



Part II: Public Performance Evaluation

PUBLIC DISCLOSURE

December 9, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bar Harbor Bank & Trust
Certificate Number: 11971

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Bar Harbor, Maine 04609

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

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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.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated High Satisfactory.

- Lending levels reflect good responsiveness to assessment areas’ credit needs.
- The institution originated a high percentage of loans in its combined assessment area.
- The geographic distribution of loans reflects adequate penetration throughout the combined assessment area.
- The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different sizes.
- The institution uses innovative and/or flexible lending practices in order to serve the combined assessment areas’ credit needs.
- The institution made a relatively high level of community development loans.

The Investment Test is rated High Satisfactory.

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community development needs.
- The institution rarely uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are accessible to essentially all portions of the institution's assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services (including where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals.
- The institution provides a relatively high level of community development services.

DESCRIPTION OF INSTITUTION

Background

Bar Harbor Bank & Trust (BHBT) is a state-chartered community bank, headquartered in Bar Harbor, Maine (ME). BHBT is a wholly owned subsidiary of Bar Harbor Bankshares, a Maine bank holding company. BHBT wholly owns Bar Harbor Wealth Management a New Hampshire state-chartered Trust Company, which provides fiduciary and investment management services. The bank received an overall Satisfactory rating at its previous FDIC Performance Evaluation on February 8, 2021, using the Federal Financial Institutions Examination Council's (FFIEC) Interagency Large Bank Examination Procedures.

Operations

BHBT operates in Cumberland, Hancock, Kennebec, Knox, Lincoln, Penobscot, Sagadahoc, Somerset, Waldo, and Washington counties in ME; Hillsborough, Grafton, Merrimack, and Sullivan counties in New Hampshire (NH); and Orange, Rutland, and Windsor counties in Vermont (VT). BHBT operates 53 full-service branches and 1 limited-service drive-thru only branch. The bank also operates Automatic Teller Machines (ATMs) at each branch location and seven stand-alone ATMs. Please see the individual assessment area sections for further details.

BHBT offers home mortgage, commercial, agricultural, and consumer loans, but its primary focus is residential and commercial lending. The bank provides various consumer and commercial deposit services including checking, savings, money market, individual retirement accounts; certificates of deposit; and health savings accounts. The bank also offers wealth management, trust, brokerage, and financial management services. Alternative banking services include internet, mobile, and telephone banking, person-to-person payments, and remote deposit capture.

Ability and Capacity

As of September 30, 2024, the bank had total assets of approximately \$4.0 billion and total deposits of \$3.3 billion. The bank's loans totaled approximately \$3.1 billion, representing 76.6 percent of total assets. Total assets increased approximately 8.1 percent since the prior evaluation. Growth is primarily attributed to total loan growth, which increased 19.2 percent since the prior evaluation.

Commercial loans, which include nonfarm nonresidential real estate loans and commercial and industrial loans, comprise 49.0 percent of the loan portfolio and was the primary driver of the total loan growth. Residential loans, which include 1-4 family and multifamily properties, account for the second largest portion of the bank's loan portfolio at 40.2 percent. The following table illustrates the bank's loan portfolio distribution.

Loan Portfolio Distribution as of 9/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	155,528	5.0
Secured by Farmland	29,257	0.9
Secured by 1-4 Family Residential Properties	971,656	31.5
Secured by Multifamily (5 or more) Residential Properties	267,681	8.7
Secured by Nonfarm Nonresidential Properties	1,302,352	42.2
Total Real Estate Loans	2,726,474	88.4
Commercial and Industrial Loans	208,964	6.8
Agricultural Production and Other Loans to Farmers	14,292	0.5
Consumer Loans	7,873	0.3
Obligations of State and Political Subdivisions in the U.S.	38,338	1.2
Other Loans	87,066	2.8
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	3,083,007	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, or legal impediments that would limit the bank’s ability to help meet the credit or community development needs of the assessment area.

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. BHBT designated six assessment areas consisting of 467 census tracts throughout portions of ME, NH, and VT¹. The combined assessment area includes the following Metropolitan Statistical Areas (MSAs) and Non-MSAs.

- Non-MSA, ME (includes Hancock, Kennebec, Knox, Lincoln, Waldo, and Washington counties and portions of Somerset County)
- Bangor, ME MSA (includes Penobscot County)
- Portland-South Portland, ME MSA (includes Cumberland and Sagadahoc counties)
- Non-MSA, NH (includes Hillsborough County)
- Manchester-Nashua, NH MSA (includes Grafton, Merrimack, and Sullivan counties)
- Non-MSA, VT (includes Orange, Rutland, and Windsor counties)

The bank’s combined assessment area represents three rated areas: the state of ME, the state of NH, and the state of VT. Please refer to the individual assessment area evaluations for more details, including demographic and economic data.

¹ Collectively, the bank’s six assessment areas are referred to as the combined assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated February 8, 2021, to the current evaluation dated December 9, 2024. Examiners used the Interagency Large Institution Examination Procedures to evaluate BHBT's performance. These procedures include the Lending Test, Investment Test, and Service Test (see Appendices for complete descriptions).

As noted in the Description of Assessment Area section, the evaluation includes three rated areas: the state of ME, the state of NH, and the state of VT. Examiners placed the greatest weight on the bank's performance in the state of ME-rated area in arriving at the overall conclusions as it contains the majority of branches, deposits, and highest percentage of loans. Within the ME-rated area, examiners placed greater weight on the bank's performance in the Non-MSA, ME assessment area as this is where the bank is headquartered, the majority of its branches are located, and has the highest percentage of loans and deposits. The following table illustrates the distribution of the bank's loans, deposits, and branches by assessment area during the evaluation period.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Non-MSA, ME	277,295	26.8	1,512,187	48.8	15	27.8
Bangor, ME MSA	38,684	3.7	223,570	7.2	6	11.1
Portland-South Portland, ME MSA	179,698	17.3	30,746	1.0	1	1.8
ME Subtotal	495,677	47.8	1,766,503	57.0	22	40.7
Non-MSA, NH	286,849	27.7	738,089	23.9	15	27.8
Manchester-Nashua, NH MSA	133,875	12.9	235,646	7.6	6	11.1
NH Subtotal	420,724	40.6	973,735	31.5	21	38.9
Non-MSA, VT	119,927	11.6	357,064	11.5	11	20.4
VT Subtotal	119,927	11.6	357,064	11.5	11	20.4
Total	1,036,328	100.0	3,097,302	100.0	54	100.0
<i>Source: Bank Data; FDIC Summary of Deposits (06/30/2024)</i>						

Examiners conducted full-scope reviews of each assessment area. The Non-MSA, ME assessment area warranted a full-scope review as the bank is headquartered in this area, has a high concentration of lending and community development activity, and maintains a high market share in this area. Bangor, ME MSA received a full-scope review because BHBT maintains the second most branches, loans, and investments in this assessment area. Examiners conducted a full-scope review of the Portland-South Portland, ME MSA due to the bank's poor performance in the Lending Test and Investment Test at the prior evaluation.

Examiners also conducted full-scope reviews of the Non-MSA, NH, the Manchester-Nashua, NH MSA, and the Non-MSA, VT assessment areas. Although these assessment areas are not new since the prior evaluation.

Activities Reviewed

Examiners determined 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. Additionally, although agricultural lending does not represent a major product line at 1.4 percent of total loans, BHBT is a major agricultural lender within its Non-MSA, ME assessment area. Accordingly, examiners evaluated small farm lending only within the Non-MSA, ME assessment area.

Examiners analyzed all home mortgage loans reported on the bank's Home Mortgage Disclosure Act (HMDA) loan application registers (LARs) for 2021, 2022, and 2023 to evaluate the bank's performance. The bank reported 1,383 loans totaling \$472.9 million in 2021, 1,200 loans totaling \$443.6 million in 2022, and 615 loans totaling \$160.2 million in 2023. Examiners compared the bank's home mortgage performance to aggregate data for the corresponding years under Geographic Distribution and Borrower Profile. Examiners also compared 2021 home mortgage performance to the 2015 American Community Survey (ACS) demographic data and compared 2022 and 2023 home mortgage performance to the 2020 U.S. Census demographic data.

Examiners analyzed all small business loans reported on the bank's CRA loan registers for 2021, 2022, and 2023. The bank reported 1,482 loans totaling \$128.5 million in 2021, 466 loans totaling \$81.5 million in 2022, and 399 loans totaling \$63.1 million in 2023. Examiners compared the bank's 2021 and 2022 small business performance to aggregate data for 2021 and 2022 under Geographic Distribution and Borrower Profile. Aggregate data was not yet available for 2023. Examiners also compared 2021, 2022, and 2023 small business performance to D&B business demographics.

Examiners also analyzed small farm loans. In total, the bank reported 362 loans totaling \$10.2 million in 2021, 68 loans totaling \$5.8 million in 2022, and 58 loans totaling \$4.2 million in 2023. Examiners compared the bank's 2021 and 2022 small farm performance to aggregate data for 2021 and 2022 under Geographic Distribution and Borrower Profile. Aggregate data was not yet available for 2023. Examiners also compared 2021, 2022, and 2023 small farm performance to D&B business demographics.

Although the Assessment Area Concentration performance table includes lending activity from all three years, Geographic Distribution and Borrower Profile tables only reference 2022 and 2023 lending, as these years represent bank performance under these criteria for the full evaluation period.

