there are no material differences in services provided

throughout the branch network. Branch office hours and days of operation vary based on the convenience and needs of each branch's area. In general, branch hours range from 8:30 or 9:00am to 5:00 or 6:00pm Monday through Friday. All of the branches are open Saturdays from 8:30 or 9:00am to noon or 1:00pm and offer drive-up service.

The bank operates 16 ATMs throughout the Portsmouth MSA, including 14 full service and two cash dispensing only ATMs. All of the ATMs are attached to one of the bank's branches. Two, or 13%, of the ATMs are located in moderate-income census tracts. This distribution is excellent compared to the 10% of the population that live in moderate-income geographies. Both ATMs located in moderate-income census tracts are full service. All of the bank's ATMs offer 24-hour service.

### **Nashua MSA**

BNH's distribution of branches in the Nashua MSA is good. The bank's branches are accessible to geographies and individuals of different income levels throughout the MSA. The bank operates 14 branches throughout the Nashua MSA. Two, or 14%, of the branches are located in moderate-income census tracts. This distribution of branches is very near to the 15% of the population that live in the moderate-income geographies.

Branch openings and closings have had a neutral impact on accessibility for low- and moderate-income individuals and geographies. During the evaluation period, the bank closed one branch located in a middle-income census tract. There was no other branching activity in the Nashua MSA during the evaluation period.

Branch hours do not vary in a way that inconveniences any portion of the Nashua MSA and there are no material differences in services provided throughout the branch network. Branch office hours and days of operation vary based on the convenience and needs of each branch's area. In general, branch hours range from 8:30 or 9:00am to 5:00 or 6:00pm Monday through Friday. All but three branches, including one located in a moderate-income census tract, are open Saturdays from 8:30 or 9:00am to noon or 1:00pm. Most of the branches, including one in a moderate-income census tract, offer drive-up service.

The bank operates 15 ATMs throughout the Nashua MSA, all full service. Two, or 13%, of the ATMs are located in moderate-income census tracts. This distribution is near to the 14% of the population that live in moderate-income census tracts. All of the ATMs are located at one of the bank's branches. All of the bank's ATMs offer 24-hour service.

### **Manchester MSA**

BNH's distribution of branches in the Manchester MSA is excellent. The bank's branches are readily accessible to geographies and individuals of different income

levels throughout the assessment area. The bank operates 11 branches throughout the Manchester MSA. Two, or 18%, of the branches are located in the area's 11 moderate-income census tracts. This distribution of branches is excellent compared to the 16% of the population that live in moderate-income census tracts.

Although the bank has no branches in either of the two low-income census tracts in the Manchester MSA, two branches, including the main branch, are located within walking distance to the low-income census tracts and are readily accessible to the 2% of the population that live in these tracts. There were no branch openings and closings in the MSA.

Branch hours do not vary in a way that inconveniences any portion of the Manchester MSA and there are no material differences in services provided throughout the branch network. Branch office hours and days of operation vary based on the convenience and needs of each branch's area. In general, branch hours range from 8:30 or 9:00am to 5:00 or 6:00pm Monday through Friday. All but the main branch are open Saturdays from 8:30 or 9:00am to noon or 1:00pm and all offer drive-up service.

The bank operates 14 ATMs throughout the Manchester MSA, including 12 full service and two cash dispensing ATMs. Two, or 14%, of the ATMs are located in moderate-income census tracts. This distribution is near to the 16% of the population that live in the moderate-income geographies. All but three ATMs are located at one of the bank's branches. Both ATMs located in moderate-income census tracts are full service machines connected to a branch. All of the bank's ATMs offer 24-hour service. Although no ATMs are located in either of the two low-income census tracts, ATMs are located in each of the two branches that are immediately adjacent to the two low-income census tracts.

