

# **PUBLIC DISCLOSURE**

September 6, 2022

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Meredith Village Savings Bank  
Certificate Number: 17180

24 State Route 25  
Meredith, New Hampshire 03253

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
New York Regional Office

350 Fifth Avenue, Suite 1200  
New York, New York 10118

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

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## INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is more than reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment areas' credit needs.
- A substantial majority of loans and other lending related activities are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution did not receive any CRA related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Satisfactory.**

- The institution's community development performance demonstrates adequate responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

## DESCRIPTION OF INSTITUTION

Meredith Village Savings Bank (MVSB) is a NH chartered mutual savings bank headquartered in Meredith. The bank is a wholly owned subsidiary of New Hampshire Mutual Bancorp (NHMB), a multi-bank mutual holding company. NHMB also wholly owns Merrimack County Savings Bank and Savings Bank of Walpole. All three banks operate in alliance under the single holding company. The institution received a Satisfactory rating at its previous FDIC CRA Performance Evaluation, dated June 10, 2019, based on intermediate small institution (ISI) procedures.

The bank operates 13 full-service branches in central and southeastern portions of NH in Belknap, Carroll, Grafton, Rockingham, and Strafford Counties. In June 2022, the bank opened a Rochester, NH branch in a middle-income census tract. In March 2022, the bank closed one office in the Hannaford Supermarket located in Plymouth in a middle-income census tract. MVSB also operates three full-service remote automated teller machines (ATMs) in Campton, Meredith, and Tilton. The Tilton ATM was installed in February 2021. No merger or acquisition activities occurred since the previous evaluation.

MVSB offers home mortgage, commercial, and consumer loans, but its primary focus is home mortgage lending. The institution provides various consumer and commercial deposit services including checking, savings, money market, individual retirement accounts, certificates of deposit, and sweep accounts. Alternative banking services include internet, mobile, and, telephone banking; person-to-person payment features; and ATMs.

As of June 30, 2022, the bank had total assets of \$1.4 billion, including total loans of \$1.2 billion and total securities of \$82.0 million. MVSB deposits totaled \$1.2 billion. The following table illustrates the bank's loan portfolio.

<b>Loan Portfolio Distribution as of 6/30/2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	86,007	7.0
Secured by Farmland	780	0.1
Secured by 1-4 Family Residential Properties	703,957	57.7
Secured by Multifamily (5 or more) Residential Properties	28,156	2.3
Secured by Nonfarm Nonresidential Properties	165,434	13.6
<b>Total Real Estate Loans</b>	<b>984,334</b>	<b>80.7</b>
Commercial and Industrial Loans	44,037	3.6
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	170,718	14.0
Obligations of State and Political Subdivisions in the U.S.	3,573	0.3
Other Loans	16,979	1.4
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>1,219,641</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet assessment area credit needs.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. MVSB designated two single assessment areas, which include portions of five counties in NH. The NH Non-MSA assessment area includes 28 census tracts across Belknap County, Carroll County, and Grafton County. The Rockingham County-Stafford County, NH MD includes 38 census tracts across Rockingham County and Stafford County. There are no underserved, distressed, or designated disaster areas in the combined assessment area.<sup>1</sup> Since the previous evaluation, the bank expanded each assessment area to include Effingham, Freedom, and Tilton in the NH Non-MSA; and Barrington, Dover, Farmington, Milton, Rochester, Rollinsford, Seabrook, Somersworth, and Stafford in the Rockingham County-Stafford County, NH MD. In total, the combined assessment area expanded from 42 to 66 census tracts.

Please refer to the full-scope assessment area sections for more detail on economic and demographic characteristics. Examiners assigned one overall CRA rating, but presented analysis and conclusions separately for both the NH Non-MSA and the Rockingham County-Stafford County, NH MD assessment areas.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated June 10, 2019, to the current evaluation dated September 6, 2022. Examiners used the Interagency ISI Examination Procedures to evaluate MVSB’s CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test.

The evaluation references demographic and economic information from the 2015 American Community Survey (ACS), D&B, the United States (U.S.) Bureau of Labor Statistics (BLS), and Moody’s Analytics Inc. (Moody’s). Bank financial data reflects the June 30, 2022 Consolidated Reports of Condition and Income (Call Report).

Examiners conducted full-scope reviews of MVSB’s two assessment areas. As the Non-MSA, NH assessment area had a majority of lending, deposits, and branch activity; it received a full-scope review and examiners gave it the most weight when determining the overall rating and conclusions. The Rockingham County-Stafford County, NH MD also received a full-scope review as the bank expanded the assessment area resulting in significant increases in deposits and lending. The Rockingham County-Stafford County, NH MD received less weight as it has a smaller portion of the bank’s lending, deposits, and branch activity.

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<sup>1</sup> Combined assessment area includes the NH Non-MSA and the Rockingham County – Stafford County, NH MD assessment areas.

## **Activities Reviewed**

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of originations during the evaluation period. Although the loan portfolio table illustrates some farm lending, the bank did not originate any farm loans during the evaluation period. Additionally, no other loan types, such as consumer loans represent a major product line; therefore, they provide no material support for conclusions or ratings and are not presented.