Examiners reviewed both the number and dollar volume of home mortgage, small business, and small farm loans. The analysis weighed the number of originations more heavily than the dollar volume, as the number of loans more reliably indicates the number of individuals, businesses, and farms served. As the bank originated a larger volume of home mortgage loans during the evaluation

period than small business loans, and small farm loans, examiners gave greater weight to home mortgage when arriving at the overall conclusions and ratings.

Furthermore, examiners reviewed retail products and services that benefit low- and moderate-income individuals or small businesses, delivery systems for providing retail banking services, including branches and alternative delivery systems, and the impact of any branch openings and closings during the evaluation period. The evaluation considered community development loans, qualified investments, and community development services, as well as innovative and/or flexible lending practices from the prior CRA evaluation date to the current evaluation date.

Examiners obtained demographic and economic information referenced in this evaluation from the 2015 ACS, 2020 U.S. Census data, D&B, Moody's Analytics, and the U.S. Bureau of Labor and Statistics. Financial data is based on the September 30, 2024, Report of Condition and Income.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

BHBT's overall Lending Test performance is rated High Satisfactory. Lending performance in the ME-rated area was consistent with the bank's overall performance and contributed the most individual weight to the overall rating. Performance in the NH- and VT-rated areas was inconsistent with the overall rating. The following sections discuss the bank's overall performance in the combined assessment areas. Separate presentations for the individual assessment areas are included in later sections.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs. In 2021, 2022, and 2023, BHBT originated or purchased 3,198 home mortgage loans totaling approximately \$1.1 billion, 2,347 small business loans totaling approximately \$273.0 million, and 488 small farm loans totaling approximately \$20.2 million. Of this total, 2,520 home mortgage loans totaling approximately \$774.3 million, 2,183 small business loans totaling approximately \$242.2 million, and 485 small farm loans totaling approximately \$19.8 million were inside the combined assessment area.

Since the prior evaluation, home mortgage lending, declined by 43.7 percent by number and 7.5 percent by volume. The larger volume of home mortgage loans in 2021 and 2022 was primarily due to the high housing demand and low interest rates. Small business lending declined 30.6 percent by number and 22.2 percent by volume, and small farm lending declined 22.8 percent by number and 24.8 percent by volume. Small business and small farm lending increased significantly during 2021 due to the bank's participation in the SBA's Paycheck Protection Program (PPP).

For the combined assessment area, BHBT was among the top 3 percent of all home mortgage lenders in 2022 and 2023. The bank ranked 4th among state-chartered community banks both years. For small business lending, BHBT ranked 20th out of 159 small business lenders and ranked 3rd among state-

chartered community banks in 2022. BHBT ranked 7th out of 25 small farm lenders and was the 2nd ranked community bank, outperformed by one other community bank in 2022.

Assessment Area Concentration

BHBT made a high percentage of its loans inside the combined assessment area. The following table illustrates the bank’s home mortgage, small business, and small farm lending activity inside and outside the combined assessment areas by product type.

Lending Inside and Outside of the Assessment Area											
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000s)	
	Inside		Outside			Inside		Outside			
	#	%	#	%		\$(000s)	%	\$(000s)	%		
Home Mortgage											
2021	1,148	83.0	235	17.0	1,383	339,533	71.8	133,341	28.2	472,874	
2022	843	70.3	357	29.8	1,200	309,994	69.9	133,587	30.1	443,581	
2023	529	86.0	86	14.0	615	124,767	77.9	35,469	22.1	160,236	
Subtotal	2,520	78.8	678	21.2	3,198	774,294	71.9	302,397	28.1	1,076,691	
Small Business											
2021	1,385	93.5	97	6.5	1,482	115,619	90.0	12,839	10.0	128,458	
2022	428	91.8	38	8.2	466	69,770	85.6	11,696	14.4	81,466	
2023	370	92.7	29	7.3	399	56,849	90.1	6,243	9.9	63,092	
Subtotal	2,183	93.0	164	7.0	2,347	242,238	88.7	30,778	11.3	273,016	
Small Farm											
2021	360	99.4	2	0.6	362	10,161	99.7	28	0.3	10,189	
2022	68	100.0	0	0.0	68	5,819	100.0	0	0.0	5,819	
2023	57	98.3	1	1.7	58	3,816	91.9	335	8.1	4,151	
Subtotal	485	99.4	3	0.6	488	19,796	96.6	363	3.4	20,159	
Total	5,188	86.0	845	14.0	6,033	1,036,328	75.7	333,538	24.3	1,369,866	
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>											

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the combined assessment area. The bank’s consistent performance in both the NH and VT-rated areas primarily contributed to this performance. The bank’s performance in the ME-rated area represented good penetration. The individual assessment area sections include detailed analysis and comparisons to aggregate and demographic data.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good distribution among retail customers of different income levels and businesses of different size throughout the combined assessment area. The bank's performance was consistent with its performance in the ME-, and VT-rated areas and inconsistent in NH-rated area. The individual assessment area sections include detailed analysis and comparisons to aggregate and demographic data.

Innovative or Flexible Lending Practices

BHBT uses innovative and/or flexible lending practices in order to serve assessment area credit needs. During the evaluation period the bank originated 2,304 innovative and/or flexible loans totaling \$288.2 million that support low- and moderate-income individuals, small businesses, and small farms. Of these innovative and/or flexible loans, the bank made approximately \$184.4 million through residential, \$103.8 million through small business and small farm, and \$43,000 through consumer lending programs.

BHBT's innovative and/or flexible lending practices decreased 5.9 percent by number and increased 5.9 percent by volume since the prior evaluation period, during which the bank originated 2,448 loans totaling approximately \$272.2 million. The bank offers each of its innovative and/or flexible lending programs throughout all six assessment areas. The following table summarizes the bank's innovative and/or flexible residential, small business, small farm, and consumer lending programs.

Innovative or Flexible Lending Programs Assessment Area: Combined										
Type of Program	2021		2022		2023		2024		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
First Time Homebuyer	499	99,378	221	46,797	60	18,681	31	8,044	811	172,900
USDA/Rural Development (RD) Guaranteed Housing	3	457	2	568	0	0	0	0	5	1,025
Habitat for Humanity	1	311	1	245	0	0	0	0	2	556
FHLB - Home Possible	0	0	0	0	4	1,289	18	5,934	22	7,223
Maine State Housing Authority	8	1,355	1	157	3	1,166	0	0	12	2,678
Sub-Total Residential Loans	511	101,501	225	47,767	67	21,136	49	13,978	852	184,382
SBA – 504 Program	2	768	5	2,555	3	1,537	2	612	12	5,472
SBA – 7A Program	7	3,535	6	2,941	11	4,209	28	7,118	52	17,803
SBA PPP	1,342	67,534	0	0	0	0	0	0	0	0
Finance Authority of Maine	1	2,392	4	5,964	3	4,616	0	0	8	12,972
Sub-Total Commercial Loans	1,352	74,229	15	11,460	17	10,362	30	7,730	1,414	103,781
Working Bridges	5	6	20	22	13	15	0	0	38	43
Sub-Total Consumer Loans	5	6	20	22	13	15	0	0	38	43
Totals	1,868	175,736	260	59,249	97	31,513	79	21,708	2,304	288,206
<i>Source: Bank Data</i>										

The following are some examples of the bank’s innovative or flexible loan programs.

- ***First Time Home Buyer Program*** – The First Time Homebuyer program provides low down payments and a \$1,500 credit toward closing costs to first time homebuyers. This program is not income restricted. Of the 811 originations, 383 were to low- and moderate-income individuals.
- ***USDA RD*** – The USDA’s Single Family Housing Direct Home Loan Program, otherwise known as the Section 502 Direct Loan Program, helps low-income applicants obtain safe and affordable housing in rural areas. No down payment is required, and the program provides payment assistance through a subsidy that reduces mortgage payments to improve the borrower’s repayment ability. Borrowers can utilize funds to build, repair, renovate, or relocate a home, or to purchase and prepare sites, including water and sewage facilities. The program assists low-income borrowers throughout the combined assessment area. The bank made five USDA RD loans totaling \$1.0 million.
- ***SBA 7(a) Loan Program*** – BHBT participated in the SBA 7(a) program, which helps small businesses obtain flexible financing when they may not be eligible for traditional bank financing. The program offers fixed rate, variable rate, and revolving credit products to

qualified businesses. During the evaluation period, the bank originated 52 SBA 7(a) loans, totaling \$17.8 million

- **SBA 504 Loan Program** – The SBA 504 provides approved small businesses with long-term, fixed-rate financing to acquire fixed assets for business expansion or modernization. SBA 504 loans are available through Certified Development Companies (CDCs), which regulate non-profits and promote economic development through business growth and job creation. During the evaluation period, the bank originated 12 SBA 504 loans totaling \$5.5 million.
- **United Way’s Working Bridges** – United Way’s Working Bridges program supports employees and their employers by helping workers access a wide variety of community resources to overcome life challenges impacting their ability to work. The program helps low-income employees or those struggling with poverty with support services, education programs, and low interest emergency loans. In partnership with local United Ways, BHB T participates in the small dollar loan program which is designed to help with unexpected expenses and as an alternative to more expensive borrowing options. During the evaluation period, the bank originated 38 loans totaling approximately \$43,000.

Community Development Loans

The bank made a relatively high level of community development loans throughout its combined assessment area. During the evaluation period, the bank originated 35 community development loans totaling approximately \$154.5 million. The dollar amount increased by 55.9 percent from the prior evaluation, when the bank originated 29 loans totaling \$99.1 million. Current activity level represents 4.0 percent of average total assets and 5.5 percent of average total loans.