### **Bank-wide Alternative Delivery Systems**

BNH offers three primary alternative delivery systems to all of its customers. They are "Small Business Solutions," "Direct Banking Center" and "Direct 24." "Small Business Solutions" provides access to business loan approvals and funding, up to \$150 thousand, in all branch offices rather than the more typical referral of business loans to one commercial lending office. In addition, the "Small Business Solutions" initiative provides branch-office access to Business Money Market Accounts, Business Debit Cards, Cash Management Services, Merchant Services for credit card sales, Trust Services, and Lease Financing as an alternative to ownership. Moreover, this program further serves the small business community by providing access to a network of third party vendors; again, each branch office serves as an access point. Discounts on office products through Boise Cascade, discounts on overnight delivery by Federal Express, discounts on temporary staffing services, free personal and commercial insurance reviews, and discounts on cellular telephone accessories are all available. Number of low- and moderate-income individuals and geographies served are not available.



The “Direct Banking Center” provides toll-free telephone access to customers seven days a week. The center is operational Monday to Friday from 7am to 9pm, Saturday from 9am to 5pm and Sunday from 10am to 3pm. Center employees assist customers with their deposit and loan accounts, open new accounts, and accept consumer and home equity applications. “Direct 24” is an automated response unit of the “Direct Banking Center.” Using “Direct 24,” customers can access account balances, obtain information on the status of deposits and withdrawals, and make transfers to other BNH accounts. Other services offered by the bank include banking by mail and direct deposit. In evaluating the bank’s services, no significant weight was given to these systems since the bank does not track how well these services reach low- and moderate-income people and geographies, or small businesses.

BNH offers “SimplyFree Checking,” an affordable product tailored to the needs of low- and moderate-income people. The account requires no monthly maintenance fee, no minimum balance, no transaction fees, and only a \$25 minimum opening balance.

### **Community Development Services**

BNH provides an excellent level of CD services. Management supports a high number of statewide organizations that are involved in community development initiatives including affordable housing, services to low- and moderate-income individuals, and economic revitalization. Support is provided in a number of ways including making a high number of employees available to teach first-time homebuyer seminars and to use their financial expertise to support and provide training for CD groups that provide services for low- and moderate-income individuals. BNH’s efforts are highly responsive to affordable housing needs in the community. Following are examples of the CD services provided by BNH during the evaluation period.

#### ***Non-MSA AA***

BNH employees presented 12 first-time homebuyer seminars sponsored by an organization dedicated to providing affordable housing to low- and moderate-income individuals and families during the evaluation period.

BNH employees taught budgeting and financial management to low- and moderate-income individuals for a local town welfare program.

#### ***Portsmouth/Nashua/Manchester MSAs***

BNH employees presented 25 first-time homebuyer seminars sponsored by two organizations dedicated to providing affordable housing to low- and moderate-income individuals and families.

BNH employees taught budgeting and financial management to low- and moderate-

income families for an organization that provides services specifically to low- and moderate-income individuals.

A bank officer is a Board member and Loan Committee Chair for an organization that supports revitalization and affordable housing efforts in the French Hill neighborhood of Nashua.

A bank officer serves on the Homeownership Committee of an organization that supports affordable housing initiatives for low- and moderate-families in Manchester NH.

### ***New Hampshire Wide***

BNH participates in an Interest On Lawyer's Trust Accounts (IOLTA) program. Through this program, BNH waives fees and pays above market rates on lawyers' trust accounts. Earnings from these accounts are used to provide legal services to low- and moderate-income individuals throughout New Hampshire.

BNH participates in a Realtors Escrow Trust Account (RETA) program. Through this program, BNH waives fees and pays interest on realtors' trust accounts, with the earnings going to an organization dedicated to supporting affordable housing throughout New Hampshire. During the evaluation period, the bank contributed \$1,156 to this program.

BNH implemented a Local Educational Advancement Program (LEAP) through which low- and moderate-income high school students are awarded scholarships and offered paid internships at the bank during the summer following the students' first year of college. During the evaluation period, 18 scholarships were awarded and 10 scholarship winners took advantage of the paid internship.

As part of the LEAP program, BNH employees teach elementary school children about banks, banking, and savings. Schools located in low- and moderate-income areas or with a majority of students from low- and moderate-income families are targeted for this program. During the evaluation period, roughly 1,800 elementary school students participated in this program.