The evaluation considered all home mortgage loans reported on the bank's 2019, 2020, and 2021 Home Mortgage Disclosure Act Loan Application Registers. In 2019, the bank reported 535 originations totaling \$126.7 million. In 2020, the bank reported 911 originations totaling \$266.7 million. Lastly, in 2021, the bank reported 849 originations totaling \$269.8 million. For 2020 and 2021, the low interest rate environment contributed to the substantial increases. Aggregate data and 2015 American Community Survey (ACS) data provided a standard of comparison for home mortgage loans. Although examiners analyzed 2019 home mortgage lending performance, 2019 lending performance was similar to 2020 and 2021 performance; therefore, this evaluation does not present 2019 performance under the Geographic Distribution and Borrower Profile criteria. However, examiners presented the bank's 2019 lending activity under the Assessment Area Concentration criterion.

As an ISI, the bank is not required to collect or report small business data. Although the bank did not report its small business loan data, it collected the relevant CRA information. Examiners reviewed small business loan data from bank records for all originations in 2019, 2020, and 2021 to draw conclusions about small business lending performance. MVSBS originated 214 small business loans totaling \$77.6 million in 2019, 811 small business loans totaling \$77.5 million in 2020, and 443 small business loans totaling \$54.7 million in 2021. The large increase in number of small business loans in 2020 and 2021 is due to the bank's involvement in the Small Business Administration's (SBA) Paycheck Protection Program (PPP). PPP was part of the Coronavirus Aid, Relief, and Economic Security Act of 2020 and was designed to provide businesses with access to low-interest forgivable loans. Loan proceeds assisted with payroll and other business-related costs during the COVID-19 pandemic. SBA discontinued the PPP in mid-2021. As the bank did not elect to report small business data, examiners did not use aggregate data as a standard of comparison. D&B data for 2019, 2020, and 2021 provided a standard of comparison for small business lending.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Although examiners presented the number and dollar volume of loans, examiners emphasized performance by number of loans, as it is a better indicator of the number of individuals and businesses served. MVSBS's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger number and dollar volume when compared to small business lending during the evaluation period.

For the Community Development Test, examiners reviewed community development loans, investments, and services since the prior CRA evaluation through the current evaluation date.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

MVSB demonstrated reasonable performance under the Lending Test. The following sections discuss overall bank performance under each factor.

#### Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment areas' credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 106.4 percent over the past 13 calendar quarters from June 30, 2019 to June 30, 2022. The ratio ranged from a low of 99.3 percent as of June 30, 2021, to a high of 117.9 percent as of September 30, 2019. The ratio slightly declined during the evaluation period with deposit growth outpacing loan growth.

As shown in the following table, MVSB maintained a ratio higher than two comparable institutions. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 6/30/2022 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Meredith Village Savings Bank</b>	<b>1,369,843</b>	<b>106.4</b>
Merrimack County Savings Bank	1,230,052	102.4
Northway Bank	1,238,699	82.8

*Source: Reports of Condition and Income 6/30/19 through 6/30/22*

#### Assessment Area Concentration

MVSB originated a substantial majority of loans by number and dollar amount in the combined assessment area. Sustained low mortgage interest rates and increased home sales during the review period contributed to the steady increase in home mortgage lending volume, and PPP lending increased the number of small business loan originations in 2020 and 2021. See the following table.

Lending Inside and Outside of the Assessment Area Combined Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	485	90.7	50	9.3	535	116,444	91.9	10,197	8.1	126,641
2020	783	86.0	128	14.1	911	228,068	85.5	38,668	14.5	266,737
2021	706	83.2	143	16.8	849	223,136	82.7	46,694	17.3	269,830
<b>Subtotal</b>	<b>1,974</b>	<b>86.0</b>	<b>321</b>	<b>14.0</b>	<b>2,295</b>	<b>567,648</b>	<b>85.6</b>	<b>95,560</b>	<b>14.4</b>	<b>663,208</b>
Small Business										
2019	163	77.3	48	22.7	211	35,697	46.5	41,145	53.5	76,842
2020	728	90.4	77	9.6	805	63,566	83.7	12,407	16.3	75,973
2021	377	86.7	58	13.3	435	41,337	77.4	12,062	22.6	53,399
<b>Subtotal</b>	<b>1,268</b>	<b>87.4</b>	<b>183</b>	<b>12.6</b>	<b>1,451</b>	<b>140,600</b>	<b>68.2</b>	<b>65,614</b>	<b>31.8</b>	<b>206,214</b>
<b>Total</b>	<b>3,242</b>	<b>86.5</b>	<b>504</b>	<b>13.5</b>	<b>3,746</b>	<b>708,248</b>	<b>81.5</b>	<b>161,174</b>	<b>18.5</b>	<b>869,422</b>
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

### **Geographic Distribution**

The bank demonstrated reasonable Geographic Distribution performance, based on reasonable performance in each assessment area. Please refer to the full-scope assessment area evaluations for more detail.

### **Borrower Profile**

The bank demonstrated reasonable Borrower Profile performance, based on reasonable performance in each assessment area. Please refer to the full-scope assessment area evaluations for more detail.

### **Response to Complaints**

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

## **COMMUNITY DEVELOPMENT TEST**

MVSB demonstrated adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities. Full-scope assessment area sections provide details on performance specific to each assessment area.

**Community Development Loans**

MVSB exhibits adequate responsiveness to credit and community development needs. MVSB originated 22 community development loans totaling approximately \$5.8 million during the evaluation period, which represents 0.5 percent of average total assets and 0.8 percent of average total loans. Community development lending declined since the prior evaluation when the bank originated 24 loans totaling \$12.8 million. Compared to similarly situated institutions, the bank’s volume of community development loans compared favorably with other similarly situated institutions.