As examiners determined the bank was responsive to the overall needs of the combined assessment area, examiners considered community development loans made outside the assessment area. Of the 35 community development loans, the bank originated 30 loans, totaling \$79.5 million inside the combined assessment area, and 5 community development loans totaling \$75.0 million outside the combined assessment area, that benefitted a larger statewide or regional area. The following table illustrates the community development loans by year and purpose.

Community Development Lending Assessment Area: Combined										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2021	4	16,110	0	0	4	5,162	1	1,000	9	22,272
2022	1	1,925	0	0	5	18,980	5	57,179	11	78,084
2023	1	120	0	0	2	5,416	4	3,355	7	8,891
YTD 2024	3	10,688	0	0	4	34,053	1	500	8	45,241
Total	9	28,843	0	0	15	63,611	11	62,034	35	154,488
<i>Source: Bank Data</i>										

The following summarizes the community development loans that benefitted a larger regional area.

- In 2021, BHBT originated a \$20.0 million loan to construct a 320-unit apartment complex located in Plymouth, Massachusetts (MA). The complex is constructed under Chapter 40B, which allows affordable housing developments to be approved as long as at least 20.0 percent of the units are designated as affordable. Of the 320 units, 80 units or 25.0 percent are designated affordable for low- and moderate-income individuals. Accordingly, the bank received credit for 25.0 percent of the loan amount or \$5.0 million.
- In 2021, BHBT originated a \$32.5 million loan to construct a 293-unit mid-rise apartment complex located in West Newton, MA. Of the 293 units, 74 or 25.0 percent, are designated affordable for low- and moderate-income individuals. The bank received credit for 25.0 percent of the loan amount or \$8.1 million. This loan received credit for providing affordable housing to low- and moderate-income individuals.

INVESTMENT TEST

The bank's overall Investment Test performance is rated High Satisfactory. The bank's overall performance was consistent with its performance in the ME-rated area and inconsistent with the NH- and VT-rated areas. The following sections discuss the bank's overall performance in the combined assessment area. Separate presentations for the individual assessment areas are included in later sections.

Investment and Grant Activity

BHBT has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The bank made 682 qualified investments totaling approximately \$31.0 million. The bank's qualified investments increased significantly from the prior evaluation period, during which time the bank made 599 qualified investments totaling approximately \$12.6 million. This level of activity represents 0.8 percent of average total assets and 5.5 percent of average total securities. The following table illustrates the bank's community development investments for the combined assessment area by year and purpose.

BHBT made 36 new equity investments totaling approximately \$22.0 million during the evaluation period and continues to hold nine prior period equity investments with a current book value of approximately \$7.3 million. Further, the bank made 637 grants and donations totaling approximately \$1.8 million. The following table presents qualified investment activity by year and purpose.

Qualified Investments Assessment Area: Combined										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	7	5,701	0	0	2	1,550	0	0	9	7,251
Partial 2021	9	11,384	4	17	0	0	0	0	13	11,401
2022	4	4,939	6	40	3	3,068	0	0	13	8,047
2023	2	1,250	5	35	0	0	0	0	7	1,285
YTD 2024	2	1,250	1	5	0	0	0	0	3	1,255
Subtotal	24	24,524	16	97	5	4,618	0	0	45	29,239
Qualified Grants & Donations	47	103	578	1,514	7	149	5	17	637	1,783
Total	71	24,627	594	1,611	12	4,767	5	17	682	31,022
<i>Source: Bank Data</i>										

The bank made six new equity investments totaling approximately \$11.7 million and holds three prior period investments with a current book value of approximately \$3.1 million that benefitted a broader regional area. The following are examples of the new qualified equity investments that benefitted a broader regional area that includes the combined assessment area.

- ***Evernorth – Housing New England Fund III*** – In 2021, the bank invested in Evernorth’s Fund III for \$2.0 million. Evernorth develops and invests in affordable housing for low- and moderate-income people in ME, NH, and VT. Evernorth has raised and deployed over \$1.6B in equity capital for affordable housing and built more than 17,000 affordable homes and apartments for low- and moderate-income people in ME, NH, and VT.
- ***MB Capital Fund V, LLC*** – In 2022, the bank invested \$3.0 million in the MB Capital Fund V. The fund focuses its investments on growth-stage manufacturing, and service-oriented small businesses. This investment promotes economic development by financing growth-stage small businesses throughout New England.

Responsiveness to Credit and Community Development Needs

BHBT exhibits good responsiveness to credit and community development needs. The bank demonstrates responsiveness to credit and community development needs through its investments in affordable housing, which community contacts identified as a critical need for the assessment area. In addition, economic development, and community services, were identified as primary needs for the combined assessment area. By dollar volume 79.4 percent of qualified investments and donations supported affordable housing for low- and moderate-income individuals and families, 15.4 percent supported economic development, and 5.2 percent benefitted community service initiatives.

Community Development Initiatives

The bank rarely uses innovative and/or complex investments to support community development initiatives. Although the bank’s investments are responsive to the community needs of its assessment areas, the majority are not particularly innovative or complex. Nonetheless, the bank’s investment in the MB Capital Fund V, which benefitted a broader regional area, is somewhat complex.

SERVICE TEST

The bank’s overall Service Test is rated High Satisfactory. Performance in the ME- and NH-rated areas are consistent with the overall rating. Performance was inconsistent in the VT-rated area, but examiners placed the greatest weight on its performance in the ME-rated area. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the combined assessment area. BHBT operates 53 full-service branches and one limited-service branch, as well as 7 stand-alone ATMs within the combined assessment area. The accessibility of delivery systems in the ME- and NH-rated areas, as well as alternative delivery systems that supplement the bank’s branches support this conclusion. The following table illustrates the branch and ATM distribution by tract income level.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Combined								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	10	2.1	31,575	1.9	1	1.9	1	1.6
Moderate	80	17.1	269,841	16.0	5	9.3	6	9.8
Middle	257	55.0	918,559	54.6	28	51.8	32	52.5
Upper	113	24.2	462,903	27.5	20	37.0	22	36.1
NA	7	1.5	0	0.0	0	0	0	0
Total	467	100.0	1,682,878	100.0	54	100.0	61	100.0
<i>Source: 2020 U.S. Census Data; Bank Data Due to rounding, totals may not equal 100.0%</i>								

BHBT’s branch and ATM distribution in low-income census tracts is comparable to the percentage of low-income census tracts and demographics. Distribution of branches and ATMs in moderate-income census tracts trails the demographic comparators. However, BHBT has branches that are located in close proximity to the majority of moderate-income census tracts that do not have a branch, making them accessible to low- and moderate-income individuals and small businesses in those geographies. In addition, BHBT has four branch offices that are located in underserved and distressed non-metropolitan middle-income geographies.

In addition to its branches and ATMs, BHBT offers various alternative delivery systems that expand access to retail banking services for all individuals, including low- and moderate-income individuals

and families. For example, online and mobile banking platforms connect consumers and businesses to their accounts 24 hours a day to perform various transactions. The bank’s online functions include money transfers, bill pay, and online account opening. Through the mobile functions, customers and businesses have the added function of depositing checks. Personal and business banking customers can also contact the bank’s Customer Service Center by telephone, email, or secure messaging through online or mobile banking.

Changes in Branch Locations

BHBT’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- or moderate- individuals. The bank did not open or close any branches since the prior evaluation.

Reasonableness of Business Hours and Services

Services (including where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies and/or individuals. BHBT offers the same products and services at all full-service branches and business hours are generally consistent among branches, varying only slightly by location. The reasonableness of business hours and services are consistent throughout all assessment areas. Additional information is included in the individual assessment area sections.

Community Development Services

The bank provided a relatively high level of community development services. Specifically, the bank provided 2,355 hours of community development services to 60 different organizations. The bank’s qualified service activity increased from the prior evaluation period, during which the bank provided 2,092 hours of services. The following table illustrates the bank’s community development service hours by year and purpose. Refer to the rated area sections for examples of the bank’s community development services.

Community Development Services Assessment Area: Combined					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Partial 2021	124	235	0	0	359
2022	257	504	43	0	804
2023	158	572	2	0	732
YTD 2024	148	311	1	0	460
Total	687	1,475	46	0	2,355
<i>Source: Bank Data</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

STATE OF MAINE – Full-Scope Review

CRA RATING FOR MAINE: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MAINE

BHBT operates 22, or 40.7 percent, of its 54 branches in the ME-rated area. The ME-rated area represents 50.7 percent of the total number of census tracts in the bank's combined assessment area, 47.8 percent of the bank's loans, and 57.0 percent of the bank's deposits. The ME-rated area includes the Non-MSA, ME, Bangor, ME MSA, and the Portland-South Portland, ME MSA assessment areas. Examiners gave more weight to the ME-rated area in evaluating the bank's overall performance since it contains the majority of branches, deposits, and loans of the three rated areas. Please refer to the separate assessment area evaluations for more details, including economic and demographic data.

SCOPE OF EVALUATION – MAINE

Examiners used full-scope examination procedures to review the bank's operations in the ME assessment area. The Scope of Evaluation for Maine is the same as previously discussed under the Scope of Evaluation section.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MAINE

LENDING TEST

The Lending Test is rated High Satisfactory. The bank's performance in Lending Activity, Borrower Profile, and Community Development Lending criteria primarily supports this conclusion. The bank's performance is consistent in the Non-MSA, ME. The performance in the Bangor, ME MSA and the Portland-South Portland, ME MSA assessment areas was inconsistent. Examiners placed greater weight on the Non-MSA, ME assessment area to reach the overall Lending Test conclusions in the ME-rated area considering the larger percentage of loans, deposits, and branches in this area.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs. During the evaluation period, the bank reported 981 home mortgage loans totaling approximately \$368.3 million, 1,063 small business loans totaling approximately \$109.4 million, and 460 small farm loans totaling approximately \$18.0 million inside the ME-rated area.