BNH employees participated in a conference for public housing groups sponsored by a public housing authority. BNH employees educated the participants on available funding alternatives.

BNH participates in the NH Electronic Benefits Transfer program that allows State of New Hampshire assistance recipients to access their benefits through ATM machines. BNH waives all bank fees for this service.

BNH serves as a member bank for an organization that applies for government grants for affordable housing programs. During the evaluation period, \$760 thousand in grants were awarded through this organization for affordable housing

projects in New Hampshire.

A bank officer is the Chairman of the Board and Investment Committee member for a housing investment fund that supports affordable housing initiatives throughout NH.

A bank officer serves as Finance Board Chair for an organization that provides CD services to low- and moderate-income individuals throughout NH.

## Appendix A: Scope of Evaluation

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term Full-Scope) and those that received a less comprehensive review (designated by the term Limited-Scope).

<b>Time period reviewed</b>	Lending test (excludes CD loans): 07/01/98 to 06/30/00 Investment and service tests and CD loans: 07/01/98 to 09/11/00	
<b>Financial institution</b>	<b>Products reviewed</b>	
Bank of New Hampshire, N.A. (BNH) Manchester, NH	Home purchase, home improvement, and refinance loans reported on the HMDA loan application register and small business loans reported on the small business register.	
<b>List of assessment areas and type of examination</b>		
<b>Assessment area</b>	<b>Type of exam</b>	<b>Other information</b>
Non-MSA Portsmouth       #6450 Nashua            #5350 Manchester       #4760	Full-scope Full-scope Full-scope Full-scope	

# Appendix B: Market Profiles for Full-Scope Areas

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### Market profiles for areas receiving full-scope reviews

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MSA #4760 Manchester, NH .....	B-8

## Non-MSA Assessment Area

Demographic information for full-scope area: Non-MSA Assessment Area						
Demographic characteristics	#	low % of #	Moderate % of #	Middle % of #	upper % of #	na* % of #
Geographies (census tracts/bnas)	96	0	3	76	16	5
Population by geography	329,243	0	3	80	17	0
Owner-occupied housing by geography	87,994	0	4	78	18	0
Businesses by geography	17,973	0	4	80	16	0
Farms by geography	586	0	4	76	20	0
Family distribution by income level	87,954	16	19	27	38	0
Distribution of low- and moderate-income Families throughout aa geographies	87,954	0	52	37	21	0
Median family income	= \$36,623	Median housing value		= \$115,545		
Hud adjusted median family income for 1998	= \$46,800	Unemployment rate		= 3.0%		
Households below the poverty level	= 8 %					

(\*) the na category consists of geographies that have not been assigned an income classification.

Source: 1990 u.s. census, and 2000 Hud updated mfi.

The non-MSA AA is the bank's largest in terms of area, number of geographies, population, deposits generated, and loans extended. It has about two-times the population of any one MSA and, it is very rural. There are three widely separated moderate-income geographies; they are in Meredith, Ossipee, and Littleton. Five geographies are coded "N/A" in the 1990 census, not low-, moderate-, middle-, or upper-income. One geography is a sliver of land approximately 0.1 mile by 0.3 mile in area in the corner of Tilton where the Belkap and Merrimack county lines meet. The second is in Center Harbor and comprises two islands in Squam Lake. The third is in Franklin with no discernable land. The fourth and fifth are in Henniker and Hopkinton, each approximately 0.02 miles by 0.53 miles in area. The areas are dominated by the peaks of Rattlesnake and Sugar Hill mountains respectively.

BNH operates 37 branches and 36 ATMs within the non-MSA AA. Based on deposits, BNH ranks first among local and regional banks. Deposits in the non-MSA AA represent 41% of the bank's overall deposit base. The bank is one of 29 competing for deposits in the non-MSA AA. Competition includes Citizens Bank, Mascoma Savings Bank, Laconia Savings Bank, and 25 other banks in varying size, generally under \$200 million. Competition is strong.