As examiners determined that the bank sufficiently met the community development credit needs in the combined assessment area, they also considered the community development loans the bank made outside the assessment areas. Of the total 22 community development loans, 7 loans totaling approximately \$2.2 million were outside the assessment areas. The following table illustrates the bank’s community development lending activity by year and purpose.

<b>Community Development Lending Combined Assessment Area</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2019	0	0	0	0	4	864	0	0	<b>4</b>	<b>864</b>
2020	1	300	2	640	4	861	0	0	<b>7</b>	<b>1,800</b>
2021	1	500	0	0	9	2,436	0	0	<b>10</b>	<b>2,936</b>
YTD 2022	1	210	0	0	0	0	0	0	<b>1</b>	<b>210</b>
<b>Total</b>	<b>3</b>	<b>1,010</b>	<b>2</b>	<b>640</b>	<b>17</b>	<b>4,161</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>5,811</b>
<i>Source: Bank Data</i>										

Refer to the Community Development Loans section within each assessment area for further details on community development loans.

**Qualified Investments**

MVSB exhibits adequate responsiveness to opportunities for qualified investments. MVSB made 69 qualified investments totaling approximately \$1.0 million. This total includes 13 equity investments totaling \$695,000 and 56 donations totaling \$304,000. Of these investments, 2 equity investments and 9 donations benefitted the statewide or regional area. Investment activity decreased by number and dollar amount since the prior evaluation when the bank made 232 investments for approximately \$1.4 million. The COVID–19 pandemic impact affected the level of investments provided during the evaluation period. In total, the bank’s investments represent 0.1 percent of average total assets and 1.5 percent of average total securities. MVSB’s level of qualified investments is similar to other similarly situated institutions. The following table details community development investments by year and purpose.

Qualified Investments Combined Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	1	400	0	0	1	400
2019	1	50	0	0	2	18	0	0	3	68
2020	2	49	1	90	2	23	0	0	5	162
2021	1	10	2	50	0	0	0	0	4	60
YTD 2022	0	0	0	0	1	5	0	0	1	5
<b>Subtotal</b>	<b>4</b>	<b>109</b>	<b>3</b>	<b>140</b>	<b>6</b>	<b>446</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>695</b>
Qualified Grants & Donations	3	65	50	137	3	102	0	0	56	304
<b>Total</b>	<b>7</b>	<b>174</b>	<b>53</b>	<b>277</b>	<b>9</b>	<b>548</b>	<b>0</b>	<b>0</b>	<b>69</b>	<b>999</b>
<i>Source: Bank Data</i>										

### ***Equity Investments***

MVSB holds one prior period equity investment with a book value of approximately \$400,000 and made one new qualified investment of \$90,000 that benefitted the greater statewide area.

- ***New Hampshire Community Loan Fund (NHCLF)*** – The NHCLF lends to individuals and small business that cannot obtain conventional financing through financial institutions. The NHCLF provides affordable homeownership opportunities to low- and moderate-income families and flexible financing to small businesses. The current investment’s book value is approximately \$400,000.
- ***NH Non-Profit Response Fund*** – The bank invested \$90,000. The fund provides working capital for equipment purchases and program expenses to non-profit organizations affected by the COVID-19 pandemic. The fund primarily supports activities that provide community and health services to low- and moderate-income individuals.

### ***Qualified Donations***

During the evaluation period, the bank made \$304,000 in qualified donations. This represents a decline from the \$806,000 in qualified donations at the prior evaluation. The following are notable examples of qualified donations that benefitted the statewide area.

- ***NeighborWorks Southern New Hampshire (NeighborWorks)*** – MVSB donated \$7,500 in 2021. NeighborWorks provides affordable housing and economic stability to low- and moderate-income individuals and families from NH’s southern border to the Lakes Region. This includes developing new affordable rental units and providing homeownership and financial counseling services.

- **New Hampshire Community Development Finance Authority (CDFA)** – MVSF donated \$60,000 in 2022. NH CDFFA supports non-profits, municipalities, and businesses to provide new jobs, increase access to affordable childcare, strengthen Main Streets, and create healthy and safe affordable housing for low- and moderate-income individuals.

**Community Development Services**

The bank exhibits adequate responsiveness to community development service needs. During the evaluation period, bank employees provided 2,203 hours of financial expertise or technical assistance to 23 different community development-related organizations. This is a decrease from the previous evaluation period when bank employees provided 3,168 hours of financial expertise or technical assistance to 46 different community development-related organizations. The COVID-19 pandemic impact on in-person activities affected the level of services provided during the evaluation period. Of the 2,203 community development service hours, 1,801 hours directly benefited the Non-MSA assessment area and 147 hours benefited the Rockingham County-Strafford County NH MD assessment area. Employees contributed an additional 255 hours that benefitted the broader statewide or regional area including the combined assessment area. The following table details community development service hours by year and purpose.

<b>Community Development Service Hours Combined Assessment Area</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2019	37	292	463	0	<b>792</b>
2020	27	415	186	0	<b>628</b>
2021	0	386	120	0	<b>506</b>
YTD 2022	18	106	153	0	<b>277</b>
<b>Total</b>	<b>82</b>	<b>1,199</b>	<b>922</b>	<b>0</b>	<b>2,203</b>
<i>Source: Bank Data</i>					

The following is an example of a community development service that benefits a greater statewide area that includes the combined assessment area.