The Description of Assessment Area section in each individual assessment area discusses the bank's market share rankings for each area for home mortgage, small business lending, and small farm lending. For the ME-rated area, BHBT was among the top five percent of all home mortgage lenders in 2022 and 2023. The bank ranked 7th and 6th, respectively, among state-chartered community banks. For small business lending, BHBT ranked 18th out of 111 small business lenders in 2021 and 13th out of 124 small business lenders in 2022. The bank ranked 3rd and 4th, respectively, among state-chartered community banks. For small farm lending, BHBT ranked 3rd out of 23 small farm lenders in 2021 and 5th out of 22 small farm lenders in 2022. The bank was ranked 2nd among state-chartered community banks in both years.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the ME-rated area. Consistent performance in the Non-MSA, ME, Bangor, ME MSA, and Portland-South Portland, ME MSA assessment areas support this conclusion. The individual assessment area sections include detailed analysis and comparisons to aggregate and demographic data.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good distribution among retail customers of different income levels and businesses of different sizes throughout the ME-rated area. Consistent performance in the Non-MSA, ME and Bangor, ME MSA assessment areas primarily contributed to this rating. Performance was inconsistent in the Portland-South Portland, ME MSA assessment area. The individual assessment area sections include detailed analysis and comparisons to aggregate and demographic data.

Community Development Loans

BHBT made a relatively high level of community development loans. The bank originated 20 community development loans totaling approximately \$107.7 million in the ME-rated area. The bank's performance was consistent with that in the Non-MSA, ME and the Portland-South Portland, ME MSA assessment areas and inconsistent in the Bangor, ME MSA. Examiners placed greater weight on the Non-MSA, ME assessment area to reach the overall conclusion in the ME-rated area. The following table illustrates the bank's community development lending activity by assessment area and purpose.

Community Development Lending by Assessment Area										
Assessment Area: ME-Rated Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Non-MSA, ME	1	885	0	0	4	27,062	4	2,355	9	30,302
Bangor, ME MSA	0	0	0	0	0	0	1	2,241	1	2,241
Portland-South Portland, ME MSA	5	14,713	0	0	2	3,793	2	51,850	9	70,356
Statewide	0	0	0	0	1	4,800	0	0	1	4,800
Total	6	15,598	0	0	7	35,655	7	56,446	20	107,699
<i>Source: Bank Data</i>										

The following summarizes the community development loan that benefitted a statewide area.

- In 2023, the bank originated a \$4.8 million loan to build a convenience store and gas station in a moderate-income census tract within a rural part of ME. This loan supports economic development, by financing a small business that meets the size eligibility requirements of the SBA and creates permanent jobs for low- and moderate-income individuals.

INVESTMENT TEST

The Investment Test is rated High Satisfactory in the ME-rated area. The bank's performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria primarily support this rating. The ME-rated area performance was consistent with the conclusions for the Non-MSA, ME and inconsistent in the Bangor, ME MSA and Portland-South Portland, ME MSA. Examiners placed greater weight on the Non-MSA, ME assessment area to reach the overall conclusion in the ME-rated area. The following sections discuss the bank's Investment Test performance under each criterion

Investment and Grant Activity

The bank has a significant level of qualified community development investments and donations in the ME-rated area. BHBT made seven new equity investments totaling approximately \$3.7 million during the evaluation period and continues to hold three prior period equity investments with a current book value of \$2.5 million. Of the seven new equity investments, six supported affordable housing benefitting a broader statewide area and one investment supported affordable housing that directly benefitted the Portland-South Portland assessment area. In addition, the bank allocated a portion of eight regional investments totaling approximately \$8.1 million to the ME-rated area supporting affordable housing initiatives.²

BHBT also made 337 qualified donations totaling \$959,529 during the evaluation period. The following table illustrates the bank's community development qualified investment activity by assessment area and purpose.

² Table does not reflect these regional investments.

Qualified Investments by Assessment Area										
Assessment Area: ME-Rated Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Non-MSA, ME	17	993	236	651	5	133	1	3	259	1,780
Bangor, ME MSA	3	3	44	61	0	0	0	0	47	64
Portland-South Portland, ME MSA	2	2,425	32	50	0	0	0	0	34	2,475
Statewide	5	1,250	0	0	2	1,550	0	0	7	2,800
Total	27	4,671	312	762	7	1,683	1	3	347	7,119
<i>Source: Bank Data</i>										

The following are examples of qualified community development equity investments that had a broader statewide benefit.

Prior Period Investments

- **Dirigo Angel Fund** – The bank maintains an investment with a current book value of \$250,000 in this venture fund that provides non-traditional financing for small and start-up businesses that support job creation and retention for low- and moderate-income individuals. This investment benefits the entire state, including the MSAs and Non-MSA portions of the ME-rated area.
- **Coastal Ventures, Inc. (CVI)** – The bank maintains an investment with a current book value of \$1.3 million in this Community Development Corporation which invests in socially responsible venture capital projects and provides financing to create jobs in low- and moderate-income census tracts. This investment benefits the entire state, including the MSAs and Non-MSA portions of the ME-rated area.

Current Period Investments

- **Genesis Community Loan Fund** – The bank made investments in 2021, 2022, 2023, and 2024 totaling \$1.3 million in the Genesis Community Loan Fund, a certified Community Development Financial Institution to support affordable housing projects throughout ME.

Please see conclusions for each separate assessment area for examples of qualified donations that directly benefitted each area.

Responsiveness to Credit and Community Development Needs

BHBT exhibits good responsiveness to credit and community development needs. The bank demonstrates responsiveness to credit and community development needs through its investments in affordable housing, which community contacts identified as a critical need for the assessment area. In addition, economic development, and community services, were identified as primary needs for the ME-rated area. By dollar volume 60.5 percent of qualified investments and donations supported

affordable housing for low- and moderate-income individuals and families, 27.3 percent supported economic development, and 12.1 percent benefitted community service initiatives.

Community Development Initiatives

BHBT rarely uses innovative and/or complex qualified investments to support community development initiatives. Although the bank’s investments are responsive to the community needs of its assessment areas, the majority are not particularly innovative or complex.

SERVICE TEST

The Service Test is rated High Satisfactory in the ME-rated area. BHBT’s performance in the Accessibility of Delivery Systems and Community Development Services criteria primarily support this conclusion. BHBT’s ME-rated area performance was consistent with the conclusion reached for the Non-MSA, ME assessment area. Performance was inconsistent with the conclusions reached for the Bangor, ME MSA and the Portland-South Portland, ME MSA assessment areas. Examiners placed the greatest weight on the Non-MSA, ME assessment area. The following sections discuss the bank’s Service Test performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the ME-rated area. The bank operates 22, or 40.7 percent, of its branches, and 25, or 41.0 percent of its ATMs in the ME-rated area. The following table shows the branch and ATM distribution by census tract income level in the ME-rated area, along with the population distribution by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: ME-Rated Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	1	0.4	1,694	0.2	0	0.0	0	0.0
Moderate	39	16.5	121,101	14.7	3	13.6	3	12.0
Middle	133	56.1	477,215	57.9	12	54.6	14	56.0
Upper	58	24.5	224,340	27.2	7	31.8	8	32.0
NA	6	2.5	0	0.0	0	0.0	0	0.0
Total	237	100.0	824,350	100.0	22	100.0	25	100.0
<i>Source: 2020 U.S. Census & Bank Data</i>								
<i>Due to rounding, totals may not equal 100.0%</i>								

Although the bank does not have any branches in the one low-income census tract, the bank’s branch and ATM distributions are comparable to the demographic comparators in moderate-income census tracts. Furthermore, BHBT has four branch offices that are located in underserved and distressed non-metropolitan middle-income geographies. Please see individual assessment area sections for more details.

Changes in Branch Locations

To the extent changes have been made, the institution’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies. The bank did not open or close any branches since the prior evaluation.

Reasonableness of Business Hours and Services

Services (including where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals. Hours and services are consistent with the institution overall. BHBT offers the same products and services at all full-service branches and business hours are generally consistent among branches, varying only slightly by branch location. Business hours and services were consistent throughout the ME-rated area. Additional information is included in the applicable assessment area sections.

Community Development Services

BHBT provides a relatively high level of community development services. The bank provided approximately 1,009 hours of financial or technical assistance to 34 different community development-related organizations in the ME-rated area. The majority of community service activity helped to support services for low- and moderate-income individuals, and affordable housing organizations, both identified as primary community development needs in the area. The following table illustrates the bank’s community development service activity by assessment area and purpose.

Community Development Services by Assessment Area					
Assessment Area: ME-Rated Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Non-MSA, ME	262	551	46	0	859
Bangor, ME MSA	72	16	0	0	88
Portland-South Portland, ME MSA	0	34	0	0	34
Statewide	0	28	0	0	28
Total	334	629	46	0	1,009
<i>Source: Bank Data</i>					

The following are examples of community development services that had a broader statewide benefit.

- **Junior Achievement of Maine Inc. (JA)** – JA of Maine teaches kindergarten to 12th grade students’ entrepreneurship, and financial literacy skills. The students are primarily low- and moderate-income. A vice president is a member of the Board.

- **Maine College Circle (MCC)** – The MCC offers an aspirations program which engages youth to explore their future career plans. A vice president is a member of the Board which discusses ways for the MCC to reach more low- and moderate-income students in rural Maine.