From the end of WWII through the 1960's, the economy of this area was influenced by its very rural nature. Farming, logging operations, and small woolen mills were mainstays to the economy. The area experienced significant change in the 1970's and 1980's as farming and millwork declined while winter recreation expanded. When the computer industry crashed in the late 1980's, real estate markets related to recreational activities experienced sharp economic downturns of relatively short duration.

Northern New Hampshire and the non-MSA area are influenced as much by out-of-area wealth as by local wealth. As a result, real estate activities have benefited from "new economy" dynamics evidenced by substantial growth in second or recreational homes. This fits homebuilders business models as single-family houses and second homes maximize their profits. In addition, education costs funded solely from real estate taxes lead municipalities to favor single-family over multi-family developments as tax revenues will be higher and school-system demands will be lower. The median age of housing is 34 years. Statewide energy costs are 10% and 13% higher respectively than neighboring Massachusetts and Vermont. The overall combination of "after-costs", maintenance on older homes, energy, and property taxes, make home ownership most difficult.

A community contact stated local year-round families are heavily dependent on rental housing. She also stated credit needs are centered in home purchase and home repair loans. There are few new rental-housing units. As a result, low- and moderate-income families occupy many substandard rental units. There are no low-income areas; there are only three widely dispersed moderate areas in the total 96 geographies. Today the economy is dependent on seasonal service activities. Employment is high at about 98% of the work force, which is in line with statewide results. Major employers are retail trade shopping mall operations, schools, and local governments. Summer and winter recreational centers are complementary employers with each adding to service employment numbers.



## MSA #6450 Portsmouth, NH

Demographic information for full-scope area: Portsmouth MSA						
Demographic characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	na* % of #
Geographies (census tracts/bnas)	44	0	11	66	16	7
Population by geography	187,681	0	10	75	15	0
Owner-occupied housing by geography	44,467	0	6	80	14	0
Businesses by geography	9,706	0	9	76	15	0
Farms by geography	261	0	4	75	21	0
Family distribution by income level	48,262	16	20	27	37	0
Distribution of low- and moderate-income Families throughout aa geographies	48,262	0	56	37	19	0
Median family income Hud adjusted median family income for 1998 Households below the poverty level	= \$40,510 = \$52,300 = 8 %	Median housing value Unemployment rate		= \$138,589 = 3.0 %		

(\*) the na category consists of geographies that have not been assigned an income classification.

Source: 1990 u.s. census, and 2000 Hud updated mfi.

The Portsmouth MSA AA is the bank's second largest in terms of number of geographies, population, and deposits. There are five moderate-income geographies; they are in Portsmouth (2), Dover (2), and Rochester. Three geographies are coded "N/A" in the 1990 census, not low-, moderate-, middle-, or upper-income. In the Portsmouth MSA, the three N/A geographies are islands in the Piscataqua River. One each is found in the towns of Newington, Portsmouth, and New Castle. This AA is the bank's third largest in number of loans. BNH operates 15 branches within the Portsmouth MSA. Based on deposits, BNH ranks first in this MSA. Deposits in this MSA represent 25% of the bank's overall deposit base. The bank is one of eleven banks competing for deposits. Competition includes Piscataqua Savings Bank, Salem Co-operative Bank, and two large regional banks, Fleet National Bank and Citizens Bank. Competition is strong.

From the end of WWII through the 1960's, the economy of this area was influenced by the decline in agricultural industries. The area's dramatic change during the 1970's and 1980's was the result of defense industry build-up at both Pease AFB and Kittery Naval Shipyard. As well, continued growth at the University of New Hampshire was a positive economic influence. At the same time, "tax-free" New Hampshire was advertising itself as a desirable residential address. When the local economy crashed in the late 1980's and military base closings hit Pease AFB, the real estate markets experienced sharp economic downturns.