- **New Hampshire CDFFA** – The CDFFA promotes community and economic development across New Hampshire. A bank officer serves on the organization’s Board.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## **NEW HAMPSHIRE NONMETROPOLITAN AREA (NH NON-MSA) – Full-Scope Review**

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

MVSB operates 11 of its 13 branches in the NH Non-MSA assessment area. Examiners placed more weight on this assessment area since it contains the majority of bank branches, deposits, and lending activity.

MVSB’s NH Non-MSA assessment area includes 28 census tracts throughout portions of Belknap, Carroll, and Grafton Counties. The 28 census tracts reflect the following income designations according to the 2015 ACS data:

- 3 moderate-income tracts,
- 22 middle-income tracts, and
- 3 upper-income tracts.

Two moderate-income census tracts are located in Laconia and one is in Effingham.

#### **Economic and Demographic Data**

The following table illustrates select demographic characteristics of the Non-MSA assessment area.

<b>Demographic Information of the Assessment Area NH Non-MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	28	0.0	10.7	78.6	10.7	0.0
Population by Geography	118,125	0.0	10.1	82.7	7.2	0.0
Housing Units by Geography	83,891	0.0	8.3	80.8	11.0	0.0
Owner-Occupied Units by Geography	37,584	0.0	7.9	83.8	8.3	0.0
Occupied Rental Units by Geography	11,175	0.0	17.6	77.3	5.1	0.0
Vacant Units by Geography	35,132	0.0	5.6	78.7	15.7	0.0
Businesses by Geography	13,542	0.0	9.0	81.5	9.5	0.0
Farms by Geography	616	0.0	5.2	87.2	7.6	0.0
Family Distribution by Income Level	32,271	20.6	19.2	22.0	38.2	0.0
Household Distribution by Income Level	48,759	23.6	17.1	18.7	40.6	0.0
Median Family Income Non-MSAs – NH		\$71,699	Median Housing Value			\$230,855
			Median Gross Rent			\$901
			Families Below Poverty Level			6.2%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Examiners used the Federal Financial Institutions Examination Council (FFIEC)-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the low-, moderate-, middle- and upper-income categories for the NH Non-MSA assessment area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>NH Non-MSA Median Family Income</b>				
2020 (\$85,300)	<\$42,650	\$42,650 to <\$68,240	\$68,240 to <\$102,360	≥\$102,360
2021 (\$85,300)	<\$42,650	\$42,650 to <\$68,240	\$68,240 to <\$102,360	≥\$102,360
<i>Source: FFIEC</i>				

According to 2021 D&B data, there were 13,542 non-farm businesses in the NH Non-MSA assessment area. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue (GAR) level. GARs for the businesses are as follows.

- 88.8 percent have \$1 million or less.
- 3.4 percent have more than \$1 million.
- 7.8 percent have unknown revenues.

Service industries represent the largest portion of all businesses at 34.7 percent, followed by non-classifiable establishments at 18.0 percent, and retail trade at 12.0 percent. Nearly 92.0 percent of all businesses operate from a single location, and 66.6 percent of area businesses have less than five employees. In addition, most businesses in the Non-MSA assessment area are small businesses, with 86.3 percent generating GARs of less than \$0.5 million.

### **Competition**

MVSB operates in a competitive financial market. According to June 30, 2021 Peer Deposit Market Share data, 12 financial institutions operated 49 branches in the Non-MSA assessment area. MVSB ranked 2<sup>nd</sup> with a 25.2 percent deposit market share trailing Bank of New Hampshire, with a 26.0 percent market share. Additionally, out of 306 lenders, MVSB was the top lender for originations in the NH Non-MSA.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the area's credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available. Examiners relied on a recent community contact with a non-profit organization that serves the NH Non-MSA area by providing community services and affordable housing for low-income individuals and families.

The contact identified a need to reduce poverty, increase affordable housing, and provide small business funding. The contact noted that the assessment area needs affordable housing. The COVID-19 pandemic increased demand for home ownership across NH from out-of-state metropolitan areas, making homeownership unattainable for many local low- and moderate-income families. In addition to affordable housing needs, the pandemic also created a greater need for community services targeted to low- and moderate-income people. The contact noted that local financial institutions are generally responsive to the community's needs; however, there are opportunities for greater participation in community development activities including lending, investments, and community services.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and economic and demographic data, examiners determined that home mortgage and small business loans represent primary credit needs. Community needs consist of affordable housing and services for low- and moderate-income individuals. Opportunities exist for banks to meet these credit and community development needs.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN NH NON-MSA

### LENDING TEST

MVSB demonstrated reasonable performance under the Lending Test in the NH Non-MSA assessment area. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

#### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the Non-MSA assessment area. The bank's reasonable dispersion of home mortgage and poor dispersion of small business lending supports this conclusion. Examiners focused on the percentage by number of loans in moderate-income census tracts.

#### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As illustrated in the following table, in 2020, the bank's lending in moderate-income census tracts was slightly below aggregate and the percentage of owner-occupied housing units. In 2021, the bank's lending in moderate-income census tracts declined significantly.

Geographic Distribution of Home Mortgage Loans NH Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	--	0	0.0	0	0.0
Moderate						
2020	7.9	6.9	31	4.3	8,111	3.9
2021	7.9	--	12	1.8	4,132	2.0
Middle						
2020	83.8	82.5	578	79.7	160,721	76.7
2021	83.8	--	531	80.3	159,755	76.2
Upper						
2020	8.3	10.7	116	16.0	40,732	19.4
2021	8.3	--	118	17.9	45,843	21.9
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>725</b>	<b>100.0</b>	<b>209,563</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>661</b>	<b>100.0</b>	<b>209,729</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Business Loans***

The geographic distribution of small business loans reflects poor dispersion. Examiners compared the bank's lending activity to demographics. As shown in the following table, in the moderate-income census tracts, lending was below demographics for all three years and was declining.