Please refer to the individual assessment area sections for examples of community development services within each area.

NON-METROPOLITAN AREAS - MAINE – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NON-MSA, ME

BHBT maintains 15, or 27.8 percent of its 54 branches in the Non-MSA, ME assessment area. This assessment area represents 21.6 percent of the total number of census tracts and accounts for 26.8 percent of the bank’s loans and 48.8 percent of the bank’s deposits. Examiners placed the greatest weight on the bank’s performance in the Non-MSA, ME assessment area in arriving at the ME-rated area rating, as it contains the largest percentage of branches, deposits, and loans of the three assessment areas.

Economic and Demographic Data

The Non-MSA, ME includes entire counties of Hancock, Kennebec, Knox, Lincoln, Waldo, and Washington, and two census tracts in Somerset County. This is a change from the prior evaluation when the bank’s assessment area included Hancock, Knox, Lincoln, and Waldo counties in their entirety and only portions of Kennebec and Washington counties.

In addition, income designation of census tracts changed due to the updated 2020 U.S. Census data. According to the 2015 ACS data, the Non-MSA, ME assessment area had 94 census tracts with the following income designations:

- 0 low-income census tracts,
- 4 moderate-income census tracts,
- 64 middle-income census tracts,
- 22 upper-income census tracts, and
- 4 census tracts with no income designation.

According to 2020 U.S Census data the Non-MSA, ME assessment area now contains 101 census tracts, and increase of seven census tracts. The 101 census tracts have the following income designations:

- 1 low-income census tract,
- 7 moderate-income census tracts,
- 65 middle-income census tracts,
- 24 upper-income census tracts, and
- 4 census tracts with no income designation.

The one low-income census tract is in Kennebec County, and the seven moderate-income census tracts are in Kennebec (2), Waldo (2), Somerset (1) and Washington (2) counties. In addition, 26 census tracts located in Lincoln (6), Knox (9), and Washington (11) are designated as underserved. The Federal Emergency Management Agency (FEMA) issued seven Designated Major Declarations impacting the Non-MSA, ME assessment area during the evaluation period. These declarations related to severe storms and flooding in 2022, 2023, and 2024, and one severe winter storm in 2024. Examiners consider bank activities related to disaster recovery that revitalize or stabilize a designated disaster area for 36 months following the designated date.

Furthermore, there are seven Opportunity Zones located in Ellsworth in Hancock County; Augusta and Waterville in Kennebec County; Belfast in Waldo County; and Calais, Pembroke, and Baileyville in Washington County. The Opportunity Zone Program provides incentives for investing in certain census tracts to encourage growth in low-income areas. The following table illustrates select demographic characteristics of the Non-MSA, ME assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Non-MSA, ME						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	101	1.0	6.9	64.4	23.8	4.0
Population by Geography	332,383	0.5	7.1	68.5	23.9	0.0
Housing Units by Geography	202,077	0.4	7.3	67.6	24.7	0.0
Owner-Occupied Units by Geography	108,424	0.3	5.6	69.3	24.8	0.0
Occupied Rental Units by Geography	35,368	1.1	13.4	67.8	17.7	0.0
Vacant Units by Geography	58,285	0.4	6.6	64.3	28.6	0.0
Businesses by Geography	33,945	0.3	8.0	66.2	25.5	0.0
Farms by Geography	1,645	0.2	5.9	71.9	21.9	0.0
Family Distribution by Income Level	88,630	17.3	17.4	21.3	44.0	0.0
Household Distribution by Income Level	143,792	22.2	15.1	17.8	44.9	0.0
Median Family Income Non-MSAs - ME		\$66,193	Median Housing Value			\$191,618
			Median Gross Rent			\$780
			Families Below Poverty Level			7.5%
<i>Source: 2020 U.S. Census and 2023 D&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 Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Housing costs are relatively inexpensive in the Non-MSA, ME assessment area as demonstrated by the median housing value of \$191,618, which is less than the ME average of \$360,000 and U.S. average of \$426,580. As shown in the previous table, owner-occupancy rates in low- and moderate-income census tracts are low, limiting the bank’s home mortgage lending opportunities in those tracts.

Examiners used the 2022 and 2023 FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
ME NA Median Family Income (99999)				
2022 (\$72,100)	<\$36,050	\$36,050 to <\$57,680	\$57,680 to <\$86,520	≥\$86,520
2023 (\$80,600)	<\$40,300	\$40,300 to <\$64,480	\$64,480 to <\$96,720	≥\$96,720
<i>Source: FFIEC</i>				

According to 2023 D&B data, there were 33,945 non-farm businesses operating in the Non-MSA, ME assessment area. GARs for these businesses are as follows.

- 87.1 percent have \$1 million or less.
- 3.5 percent have more than \$1 million.
- 9.4 percent have unknown revenues.

Service companies represent the largest portion of businesses at 35.7 percent; followed by non-classifiable establishments (21.5 percent); retail trade (11.3 percent); construction (7.4 percent); and finance, insurance and real estate (7.2 percent). In addition, 91.5 percent of area businesses have nine or fewer employees and 91.1 percent operate from a single location.

According to 2023 D&B data, there were 1,645 farms within the Non-MSA, ME assessment area. GARs for these farms follows.

- 97.8 percent have \$1 million or less.
- 1.5 percent have more than \$1 million.
- 0.7 percent have unknown revenues.

The U.S. Bureau of Labor Statistics reports that unemployment rates in the assessment area decreased during the evaluation period, as shown in the following table. This trend is similar to statewide and national trends in unemployment following the COVID-19 pandemic.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Hancock County	5.0	3.4	3.2
Kennebec County	4.4	2.7	2.6
Knox County	4.5	2.9	2.8
Lincoln County	4.5	2.8	2.8
Somerset County	6.3	4.0	4.2
Waldo County	4.8	3.0	3.0
Washington County	6.5	4.1	4.1
State of Maine	4.6	3.0	2.9
National Average	5.3	3.7	3.6
<i>Source: Bureau of Labor Statistics</i>			

Competition

The Non-MSA, ME assessment area is a competitive market for financial services. According to FDIC Deposit Market share data as of June 30, 2023, 33 financial institutions operated 137 branch offices in the assessment area. Of these, BHBT ranked 3rd with an 11.0 percent deposit market share. Camden National Bank and First National Bank, the top two institutions collectively held 36.8 percent of the market share.

The market for home mortgage loans is highly competitive. In 2022, 305 lenders originated or purchased 8,378 home mortgage loans within the Non-MSA, ME assessment area. BHBT ranked 9th with 2.2 percent market share and ranked 4th among state-chartered community banks. In 2023, 280 lenders originated or purchased 7,477 mortgage loans within the assessment area. BHBT ranked 11th with 2.4 percent market share and was the 4th ranked state-chartered community bank.

There is also a high level of competition for small business loans in the Non-MSA, ME assessment area. In 2021, 88 lenders originated 10,280 small business loans within the Non-MSA, ME assessment area. BHBT ranked 7th with 5.4 percent market share and ranked 3rd among state-chartered community banks. In 2022, 87 lenders originated 9,499 small business loans within the assessment area. BHBT ranked 13th with 1.7 percent market share and was the 3rd ranked state-chartered community bank. The top five institutions, American Express N.A., US Bank N.A., Camden National Bank, Capital One N.A., and JPMorgan Chase Bank N.A. collectively held 54.2 percent market share.

The market for small farm loans is moderately competitive. In 2021, 18 small farm lenders originated 1,585 small farm loans within the Non-MSA, ME assessment area. BHBT ranked 3rd with 21.7 percent market share and ranked 2nd among state-chartered community banks. In 2022, 17 lenders originated 680 small farm loans within the assessment area. BHBT ranked 4th with 8.5 percent market share and ranked 2nd among state-chartered community banks. Machias Savings Bank outperformed BHBT both years. The top two institutions, Machias Savings Bank and Camden National Bank collectively held 56.9 percent market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities.

Examiners referenced a recent contact with an economic development corporation within the Non-MSA, ME assessment area that supports community development efforts including economic development and affordable housing. The contact stated that there is a significant need for affordable rental housing, particularly multifamily housing, amongst low-, moderate-, and middle-income individuals. The contact also noted there are opportunities and a need for flexible financing or grant programs for small businesses, and opportunities for financial institutions to provide financial literacy for small businesses.

Credit and Community Development Needs and Opportunities

Considering information from the community contact and bank management, as well as economic and demographic data, examiners determined that flexible financing options for affordable housing and small businesses represent the primary credit needs in the area. In addition, essential services for low- and moderate-income individuals is the primary community development need. The high percentage of low- and moderate-income families in the assessment area (34.7 percent), including those families living below poverty (7.5 percent), supports this conclusion.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-MSA, ME

LENDING TEST

BHBT demonstrated good performance under the Lending Test in the Non-MSA, ME assessment area. The bank's good performance in Lending Activity, Borrower Profile, Community Development Lending criteria primarily support this conclusion.

Lending Activity

The bank's lending levels reflect good responsiveness to the credit needs of the assessment area. During the evaluation period, the bank originated or purchased 802 home mortgage loans totaling \$184.5 million, 806 small business loans totaling \$75.3 million, and 450 small farm loans totaling \$17.5 million. The trends for this assessment area are the same as those discussed in the overall Lending Activity section.