Southern New Hampshire's attraction as a place to live continued through the 1990s, not only for those working in New Hampshire, but for Massachusetts' upper-income workers as well. The most profitable business model for the construction industry is an upper-income, single-family house; this exacerbates suitable and affordable housing stock shortages. As well, education costs that are funded solely from real estate taxes lead municipalities to favor single-family over multi-family developments due to municipal planners' belief that tax revenues will be higher and school-system demands will be lower. Vacant housing that was more than 12% of total housing stock has virtually disappeared. The median age of housing is 38 years. At the same time, statewide energy costs are 10% and 13% higher respectively than Massachusetts and Vermont.

Employment is about 98% of the work force. While that is in line with statewide comparisons, updated median family income is six thousand dollars higher than in the non-MSA assessment area. Service industries, including local, county, and state government agencies, are the largest employers. Retail trade is the second largest and manufacturing is a distant third employer group.

Three community contacts with statewide coverage, including the Portsmouth/Rochester MSA, and bank management define primary credit needs as loans to support affordable housing purchase and repair.

**MSA # 5350 Nashua, NH**

Demographic information for full-scope area: Nashua MSA						
Demographic characteristics	#	low % of #	moderate % of #	Middle % of #	Upper % of #	na* % of #
Geographies (census tracts/bnas)	32	0	19	63	18	0
Population by geography	171,107	0	15	64	21	0
Owner-occupied housing by geography	42,715	0	9	67	24	0
Businesses by geography	7,781	0	20	60	20	0
Farms by geography	200	0	10	66	24	0
Family distribution by income level	46,310	15	19	30	36	0
Distribution of low- and moderate-income Families throughout aa geographies	46,310	0	62	33	18	0
Median family income	= \$49,951	Median housing value		= \$139,836		
Hud adjusted median family income for 1998	= \$64,100	Unemployment rate		= 3.0 %		
Households below the poverty level	= 5 %					

(\*) the na category consists of geographies that have not been assigned an income classification.

Source: 1990 u.s. census, and 2000 Hud updated mfi.

The Nashua MSA AA is the bank's smallest in terms of number of geographies and population. It includes six moderate-income tracts; five are in Nashua and one is in Wilton. This AA is the bank's third largest in deposits and fourth in number of loans. BNH operates 14 branches within the Nashua MSA. Based on deposits, BNH ranks first in this MSA. Deposits in this MSA represent 19% of the bank's overall deposit base. Competition includes Granite Bank, Savings Bank of Walpole, and two large regional banks, Fleet National Bank and Citizens Bank. Competition is strong.

From the end of WWII through the 1960's, the economy of this area was influenced by the decline in the textile industry. The area's dramatic rebirth during the 1970's and 1980's was the result of a high technology boom in Massachusetts to the south that spread up the Route 3 and Interstate 93 corridors into the region. More important than industrial growth was real estate development expansion, as nearby "tax-free" New Hampshire became a desirable residential address for workers in both New Hampshire and Massachusetts. When the computer industry crashed in the late 1980's, the real estate markets experienced sharp economic downturns.

New Hampshire has been described as a tale of two states. From Concord south, including Nashua and virtually all of the MSA, the economy is closely tied to metropolitan Boston and northeastern Massachusetts. It has benefited from “new economy” dynamics, with substantial growth in high technology, service, and residential construction industries. There is neither sales nor income taxes in New Hampshire. State revenue is limited mainly to property taxes and corporate income tax. As a result, current property tax laws place a disproportionate negative impact on low- and moderate-income residential home purchase borrowers.

The Nashua MSA has no low-income census tracts. Six census tracts, or 19%, are moderate-income. The Nashua economy evidences under-employment while unemployment approximates 3%.

Downtown areas of Nashua are in need of revitalization that will augment the number and quality of jobs available. The need for revitalization is especially true in the parts of Nashua adjacent to the river where old textile mill shells remain. The city has location advantages in the form of access to nearby major highways and the stock of under- and un-utilized mills.

Three community contacts with statewide coverage, including the Nashua MSA, and bank management define primary credit needs as loans to support affordable housing purchase and repair.