Geographic Distribution of Small Business Loans NH Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
2021	0.0	0	0.0	0	0.0
Moderate					
2019	9.4	7	5.3	843	4.3
2020	9.2	28	4.2	2,455	4.6
2021	9.0	13	3.9	1,142	3.6
Middle					
2019	82.1	108	82.4	16,734	85.6
2020	81.5	542	81.9	44,609	83.0
2021	81.5	270	81.1	25,143	78.6
Upper					
2019	8.5	16	12.2	1,976	10.1
2020	9.3	92	13.9	6,679	12.4
2021	9.5	50	15.0	5,707	17.8
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
2021	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>131</b>	<b>100.0</b>	<b>19,553</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>662</b>	<b>100.0</b>	<b>53,743</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>333</b>	<b>100.0</b>	<b>31,992</b>	<b>100.0</b>
<i>Source: 2019, 2020 &amp; 2021 D&amp;B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable performance in home mortgage and small business lending supports this conclusion. Examiners focused on the percentage, by number, of home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs of \$1.0 million or less.

### ***Home Mortgage Loans***

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. The following table shows that in 2020, the bank's performance in lending to low-income borrowers slightly exceeded aggregate lending. In 2021, the bank's lending to low-income borrowers decreased slightly.

In both years, lending to low-income borrowers fell significantly below the percentage of low-income families in the assessment area. However, low-income families in the assessment area, earning less than \$42,650 most likely have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$230,855. Additionally, the percentage of low-income families also includes those families living below the poverty line. Therefore, the bank has limited lending opportunities to low-income families in the assessment area, which helps explain the disparity between the percentage of low-income families and the bank's lending performance to low-income families.

In 2020, the bank's lending performance to moderate-income borrowers was below aggregate and demographics. MVSb's lending to moderate-income borrowers increased slightly in 2021, but still trailed demographics.

<b>Distribution of Home Mortgage Loans by Borrower Income Level NH Non-MSA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2020	20.6	5.3	42	5.8	5,169	2.5
2021	20.6	--	34	5.1	5,287	2.5
<b>Moderate</b>						
2020	19.2	15.1	88	12.1	16,288	7.8
2021	19.2	--	98	14.8	18,038	8.6
<b>Middle</b>						
2020	22.0	19.2	156	21.5	32,956	15.7
2021	22.0	--	119	18.0	24,692	11.8
<b>Upper</b>						
2020	38.2	47.7	413	57.0	144,692	69.0
2021	38.2	--	387	58.5	150,827	71.9
<b>Not Available</b>						
2020	0.0	12.7	26	3.6	10,459	5.0
2021	0.0	--	23	3.5	10,885	5.2
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>725</b>	<b>100.0</b>	<b>209,563</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>661</b>	<b>100.0</b>	<b>209,729</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration to businesses of different sizes with GARs of \$1 million or less. As illustrated in the following table, during 2019, 2020, and 2021, the bank originated 52.7 percent, 8.6 percent, and 15.6 percent, respectively, of its small business loans to businesses with GARs less than \$1 million. This lending is significantly less than demographics. This lower level of lending is mainly attributable to the bank originating a significant number of PPP loans, for which the bank was not required to collect the revenue.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category NH Non-MSA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>					
2019	85.0	69	52.7	7,651	39.1
2020	88.1	57	8.6	11,737	21.8
2021	88.8	52	15.6	7,154	22.4
<b>&gt;\$1,000,000</b>					
2019	5.0	51	38.9	9,504	48.6
2020	3.9	41	6.2	5,948	11.1
2021	3.4	27	8.1	4,896	15.3
<b>Revenue Not Available</b>					
2019	10.0	11	8.4	2,398	12.3
2020	8.0	564	85.2	36,058	67.1
2021	7.8	253	76.0	19,192	60.0
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>131</b>	<b>100.0</b>	<b>19,553</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>662</b>	<b>100.0</b>	<b>53,743</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>332</b>	<b>100.0</b>	<b>31,242</b>	<b>98.0</b>
<i>Source: 2019, 2020 &amp; 2021 D&amp;B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

## **COMMUNITY DEVELOPMENT TEST**

MVSB demonstrated adequate responsiveness to the community development needs of the NH Non-MSA assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities.

### **Community Development Loans**

MVSB originated 11 community development loans in the NH Non-MSA assessment area totaling approximately \$2.8 million during the evaluation period. Of the 11 community development loans, six loans totaling approximately \$1.2 million supported economic development, three loans totaling approximately \$1.0 million benefitted affordable housing, and two loans totaling \$640,000 benefitted an organization that provides community service to low- and moderate-income individuals. The number and dollar volume of the bank’s community development loans decreased compared to the previous evaluation period when the bank made 17 loans totaling \$8.1 million in this area. The following table illustrates the community development lending by year and purpose.

<b>Community Development Lending NH Non-MSA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2019	0	0	0	0	1	327	0	0	1	327
2020	1	300	2	640	2	589	0	0	5	1,529
2021	1	500	0	0	3	316	0	0	4	816
YTD 2022	1	210	0	0	0	0	0	0	1	210
<b>Total</b>	<b>3</b>	<b>1,010</b>	<b>2</b>	<b>640</b>	<b>6</b>	<b>1,232</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>2,882</b>
<i>Source: Bank Data</i>										

Examples of MVSB’s community development loans include the following:

- In 2020, the bank originated two loans totaling \$640,000 to a non-profit human services organization located in Laconia. The organization primarily serves low- and moderate-income individuals and provides mental and physical healthcare for people suffering from mental illnesses. The bank’s financing assisted the organization in consolidating its operations to one location and renovating that space.
- During 2020 and 2021, the bank originated two loans totaling \$800,000 to a non-profit organization that provides low-income housing in Laconia.