The competition section includes details regarding the bank's market share rankings for home mortgage, small business, and small farm lending. BHBT increased its market share from 2.2 percent in 2022 to 2.4 percent in 2023. Furthermore, BHBT ranked in the top five percent of home mortgage lenders throughout the evaluation period. BHBT was the third highest ranked small business lender among state-chartered community banks in 2021 and 2022. In addition, BHBT was the second highest ranked farm lender among state-chartered community banks in 2021 and 2022.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the Non-MSA, ME assessment area. The bank's adequate performance in home mortgage, small business, and small farm lending support this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts by number.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration. In 2022, the bank originated one loan in the newly designated low-income census tract, consistent with aggregate performance and demographic data. In 2023, the bank did not originate any home mortgage loans in the low-income census tract, trailing aggregate performance and demographics. However, the low percentage of owner-occupied housing units in the low-income tract limits the demand for home mortgage loans in this tract.

In moderate-income census tracts, the bank's performance was below aggregate performance and demographics in 2022 and 2023. Market share reports for 2022 and 2023, showed a vast majority of home mortgage lenders, 75.7 percent and 77.5 percent respectively, originated five or fewer home mortgage loans in moderate-income geographies, indicating a high level of competition.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Non-MSA, ME						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.3	0.4	1	0.4	152	0.3
2023	0.3	0.5	0	0.0	0	0.0
Moderate						
2022	5.6	5.5	9	3.9	588	1.0
2023	5.6	5.8	4	2.3	476	1.4
Middle						
2022	69.3	67.4	156	67.2	31,513	55.9
2023	69.3	67.0	125	71.0	20,093	60.7
Upper						
2022	24.8	26.6	66	28.4	24,166	42.8
2023	24.8	26.8	47	26.7	12,534	37.9
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Totals						
2022	100.0	100.0	232	100.0	56,419	100.0
2023	100.0	100.0	176	100.0	33,102	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 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 adequate penetration. In 2022 and 2023, the bank did not originate any loans in the one low-income census tract. However, the low percentage of businesses in that tract limits the opportunity to lend. In moderate-income census tracts, the bank's performance was below aggregate performance and demographics in 2022 and 2023. Market share reports for 2022 and 2023, showed BHBT ranked 4th among state-chartered community banks both years.

Geographic Distribution of Small Business Loans Assessment Area: Non-MSA, ME						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.3	0.2	0	0.0	0	0.0
2023	0.3	--	0	0.0	0	0.0
Moderate						
2022	7.8	5.6	6	3.7	754	3.1
2023	8.0	--	4	4.0	397	3.5
Middle						
2022	66.0	67.3	112	69.1	17,486	72.8
2023	66.2	--	78	77.2	9,504	83.0
Upper						
2022	25.9	27.0	44	27.2	5,765	24.0
2023	25.5	--	19	18.8	1,544	13.5
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	162	100.0	24,005	100.0
2023	100.0	--	101	100.0	11,445	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Farm Loans

The geographic distribution of small farm loans reflects adequate penetration throughout the Non-MSA, ME assessment area. The bank did not originate any small farm loans in low-income census tracts in 2022 and 2023; however, the percentage of small farms in low-income geographies is very low limiting lending opportunities.

In 2022 and 2023 the bank did not originate any loans in moderate-income census tracts. Market share reports for 2022 shows nine lenders originated 28 small farm loans in moderate-income census tracts in the assessment area. The top four lenders, which were all large national banks, collectively maintained 71.3 percent market share indicating a high level of competition and low demand for small farm loans in the moderate-income tracts.

Geographic Distribution of Small Farm Loans Assessment Area: Non-MSA, ME						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.2	0.0	0	0.0	0	0.0
2023	0.2	--	0	0.0	0	0.0
Moderate						
2022	6.1	3.1	0	0.0	0	0.0
2023	5.9	--	0	0.0	0	0.0
Middle						
2022	72.3	81.8	44	75.9	3,263	67.0
2023	71.9	--	39	81.3	2,764	85.4
Upper						
2022	21.3	15.1	14	24.1	1,608	33.0
2023	21.9	--	9	18.8	471	14.6
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	58	100.0	4,871	100.0
2023	100.0	--	48	100.0	3,235	100.0

*Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Borrower Profile

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

Home Mortgage Loans

The distribution of home mortgage loans reflects good penetration among individuals of different income levels, including low- and moderate-income borrowers. The bank's lending performance to low-income borrowers exceeded aggregate performance but was below demographics in 2022 and 2023. A low-income family in the Non-MSA, ME assessment area, earning less than \$40,300, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$191,618. Furthermore, 7.5 percent of assessment area families have incomes below the poverty level. These factors help explain the disparity between lending to low-income families and the percentage of low-income families in the assessment area.

In 2022 and 2023, lending to moderate-income borrowers exceeded aggregate performance and was consistent with demographic data.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Non-MSA, ME						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	17.3	5.6	19	8.2	1,498	2.7
2023	17.3	5.0	16	9.1	859	2.6
Moderate						
2022	17.4	16.1	40	17.2	3,995	7.1
2023	17.4	16.1	29	16.5	3,271	9.9
Middle						
2022	21.3	22.0	42	18.1	6,626	11.7
2023	21.3	21.8	35	19.9	4,010	12.1
Upper						
2022	44.0	46.5	122	52.6	41,412	73.4
2023	44.0	45.1	88	50.0	23,217	70.1
Not Available						
2022	0.0	9.9	9	3.9	2,887	5.1
2023	0.0	11.9	8	4.5	1,746	5.3
Totals						
2022	100.0	100.0	232	100.0	56,419	100.0
2023	100.0	100.0	176	100.0	33,102	100.0

*Source: 2020 U.S. Census; Bank Data, 2022 & 2023 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 good penetration of loans to businesses with GARs of \$1.0 million or less. The bank’s 2022 lending performance exceeded aggregate and was below demographic data. Despite declining lending activity in 2023, BHBT originated a majority of small business loans to businesses with GARs of \$1.0 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Non-MSA, ME						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	84.8	58.3	114	70.4	11,726	48.8
2023	87.1	--	64	63.4	5,529	48.3
>\$1,000,000						
2022	4.3	--	43	26.5	11,489	47.9
2023	3.5	--	33	32.7	5,843	51.1
Revenue Not Available						
2022	10.8	--	5	3.1	790	3.3
2023	9.4	--	4	4.0	73	0.6
Totals						
2022	100.0	100.0	162	100.0	24,005	100.0
2023	100.0	--	101	100.0	11,445	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Farm Loans

The distribution of small farm loans reflects excellent penetration of loans to farms with GARs of \$1.0 million or less. In 2022, the bank substantially exceeded aggregate and demographic data. Despite a decline in lending activity in 2023, the bank's lending was consistent with demographic data. Furthermore, the bank did not originate any loans to small farms with more than \$1.0 million in GAR.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Non-MSA, ME						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	97.6	84.9	57	98.3	4,860	99.8
2023	97.8	--	47	97.9	3,226	99.7
>\$1,000,000						
2022	1.8	--	0	0.0	0	0.0
2023	1.5	--	0	0.0	0	0.0
Revenue Not Available						
2022	0.6	--	1	1.7	11	0.2
2023	0.7	--	1	2.1	9	0.3
Totals						
2022	100.0	100.0	58	100.0	4,871	100.0
2023	100.0	--	48	100.0	3,235	100.0

Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%

Community Development Loans

BHBT made a relatively high level of community development loans. The bank originated nine community development loans totaling approximately \$30.3 million in the Non-MSA, ME assessment area. This level of activity is a significant increase in dollar volume from the prior evaluation when the bank originated 10 loans for \$10.2 million. The following table illustrates the bank's community development lending by year and purpose.

Community Development Lending										
Assessment Area: Non-MSA, ME										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2021	1	885	0	0	1	1,446	1	1,000	3	3,331
2022	0	0	0	0	1	10,000	3	1,355	4	11,355
2023	0	0	0	0	1	616	0	0	1	616
YTD 2024	0	0	0	0	1	15,000	0	0	1	15,000
Total	1	885	0	0	4	27,062	4	2,355	9	30,302

Source: Bank Data

The following are examples of qualified community development loans in the Non-MSA, ME assessment area.

- In 2021, the bank originated an \$885,000 loan to build a 10-unit workforce rental housing

development in Deer Isle, ME. Of the ten units, six are designated affordable for low- and moderate-income individuals.

- In 2023, the bank originated two loans totaling \$275,000 to the Town of Milbridge. The loans financed the purchase of an ambulance for the town. These loans support revitalization and stabilization as the Town of Milbridge is located in an underserved middle-income census tract.
- In 2024, the bank originated a \$15.0 million commercial loan to renovate and expand a local motel. This loan supports economic development, by financing a small business that meets the size eligibility requirements of the SBA and by creating permanent jobs for low- and moderate-income individuals. The expansion is expected to create an additional 50 low- and moderate-income jobs.

INVESTMENT TEST

BHBT demonstrated good performance under the Investment Test within the Non-MSA, ME assessment area. The bank's performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria primarily supports this conclusion. The following sections discuss the bank's performance under each criterion.

Investment and Grant Activity

BHBT has a significant level of qualified investments during the evaluation period. The bank did not make any new equity investments but continues to hold one prior period equity investment with a current book value of \$933,428. Additionally, the bank made 258 donations totaling approximately \$846,545 since the prior evaluation. This is an increase since the prior evaluation when the bank made 219 donations totaling \$541,240. Donations primarily supported community development services for low- and moderate-income individuals and families. The following table illustrates the bank's donations by year and purpose.