**MSA # 4760 Manchester, NH**

Demographic information for full-scope area: Manchester MSA						
demographic characteristics	#	low % of #	moderate % of #	Middle % of #	upper % of #	na* % of #
Geographies (census tracts/bnas)	39	5	28	57	10	0
Population by geography	173,692	2	16	63	19	0
Owner-occupied housing by geography	39,528	0	7	69	24	0
Businesses by geography	8,954	9	17	49	25	0
Farms by geography	164	0	2	67	31	0
Family distribution by income level	45,472	16	19	29	36	0
Distribution of low- and moderate-income Families throughout aa geographies	45,472	77	66	33	15	0
Median family income	= \$43,942	Median housing value		= \$126,487		
Hud adjusted median family income for 1998	= \$56,500	Unemployment rate		= 4.0 %		
Households below the poverty level	= 7 %					

(\*) the na category consists of geographies that have not been assigned an income classification.

Source: 1990 u.s. census, and 2000 Hud updated mfi.

The Manchester MSA is the bank's third largest in terms of number of geographies and population. Both low-income geographies are in downtown Manchester, and all moderate-income geographies are in the city of Manchester.

This AA ranks second in deposits and second in number of loans. BNH operates 11 branches within the Manchester MSA. Deposits in this MSA represent 15% of the bank's overall deposit base. The bank is one of 14 competing for deposits.

Competition includes Granite Bank and two large regional banks, Fleet National Bank and Citizens Bank. Competition is strong.

From the end of WWII through the 1960's, the economy of this area was influenced by the decline in the textile industry. The area's dramatic rebirth during the 1970's and 1980's was the result of a high technology boom in Massachusetts to the south that spread up the Route 3 and Interstate 93 corridors into the region. More important than industrial growth was real estate development expansion, as nearby "tax-free" New Hampshire became a desirable residential address for workers in both New Hampshire and Massachusetts. When the computer industry crashed in the late 1980's, the real estate markets experienced sharp economic downturns.

New Hampshire has been described as a tale of two states. From Concord south, including Manchester and virtually all of the MSA, the economy is closely tied to metropolitan Boston and northeastern Massachusetts. It has benefited from “new economy” dynamics, with substantial growth in high technology, service, and residential construction industries. There is neither sales nor income taxes in New Hampshire. State revenue is limited mainly to property taxes and corporate income tax. As a result, current property tax laws place a disproportionate negative impact on low- and moderate-income borrowers.

Low- and moderate-income areas are found in Manchester, with Manchester accounting for 100% of the low- and 52% of the moderate-income geographies. The Manchester economy evidences under-employment. Its economic climate has been called “recovery without prosperity.” There are no upper-income CTs and middle-income areas number two more than the combined low- and moderate-income CTs. Unemployment approximates 4%.

Downtown areas of Manchester are in need of revitalization that will augment the number and quality of jobs available. The need for revitalization is especially true in the parts of Manchester adjacent to the river where old textile mill shells remain. The city has location advantages in the form of access to nearby major highways and their stock of under- and un-utilized mills.

Three community contacts with statewide coverage, including the Manchester MSA, and bank management define primary credit needs as loans to support affordable housing purchase and repair.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the bank include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Evaluation). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the **bank** as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Home Mortgage Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.



**Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of the population within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

**Table 1. Lending Volume**

LENDING VOLUME												State: New Hampshire		Evaluation Period: July 1, 1998 to June 30, 2000	
MSA/Assessment Area:	% of Rated Area Deposits in MSA/AA*	Home Mortgage**		Small Loans to Businesses**		Small Loans to Farms**		Community Development***		Total Reported Loans		% of Rated Area Loans(#) in MSA/AA			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
Full-Scope:															
Non-MSA	41	2,285	199,660	1,032	113,365	0	0	5	6,070	3,322	319,095	40			
Portsmouth MSA	25	867	94,044	494	64,850	0	0	3	1,506	1,364	160,400	20			
Nashua MSA	19	900	92,916	450	60,336	0	0	2	2,410	1,352	155,662	20			
Manchester MSA	15	892	88,082	491	65,288	0	0	9	8,738	1,392	162,108	20			

(\*) Deposit data as of June 30, 1999.