### **Qualified Investments**

During the evaluation period, MVSB granted 10 investments to qualifying organizations in the NH Non-MSA assessment area totaling \$195,000 and 37 qualified donations totaling \$204,000. Of the \$399,000, \$148,000 benefited economic development, \$137,000 benefited community services, and \$114,000 benefited affordable housing. During the previous evaluation, MVSB had two prior qualified equity investments totaling \$169,856 and 222 donations totaling \$774,314. The following table illustrates the community development investments by year and purpose.

Qualified Investments NH Non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2019	1	50	0	0	2	18	0	0	3	68
2020	2	49	0	0	2	23	0	0	4	72
2021	1	10	1	40	0	0	0	0	2	50
YTD 2022	0	0	0	0	1	5	0	0	1	5
<b>Subtotal</b>	<b>4</b>	<b>109</b>	<b>1</b>	<b>40</b>	<b>5</b>	<b>46</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>195</b>
Qualified Grants & Donations	1	5	33	97	3	102	0	0	37	204
<b>Total</b>	<b>5</b>	<b>114</b>	<b>34</b>	<b>137</b>	<b>8</b>	<b>148</b>	<b>0</b>	<b>0</b>	<b>47</b>	<b>399</b>
<i>Source: Bank Data</i>										

The following are examples of organizations the bank invested in or donated to during the evaluation period.

### ***Equity Investments***

- ***Lakes Area Community Developers*** – This non-profit affordable housing organization assists low- and moderate-income families achieve economic self-sufficiency through the development of permanent affordable housing. The bank made four investments through the CDFA totaling \$109,000.

### ***Qualified Donations***

- ***Belknap Economic Development Council (EDC)*** – Belknap EDC’s mission is to leverage new resources, build strong partnerships, and attract new investments to create better economic opportunities for the New Hampshire Lakes Region’s residents and businesses. The bank made donations totaling \$102,000.
- ***Lakes Region Food Pantry*** – This organization supports community services for low-income individuals through meeting basic needs of individuals and families facing food insecurity. The bank made donations totaling \$10,733.

### **Community Development Services**

During the evaluation period, MVSB employees provided 1,801 hours of financial expertise or technical assistance to 11 different community development-related organizations in the NH Non-MSA assessment area. During the previous evaluation, MVSB employees provided 2,748 hours of financial expertise or technical assistance to 45 different community development-related organizations in the Non-MSA assessment area.

The following table illustrates the bank’s community development service hours by year and purpose.

<b>Community Development Service Hours NH Non-MSA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2019	25	236	450	0	<b>711</b>
2020	27	345	101	0	<b>473</b>
2021	0	332	96	0	<b>428</b>
YTD 2022	18	90	81	0	<b>189</b>
<b>Total</b>	<b>70</b>	<b>1,003</b>	<b>728</b>	<b>0</b>	<b>1,801</b>
<i>Source: Bank Records</i>					

Examples of MVSB’s service activities include:

- ***Bridge House*** – The Bridge House is a homeless shelter and veterans support group that provides community services to low- and moderate-income individuals. A bank officer is a Board member.
- ***Greater Lakes Charitable Fund*** – This non-profit provides funding to help organizations that primarily provide community services to low- and moderate-income individuals in the Central New Hampshire region. A bank executive officer serves as the Chair of the Board and Treasurer.

In addition to the service hours reflected in the table, the bank’s Laconia branch is located in a moderate-income census tract. This location supports the availability of retail banking services to low- and moderate-income individuals in the assessment area.

**ROCKINGHAM COUNTY-STRAFFORD COUNTY, NH METROPOLITAN  
DIVISION (MD) – Full-Scope Review**

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

MVSB’s Rockingham County-Strafford County, NH MD’s assessment area includes 38 census tracts and two branches throughout portions of Rockingham and Strafford Counties. Examiners placed less weight on the bank’s performance in this assessment area as it accounts for a smaller percentage of the bank’s lending, deposits, and branch activity. The 38 census tracts reflect the following income designations according to the 2015 ACS data:

- 1 low-income tract,
- 15 moderate-income tracts
- 17 middle-income-income tracts, and
- 5 upper-income census tracts.

**Economic and Demographic Data**

The following table illustrates select demographic characteristics of the Rockingham County-Strafford County NH MD assessment area.

Demographic Information of the Assessment Area Rockingham County-Strafford County, NH MD						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	38	2.6	39.5	44.7	13.2	0.0
Population by Geography	166,162	3.6	41.6	44.8	10.0	0.0
Housing Units by Geography	79,388	4.1	41.8	42.6	11.5	0.0
Owner-Occupied Units by Geography	45,869	2.9	37.0	48.7	11.5	0.0
Occupied Rental Units by Geography	23,901	6.5	49.1	34.2	10.2	0.0
Vacant Units by Geography	9,618	3.9	46.8	34.1	15.3	0.0
Businesses by Geography	22,298	3.1	29.8	51.2	16.0	0.0
Farms by Geography	569	1.1	31.1	53.1	14.8	0.0
Family Distribution by Income Level	43,811	24.7	19.7	21.7	33.8	0.0
Household Distribution by Income Level	69,770	28.3	17.8	19.2	34.8	0.0
Median Family Income MSA - 40484 Rockingham County-Strafford County, NH		\$90,150	Median Housing Value			\$276,169
			Median Gross Rent			\$1,026
			Families Below Poverty Level			6.3%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR. According to 2021 D&B data, there were 22,298 non-farm businesses in the Rockingham County-Strafford County, NH MD assessment area. GARs for the businesses are as follows.