Qualified Investments										
Assessment Area: Assessment Area: Non-MSA, ME										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	933	0	0	0	0	0	0	1	933
Partial 2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
Subtotal	1	933	0	0	0	0	0	0	0	933
Qualified Grants & Donations	16	60	236	651	5	133	1	3	258	847
Total	17	993	236	651	5	133	1	3	259	1,780
<i>Source: Bank Data</i>										

The following are examples of qualified equity investments and donations in the Non-MSA, ME assessment area.

Prior Equity Investment

- **Community Capital Limited Partnership (CCLP)** – In 2018, BHBT invested approximately \$2.0 million in the CCLP. The CCLP invests in affordable housing projects in ME and NH, which benefit low- and moderate-income individuals. This investment, which has a current book value of \$933,428, funded a 50-unit affordable housing project located in Ellsworth, ME.

Donations

- **Island Housing Trust (IHT)** – IHT supports organizations creating year-round affordable workforce housing, by helping establish public and private partnerships. In addition, IHT’s Home Ownership Assistance Program helps individuals and families purchase a year-round home on the island, by offering down payment assistance. BHBT made several donations to IHT during the evaluation period, earmarking their donation for low- and moderate-income individuals and families.
- **HOMEWORTHY** – HOMEWORTHY is a community services organization, working with individuals and families experiencing homelessness across Knox, Waldo, and Lincoln counties. Programs include family shelter, youth services, case management, and housing support and navigation. BHBT made multiple donations during the evaluation period.
- **Junior Achievement of Maine** – Junior Achievement invests in young people's future through work readiness, financial literacy, and entrepreneurship programs taught in assessment area schools. A majority of schools that benefitted from the bank’s donations are located in underserved middle-income census tracts located in Washington County and the majority of students qualify for free or reduced-price lunch. BHBT made several

donations during the evaluation period.

Responsiveness to Credit and Community Development Needs

BHBT exhibits good responsiveness to credit and community development needs. The bank demonstrates responsiveness to credit and community development needs through its investments in affordable housing, which was identified as a critical need for the assessment area. In addition, community services were identified as a primary need for the Non-MSA, ME assessment area. By dollar volume 55.8 percent of qualified investments and donations supported affordable housing for low- and moderate-income individuals and 36.6 percent benefitted community service initiatives.

Community Development Initiatives

BHBT rarely uses innovative and/or complex qualified investments to support community development initiatives. Although the bank’s investments are responsive to the community needs of its assessment areas, the majority are not particularly innovative or complex.

SERVICE TEST

BHBT demonstrated good performance under the Service Test within the Non-MSA, ME assessment area. The bank’s performance in the Accessibility of Delivery Systems and Community Development Services criteria primarily supports this conclusion. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the bank’s Non-MSA, ME assessment area. The bank operates 15, or 27.8 percent of its branches, and 15, or 24.6 percent of its ATMs in this assessment area. The following table shows the branch and ATM distribution by census tract income level in the Non-MSA, ME assessment area, along with the population distribution by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Non-MSA, ME								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	1	1.0	1,694	0.5	0	0.0	0	0.0
Moderate	7	6.9	23,522	7.1	1	6.7	1	6.7
Middle	65	64.4	227,778	68.5	9	60.0	9	60.0
Upper	24	23.8	79,389	23.9	5	33.3	5	33.3
NA	4	4.0	0	0.0	0	0.0	0	0.0
Total	101	100.0	332,383	100.0	15	100.0	15	100.0
<i>Source: 2020 U.S. Census & Bank Data Due to rounding, totals may not equal 100.0%</i>								

The bank's branch and ATM distribution is comparable to demographic comparators in moderate-income census tracts. The Pittsfield branch is in a moderate-income census tract. The Waterville branch abuts two moderate-income census tracts and the Machias branch is within 10 miles of another moderate-income tract. All branches maintain ATMs and drive-up facilities. Branch distribution and alternative delivery systems for the assessment area are consistent with the overall institution.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in moderate-income geographies and/or to low- and moderate-income individuals. During the evaluation period, the bank did not open or close any branch offices in the Non-MSA, ME assessment area.

Reasonableness of Business Hours and Services

Services (including where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly moderate-income geographies or low- and moderate-income individuals. Hours and services are consistent with the overall institution and ME-rated area. Branch hours are generally consistent at each location with weekday hours of 8:30 A.M. to 4:00 P.M. on Monday – Thursday, 8:30 A.M. to 5:00 P.M. on Fridays, and 9:00 A.M. to 12:00 P.M. on Saturdays. Hours vary slightly with earlier morning start times and an earlier afternoon closing times on weekdays at a few locations. Drive-up hours are available approximately 30 minutes to an hour prior to lobby hours. ATM, mobile, and online banking are available 24 hours a day, 7 days a week.

Community Development Services

BHBT provides a relatively high level of community development services. The bank provided approximately 859 hours of financial and technical assistance to 35 community development-related organizations in the Non-MSA, ME assessment area. BHBT's performance decreased from the prior evaluation, when the bank provided approximately 1,247 hours of qualified community development services. The majority of activity supported community services to low- and moderate-income individuals and to organizations providing affordable housing. The following are examples of community development services provided.

Community Development Services Assessment Area: Non-MSA, ME					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Partial 2021	19	105	0	0	124
2022	91	235	43	0	369
2023	57	141	2	0	200
YTD 2024	95	70	1	0	166
Total	262	551	46	0	859
<i>Source: Bank Data</i>					

The following are examples of community development services provided in the Non-MSA, ME assessment area.

- ***Downeast Community Partners (Downeast)*** – Downeast provides services for low-income families and individuals in Hancock and Washington counties. The organization provides programs related to housing, transportation, financial, educational, and elder care services. A senior vice president is a Board member.
- ***Hancock County Habitat for Humanity*** – Habitat for Humanity is a non-profit organization that builds affordable, energy-efficient homes for low-income families. A senior vice president and a vice president are Board members.
- ***Financial Literacy*** – Teach a Child to Save (TCTS) is geared toward grades K-8 and is a free national program sponsored by the American Bankers Association (ABA) Foundation that organizes bank employees to help young people develop a savings habit early in life. Multiple employees participated at elementary schools throughout the Non-MSA assessment area. The majority of students at the elementary schools are eligible for free or reduced-price lunch.

BANGOR, ME METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN BANGOR, ME MSA

BHBT maintains 6, or 11.1 percent of its 54 branches in the Bangor, ME MSA assessment area. This assessment area represents 9.8 percent of the census tracts in the combined assessment area, holds 3.7 percent of the bank’s loans, and 7.2 percent of the bank’s deposits. Examiners placed the second greatest weight on the bank’s performance in the Bangor, ME MSA assessment area in arriving at the ME-rated area rating, as it contains the second largest number of branches, deposits, and loans of the three assessment areas.

Economic and Demographic Data

The Bangor, ME MSA assessment area includes the entirety of Penobscot County. This is a change from the prior evaluation when the assessment area only included a portion of Penobscot County. This is an addition of 21 census tracts. In addition, income designations of census tracts changed due to the updated 2020 U.S. Census data. According to the 2015 ACS data, the Non-MSA, ME assessment area had 46 census tracts with the following income designations:

- 0 low-income census tracts,
- 8 moderate-income census tracts,
- 27 middle-income census tracts,
- 10 upper-income census tracts, and
- 1 census tract with no income designation.

According to 2020 U.S. Census Data, the Bangor, ME MSA assessment area reflects the following income designations:

- 0 low-income census tracts,
- 15 moderate-income census tracts,
- 21 middle-income census tracts,
- 9 upper-income census tracts, and
- 1 census tract with no income designation.

The 15 moderate-income tracts are in Bangor. The census tract with no income designation is the Penobscot Indian Island Reservation. The Federal Emergency Management Agency (FEMA) issued seven Designated Major Declarations impacting the Bangor, ME MSA during the evaluation period. These declarations related to severe storms and flooding in 2022, 2023, and 2024, and one severe winter storm in 2024. Examiners consider bank activities related to disaster recovery that revitalize or stabilize a designated disaster area for 36 months following the designated date.

Furthermore, there are seven Opportunity Zones located within Penobscot County in Bangor, including Brewer, East Millinocket, Enfield, Lincoln, Millinocket, and Old Town. The Opportunity Zone Program provides incentives for investing in certain census tracts to encourage growth in low-income areas. The following table illustrates select demographic characteristics of the Bangor, ME MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Bangor, ME MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	46	0.0	32.6	45.7	21.7	0.0
Population by Geography	152,199	0.0	28.0	47.4	24.6	0.0
Housing Units by Geography	76,088	0.0	31.8	47.5	20.7	0.0
Owner-Occupied Units by Geography	44,198	0.0	26.4	49.1	24.5	0.0
Occupied Rental Units by Geography	18,875	0.0	32.6	48.0	19.4	0.0
Vacant Units by Geography	13,015	0.0	48.9	41.4	9.7	0.0
Businesses by Geography	12,972	0.0	21.3	55.4	23.3	0.0
Farms by Geography	498	0.0	16.9	57.8	25.3	0.0
Family Distribution by Income Level	38,100	19.0	19.5	21.1	40.4	0.0
Household Distribution by Income Level	63,073	24.2	17.0	17.5	41.4	0.0
Median Family Income MSA - 12620 Bangor, ME MSA		\$67,988	Median Housing Value			\$144,190
			Median Gross Rent			\$824
			Families Below Poverty Level			7.8%
Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Housing costs are relatively inexpensive in the Bangor, ME MSA assessment area as demonstrated by the median housing value of \$144,190, which is less than the ME average of \$360,000 and U.S. average of \$426,580.