(\*\*) The evaluation period for Home Mortgage Loans, Small Loans to Businesses and Small Loans to Farms is July 1, 1998 to June 30, 2000.

(\*\*\*) The evaluation period for Community Development Loans is July 1, 1998 to September 11, 2000.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE																State: New Hampshire		Evaluation Period: July 1, 1998 to June 30, 2000	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans				
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**			
Full-Scope:																			
Non-MSA	NA	NA	4	2	79	77	17	21	1	11	NA	10	11	12	986	48			
Portsmouth MSA	NA	NA	6	6	80	80	14	14	5	4	NA	1	4	4	328	16			
Nashua MSA	NA	NA	9	8	67	64	24	28	6	4	NA	4	4	5	323	16			
Manchester MSA	1	1	7	6	68	77	24	16	3	6	0	4	7	3	417	20			

(\*) Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

(\*\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT																State: New Hampshire		Evaluation Period: July 1, 1998 to June 30, 2000	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans				
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**			
Full-Scope:																			
Non-MSA	NA	NA	4	5	79	78	17	17	3	10	NA	24	10	10	258	46			
Portsmouth MSA	NA	NA	6	4	80	81	14	15	5	6	NA	0	6	5	114	21			
Nashua MSA	NA	NA	9	12	67	72	24	16	3	7	NA	11	8	4	99	18			
Manchester MSA	1	0	7	7	68	82	24	11	5	6	0	5	7	4	86	15			

(\*) Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

(\*\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE																State: New Hampshire		Evaluation Period: July 1, 1998 to June 30, 2000	
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans				
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**			
Full-Scope:																			
Non-MSA	NA	NA	4	3	79	74	17	23	1	13	NA	14	13	14	1,031	45			
Portsmouth MSA	NA	NA	6	4	80	76	14	20	1	8	NA	5	9	9	417	18			
Nashua MSA	NA	NA	9	8	67	60	24	32	1	8	NA	10	7	9	477	21			
Manchester MSA	0	0	7	6	68	68	24	26	2	8	0	3	8	7	367	16			

(\*) Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

(\*\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES				State: New Hampshire				Evaluation Period: July 1, 1998 to June 30, 2000								
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total*
Full-Scope:																
Non-MSA	NA	NA	4	1	79	78	17	21	3	10	NA	3	11	10	1,032	42
Portsmouth MSA	NA	NA	9	12	76	72	15	16	4	10	NA	15	9	10	494	20
Nashua MSA	NA	NA	20	17	60	67	20	16	3	9	NA	9	10	7	450	18
Manchester MSA	9	9	17	20	49	51	25	20	4	10	13	12	10	9	491	20

(\*) Based on 1999 Aggregate Small Business Data only. Market rank is for all income categories combined.

(\*\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

**Table 6. Geographic Distribution of Small Loans to Farms - Not Applicable**

Geographic Distribution: SMALL LOANS TO FARMS				State: New Hampshire				Evaluation Period: July 1, 1998 to June 30, 2000								
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total*
Full-Scope:																

(\*) Based on 1999 Aggregate Small Farm Data only. Market rank is for all income categories combined.

(\*\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE																	State: New Hampshire		Evaluation Period: July 1, 1998 to June 30, 2000	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Purchase Loans					
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***				
Full-Scope:																				
Non-MSA	16	5	19	19	27	30	38	46	1	11	10	9	9	8	986	48				
Portsmouth MSA	16	5	20	18	27	33	37	44	5	4	4	2	3	3	328	16				
Nashua MSA	15	9	19	25	30	27	36	39	6	4	5	3	3	4	323	16				
Manchester MSA	16	6	19	31	29	33	36	30	3	6	8	6	4	3	417	20				

(\*) As a percentage of loans with borrower income information available. No information was available for 3% of loans originated and purchased by the bank.