- 87.4 percent have \$1 million or less.
- 4.5 percent have more than \$1 million.
- 8.1 percent have unknown revenues.

Service industries represent the largest portion of all businesses at 36.0 percent, followed by non-classifiable establishments at 20.5 percent, and retail trade at 12.1 percent. Nearly 92.0 percent of all businesses operate from a single location, and 62.3 percent of area businesses have less than five employees. In addition, most businesses in the non-MSA assessment area are small businesses, with 87.6 percent generating GARs of less than \$0.5 million.

Examiners used the FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table shows the low-, moderate-, middle- and upper-income categories for the Rockingham County-Strafford County, NH MD assessment area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Rockingham County-Strafford County, NH Median Family Income</b>				
2020 (\$106,600)	<\$53,300	\$53,300 to <\$85,280	\$85,280 to <\$127,920	≥\$127,920
2021 (\$110,600)	<\$55,300	\$55,300 to <\$88,480	\$88,480 to <\$132,720	≥\$132,720
<i>Source: FFIEC</i>				

### **Competition**

MVSB operates in a competitive financial market. According to June 30, 2021 Peer Deposit Market Share data, 20 financial institutions operated 64 branches in the Rockingham County-Strafford NH MD assessment area. The bank ranked 18<sup>th</sup> with a 0.5 percent deposit market share. MVSB operates two branches in the Rockingham County-Strafford County, NH MD.

Furthermore, the area has significant competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2020, 314 lenders reported 11,030 residential mortgage loans originated or purchased in the NH Non-MSA.

### **Community Contact**

Examiners relied on a recent community contact of an affordable housing organization from the Rockingham County-Strafford County NH, MD. The contact stated that the area significantly needs affordable rental housing, particularly multifamily housing. The organization relies on state funds for its affordable housing development projects. However, due to the high housing development costs, there is a need for additional funding, such as Low-income Housing Tax Credits (LIHTCs) or other investments. The contact noted that the significant competition and lengthy application process for the limited supply of LIHTC awards causes delays in completing affordable housing projects. Lastly, the contact indicated there are opportunities and a need for banks to invest in affordable housing projects.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and economic and demographic data, examiners determined that home mortgage and small business loans represent primary credit needs. Community needs consist of affordable housing and services for low- and moderate-income individuals. Opportunities exist for banks to meet these credit and community development needs.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN ROCKINGHAM COUNTY-STRAFFORD COUNTY, NH MD**

### **LENDING TEST**

MVSB demonstrated reasonable performance under the Lending Test in the Rockingham County-Strafford County, NH MD assessment area.

### **Geographic Distribution**

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the Rockingham County-Strafford County NH MD assessment area. The bank's reasonable dispersion of home mortgage and small business lending supports this conclusion.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. As illustrated in the following table, in 2020, the bank's lending in low-income census tracts was slightly below aggregate and percentage of owner-occupied housing units. In 2021, the bank's lending was less than demographics. In the moderate-income tracts, MVSB's performance was in line with aggregate and slightly below demographics. In 2021, lending increased and was greater than demographics.

<b>Geographic Distribution of Home Mortgage Loans Rockingham County-Strafford County, NH MD</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2020	2.9	2.7	1	1.7	160	0.9
2021	2.9	--	1	2.2	190	1.4
<b>Moderate</b>						
2020	37.0	33.8	19	32.8	4,294	23.2
2021	37.0	--	22	48.9	4,963	37.0
<b>Middle</b>						
2020	48.7	51.6	29	50.0	10,106	54.6
2021	48.7	--	17	37.8	6,532	48.7
<b>Upper</b>						
2020	11.5	12.0	9	15.5	3,945	21.3
2021	11.5	--	5	11.1	1,721	12.8
<b>Not Available</b>						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>	<b>18,505</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>45</b>	<b>100.0</b>	<b>13,407</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion. As illustrated in the following table, during 2019 and 2020, MVSb did not make any small business loans in low-income census tracts. However, during 2021, the bank originated a loan in the low-income census tracts. In the moderate-income census tracts, the bank's lending in 2019 was greater than demographics, whereas, in 2020 and 2021, it was less.

<b>Geographic Distribution of Small Business Loans Rockingham County-Strafford County, NH MD</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2019	3.4	0	0.0	0	0.0
2020	3.2	0	0.0	0	0.0
2021	3.1	1	2.3	70	0.7
<b>Moderate</b>					
2019	30.4	15	46.9	11,048	68.4
2020	29.6	15	22.7	1,291	13.1
2021	29.8	10	22.7	3,175	34.0
<b>Middle</b>					
2019	50.3	13	40.6	4,407	27.3
2020	51.0	42	63.6	6,727	68.5
2021	51.2	27	61.4	5,031	53.8
<b>Upper</b>					
2019	15.8	4	12.5	689	4.3
2020	16.3	9	13.6	1,805	18.4
2021	16.0	6	13.6	1,069	11.4
<b>Not Available</b>					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
2021	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>	<b>16,144</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>66</b>	<b>100.0</b>	<b>9,823</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>9,345</b>	<b>100.0</b>
<i>Source: 2019, 2020 &amp; 2021 D&amp;B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The bank's reasonable performance in home mortgage and small business lending supports this conclusion. Examiners focused on the percentage, by number, of home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs of \$1.0 million or less.

### Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. The following table shows that in 2020, the bank's performance in lending to low- and moderate-income borrowers exceeded aggregate. In both 2020 and 2021, lending to low-income borrowers fell below demographics.

In 2020, the bank's lending performance to moderate-income borrowers fell well below aggregate performance and demographics by 11.4 percent and 11.1 percent, respectively. In 2021, MVSB's lending to moderate-income borrowers increased significantly and was greater than demographics.

Distribution of Home Mortgage Loans by Borrower Income Level Rockingham County-Strafford County, NH MD						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	24.7	7.3	8	13.8	922	5.0
2021	24.7	--	7	15.6	752	5.6
Moderate						
2020	19.7	20.0	5	8.6	796	4.3
2021	19.7	--	13	28.9	2,576	19.2
Middle						
2020	21.7	23.3	8	13.8	1,994	10.8
2021	21.7	--	10	22.2	2,221	16.6
Upper						
2020	33.8	35.6	33	56.9	13,719	74.1
2021	33.8	--	14	31.1	7,378	55.0
Not Available						
2020	0.0	13.8	4	6.9	1,075	5.8
2021	0.0	--	1	2.2	480	3.6
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>	<b>18,505</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>45</b>	<b>100.0</b>	<b>13,407</b>	<b>100.0</b>
Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

**Small Business Loans**

The distribution of small business loans reflects reasonable penetration to businesses of different sizes with GARs of \$1 million or less. As the following table illustrates, in 2019, 2020, and 2021, the bank originated 40.6 percent, 18.2 percent, and 15.9 percent, respectively of its small business loans to businesses with GARs less than \$1 million. The bank’s lending is significantly less than demographics. This lower lending is mainly attributable to a significant number of PPP loans, for which the bank was not required to collect the revenue.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category Rockingham County-Strafford County, NH MD</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000					
2019	82.5	13	40.6	6,399	39.6
2020	86.5	12	18.2	2,060	21.0
2021	87.4	7	15.9	1,610	17.2
>\$1,000,000					
2019	6.7	11	34.4	5,666	35.1
2020	5.0	10	15.2	1,651	16.8
2021	4.5	15	34.1	3,028	32.4
Revenue Not Available					
2019	10.7	8	25.0	4,079	25.3
2020	8.5	44	66.7	6,112	62.2
2021	8.1	22	50.0	4,707	50.4
<b>Totals</b>					
<b>2019</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>	<b>16,144</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>66</b>	<b>100.0</b>	<b>9,823</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>9,345</b>	<b>100.0</b>
<i>Source: 2019, 2020 &amp; 2021 D&amp;B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

**COMMUNITY DEVELOPMENT TEST**

MVSB demonstrated adequate responsiveness to the community development needs of the Rockingham County-Strafford County, NH MD assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities.

**Community Development Loans**

During the evaluation period, MVSB originated four community development loans in the Rockingham County-Strafford County, NH MD assessment area totaling \$701,600. Each loan was a SBA 504 loan. The SBA 504 loan program offers small business financing, while promoting business growth and job creation. Each loan promoted economic development in the assessment area by providing financing for a small business.

**Qualified Investments**

During the evaluation period, MVSB made one qualified investment totaling \$10,000 and seven qualified donations totaling \$33,085 in the Rockingham County-Strafford County, NH MD assessment area. This was a significant increase since the prior evaluation as the bank did not make any equity investments and made four qualified donations totaling \$8,750. All donations supported community services.

The following are notable examples of organizations the bank invested in or donated to during the evaluation period:

- **Homeless Center of Strafford County** – The bank’s qualified investment, through the NH CDFA, provided for a new homeless shelter. The bank also made several donations.
- **Gather** - This organization serves the NH seacoast residents facing hunger.

**Community Development Services**

During the evaluation period, employees provided 147 hours of financial expertise or technical assistance to eight different community development-related organizations in the Rockingham-County–Strafford, NH MD assessment area. This is a significant increase from the previous evaluation where the bank provided 60 hours. The following table illustrates the bank’s community development service hours by year and purpose.

<b>Community Development Service Hours Rockingham County-Strafford County, NH MD</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2019	12	0	43	0	<b>55</b>
2020	0	14	49	0	<b>63</b>
2021	0	0	0	0	<b>0</b>
YTD 2022	0	16	13	0	<b>29</b>
<b>Total</b>	<b>12</b>	<b>30</b>	<b>105</b>	<b>0</b>	<b>147</b>
<i>Source: Bank Records</i>					

Examples of MVSBS's service activities include the following.

- ***Southeast NH Habitat for Humanity*** – This non-profit's mission is to eliminate the area's sub-standard housing by working in partnership with individuals in need to build simple, decent affordable homes. During the evaluation period, a vice president served as a Board member.
- ***Coastal Economic Development Corporation (CEDC)*** – The CEDC is a non-profit organization whose mission is to serve new and growing businesses in the 11 communities along the NH seacoast. CEDC partners with regional and local banks to help provide subordinate financing to projects that are credit-worthy, but lack adequate capital for completion. During the evaluation period, a vice president of commercial lending served on the organization's Board.

## APPENDICES

### INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## GLOSSARY

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

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders 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 (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

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

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.