(\*\*) Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

(\*\*\*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 8. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT																State: New Hampshire		Evaluation Period: July 1, 1998 to June 30, 2000	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Improvement Loans				
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***			
Full-Scope:																			
Non-MSA	16	15	19	25	27	30	38	30	3	10	20	15	13	8	258	46			
Portsmouth MSA	16	9	20	17	27	33	37	41	5	6	4	5	8	6	114	21			
Nashua MSA	15	16	19	33	30	38	36	13	3	7	15	12	10	1	99	18			
Manchester MSA	16	16	19	30	29	26	36	28	5	6	16	7	5	5	86	15			

(\*) As a percentage of loans with borrower income information available. No information was available for 3% of loans originated and purchased by the bank.

(\*\*) Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

(\*\*\*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE																State: New Hampshire		Evaluation Period: July 1, 1998 to June 30, 2000	
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank**	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans				
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total***			
Full-Scope:																			
Non-MSA	16	5	19	18	27	28	38	49	1	13	8	10	11	10	1,031	45			
Portsmouth MSA	16	5	20	15	27	30	37	50	1	8	5	7	7	5	417	18			
Nashua MSA	15	8	19	22	30	28	36	42	1	8	5	6	4	5	477	21			
Manchester MSA	16	6	19	21	29	30	36	43	2	8	4	5	4	6	367	16			

(\*) As a percentage of loans with borrower income information available. No information was available for 3% of loans originated and purchased by the bank.

(\*\*) Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

(\*\*\*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		State: New Hampshire		Evaluation Period: July 1, 1998 to June 30, 2000					
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share***		Total Small Loans to Businesses	
	% of Businesses*	% BANK Loans**	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total****
Full-Scope:									
Non-MSA	87	70	73	16	11	10	11	1,032	42
Portsmouth MSA	85	62	65	21	14	10	11	494	20
Nashua MSA	86	60	64	23	13	9	10	450	18
Manchester MSA	86	68	68	18	14	10	13	491	20

(\*) Businesses with revenues of \$1 million or less as a percentage of all businesses.

(\*\*) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 5% of small loans to businesses originated and purchased by the bank.

(\*\*\*) Based on 1999 Aggregate Small Business Data only.

(\*\*\*\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

**Table 11. Borrower Distribution of Small Loans to Farms - Not Applicable**

Borrower Distribution: SMALL LOANS TO FARMS		State: New Hampshire		Evaluation Period: July 1, 1998 to June 30, 2000					
MSA/Assessment Area:	Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share***		Total Small Farm Loans	
	% of Farms*	% BANK Loans**	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total****
Full-Scope:									

(\*) Farms with revenues of \$1 million or less as a percentage of all farms.

(\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for NA% of small loans to farms originated and purchased by the bank.

(\*\*\*) Based on 1999 Aggregate Small Farm Data only.

(\*\*\*\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS										State: New Hampshire		Evaluation Period: July 1, 1998 to June 30, 2000			
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments			Unfunded Commitments**					
	#	\$ (000)		#	\$ (000's)		#	\$ (000's)	% of Total \$'s	#	\$ (000's)				
Full-Scope:															
Non-MSA	***	1,695		***	1,912		***	3,607	58	***	3,199				
Portsmouth MSA	***	444		***	842		***	1,286	20	***	667				
Nashua MSA	***	264		***	159		***	423	7	0	0				
Manchester MSA	***	536		***	382		***	918	15	***	2,126				

(\*) Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.

(\*\*) Unfunded Commitments means legally binding investment commitments that are tacked and reported by the bank's financial reporting system.

(\*\*\*) Investments in statewide organizations are distributed based on either the proportion of benefit that went to each AA, or the percentage of bank deposits generated in each AA.

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS														State: New Hampshire		Evaluation Period: July 1, 1998 to June 30, 2000			
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population					
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography					
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp		
Full-Scope:																			
Non-MSA	41	37	48	0	5	81	14	3	0	--	--	-3	--	0	4	79	17		
Portsmouth MSA	25	15	20	0	13	67	20	1	1	--	+1	-1	--	0	10	75	15		
Nashua MSA	19	14	18	0	14	72	14	1	0	--	--	-1	--	0	15	64	21		
Manchester MSA	15	11	14	0	18	64	18	0	0	--	--	--	--	2	16	63	19		