Examiners used the 2022 and 2023 FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Bangor, ME MSA Median Family Income (12620)				
2022 (\$82,100)	<\$41,050	\$41,050 to <\$65,680	\$65,680 to <\$98,520	≥\$98,520
2023 (\$88,000)	<\$44,000	\$44,000 to <\$70,400	\$70,400 to <\$105,600	≥\$105,600
Source: FFIEC				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2023 D&B data, there were 12,972 non-farm businesses operating in the Bangor, ME MSA assessment area. GARs for these businesses follow.

- 83.9 percent have \$1 million or less,
- 4.7 percent have more than \$1 million, and
- 11.4 percent have unknown revenues.

Service companies represent the largest portion of businesses at 37.1 percent; followed by non-classifiable establishments (17.9 percent), retail trade (11.7 percent); finance, insurance, and real estate (9.8 percent); and construction (6.8 percent). In addition, 89.6 percent of area businesses have nine or fewer employees and 88.2 percent operate from a single location.

The U.S. Bureau of Labor Statistics reports that unemployment rates in the assessment area decreased during the evaluation period, as shown in the following table. This trend is similar to statewide and national trends in unemployment following the COVID-19 pandemic.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Penobscot County	4.8	3.0	3.1
State of Maine	4.6	3.0	2.9
National Average	5.3	3.7	3.6

Source: Bureau of Labor Statistics

Competition

The Bangor, ME MSA assessment area is a moderately competitive market for financial services. According to FDIC Deposit Market share data as of June 30, 2023, 24 financial institutions operated 51 offices in the assessment area. Of these, BHBT ranked 8th with 3.6 percent deposit market share. Bangor Savings Bank, a large state-chartered community bank headquartered in Bangor, captured the largest market share at 34.6 percent.

The market for home mortgage loans is highly competitive. In 2022, 191 lenders originated or purchased 4,279 home mortgage loans within the Bangor, ME MSA assessment area. BHBT ranked 25th with 1.1 percent market share and was ranked 4th among state-chartered community banks. In 2023, 163 lenders originated or purchased 3,274 mortgage loans within the assessment area. BHBT ranked 24th with 1.2 percent market share and again ranked 4th among community banks.

There is also a moderate level of competition for small business loans. In 2021, 67 lenders originated 3,796 small business loans within the Bangor, ME MSA assessment area. BHBT ranked 11th with 2.7 percent market share and ranked 3rd among state-chartered community banks. In 2022, 65 lenders originated 3,491 small business loans within the assessment area. BHBT ranked 14th with 1.7 percent market share and ranked 3rd among community banks.

Credit and Community Development Needs and Opportunities

Considering information from bank management, as well as demographic and economic data, examiners determined that affordable housing and small business financing represent primary credit

needs in the Bangor, ME MSA assessment area. Many businesses operate in Bangor due to its proximity to customers, infrastructure, and workforce. Community development needs include small business technical assistance and workforce development.

CONCLUSIONS ON PERFORMANCE CRITERIA BANGOR, ME MSA

LENDING TEST

BHBT's demonstrated adequate performance under the Lending Test within the Bangor, ME MSA assessment area. The bank's adequate performance in Lending Activity, Geographic Distribution, Borrower Profile, and Community Development Lending criteria supports this conclusion

Lending Activity

BHBT's lending activity reflects adequate responsiveness to the credit needs of the assessment area. During the evaluation period, the bank originated or purchased 119 home mortgage loans totaling \$17.9 million and 213 small business loans totaling \$20.7 million. The trends for this assessment area are the same as those discussed in the overall Lending Activity section.

The competition section includes details regarding the bank's market share rankings for home mortgage and small business lending. BHBT was the fourth highest ranked home mortgage lender among state-chartered community banks during the evaluation period. In addition, BHBT was the third highest ranked small business lender among state-chartered community banks in 2021 and 2022.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the Bangor, ME MSA assessment area. The bank's adequate home mortgage and small business lending performance supports this conclusion. Examiners focused on the percentage of loans in moderate-income census tracts by number.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the Bangor, ME MSA assessment area. The bank's lending in moderate-income census tracts was below aggregate performance and demographics in 2022 and 2023.

Market share reports for 2022 showed 106 home mortgage lenders reported 954 loans in the moderate-income census tracts, indicating a high level of competition. BHBT ranked 32nd with 0.7 percent of the market share. In 2023, 106 lenders originated 760 home mortgage loans in the moderate-income census tracts. The bank ranked 35th with 0.5 percent market share. BHBT ranked 4th among state-chartered community banks both years. The high level of competition in moderate-income census tracts and the bank's ranking among community bank's supports the adequate conclusion.

Geographic Distribution of Home Mortgage Loans Assessment Area: Bangor, ME MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Moderate						
2022	26.4	22.3	7	14.6	1,216	19.3
2023	26.4	23.2	4	10.5	355	5.7
Middle						
2022	49.1	48.9	31	64.6	3,882	61.6
2023	49.1	49.8	21	55.3	3,983	64.2
Upper						
2022	24.5	28.8	10	20.8	1,205	19.1
2023	24.5	27.0	13	34.2	1,866	30.1
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Totals						
2022	100.0	100.0	48	100.0	6,303	100.0
2023	100.0	100.0	38	100.0	6,204	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 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 adequate penetration. In 2022, the bank's lending performance exceeded aggregate performance and demographic data in moderate-income tracts. In 2023, the bank's lending activity declined and fell below demographic data.

Geographic Distribution of Small Business Loans Assessment Area: Bangor, ME MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Moderate						
2022	21.5	19.4	13	23.2	1,100	16.2
2023	21.3	--	4	7.5	377	6.5
Middle						
2022	55.4	49.3	21	37.5	1,943	28.6
2023	55.4	--	26	49.1	2,151	36.9
Upper						
2022	23.1	31.4	22	39.3	3,753	55.2
2023	23.3	--	23	43.4	3,305	56.7
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	56	100.0	6,796	100.0
2023	100.0	--	53	100.0	5,833	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

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

Home Mortgage Loans

The distribution of home mortgage reflects good penetration among individuals of different income levels, including low- and moderate-income borrowers. In 2022, the bank's lending activity to low-income borrowers significantly exceeded aggregate performance and trailed demographic data. In 2023, the bank's lending to low-income borrowers declined, and fell below aggregate performance and demographics. A low-income family in the Bangor, ME MSA assessment area, earning less than \$44,000, may have difficulty qualifying for a mortgage under conventional underwriting standards. Furthermore, 7.8 percent of assessment area families have incomes below the poverty

level. These factors help explain the disparity between lending to low-income families and the percentage of low-income families in the assessment area.

In 2022, the bank’s lending to moderate-income borrowers exceeded both aggregate performance and demographics. In 2023, the bank’s lending levels decreased and performance was slightly below aggregate and demographic comparators.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Bangor, ME MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	19.0	9.0	8	16.7	446	7.1
2023	19.0	7.8	2	5.3	117	1.9
Moderate						
2022	19.5	21.2	14	29.2	1,362	21.6
2023	19.5	20.3	7	18.4	516	8.3
Middle						
2022	21.1	22.0	5	10.4	427	6.8
2023	21.1	23.1	7	18.4	988	15.9
Upper						
2022	40.4	31.5	14	29.2	2,453	38.9
2023	40.4	32.1	17	44.7	3,347	53.9
Not Available						
2022	0.0	16.3	7	14.6	1,615	25.6
2023	0.0	16.8	5	13.2	1,237	19.9
Totals						
2022	100.0	100.0	48	100.0	6,303	100.0
2023	100.0	100.0	38	100.0	6,204	100.0

*Source: 2020 U.S. Census; Bank Data, 2022 & 2023 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 good penetration of loans to businesses with GARs of \$1.0 million or less. In 2022, the bank’s lending performance was below aggregate performance and demographic data. Market share reports for 2022 showed BHBT ranked third among state-chartered community banks. Despite the slight decline in the number of small business loans in 2023, the percentage of small business loans originated to businesses with \$1.0 million or less increased.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Bangor, ME MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	81.4	53.5	25	44.6	1,716	25.3
2023	83.8	--	24	45.3	2,204	37.8
>\$1,000,000						
2022	5.5	--	31	55.4	5,080	74.8
2023	4.8	--	27	50.9	3,422	58.7
Revenue Not Available						
2022	13.0	--	0	0.0	0	0.0
2023	11.4	--	2	3.8	207	3.5
Totals						
2022	100.0	100.0	56	100.0	6,796	100.0
2023	100.0	--	53	100.0	5,833	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Community Development Loans

BHBT made an adequate level of community development loans that directly benefitted the Bangor, ME MSA assessment area. In 2022, the bank originated one loan for approximately \$2.2 million to the town of Plymouth to build a firehouse and town hall. The funds helped to revitalize and stabilize a moderate-income geography by financing the construction of essential infrastructure. This level of activity is consistent with the prior evaluation when the bank originated one loan for \$1.3 million.

INVESTMENT TEST

BHBT demonstrated adequate performance under the Investment Test within the Bangor, ME MSA assessment area. The bank's performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria primarily supports this conclusion. The following sections discuss the bank's performance under each criterion.

Investment and Grant Activity

BHBT made an adequate level of qualified investments during the evaluation period. The bank did not make any equity investments directly benefitting the Bangor, ME MSA assessment area. The bank made 47 donations totaling approximately \$63,000. This is an increase from the prior evaluation when the bank made 35 donations totaling \$46,250. Donations primarily supported community development services for low- and moderate-income individuals and families. The following table illustrates the bank's qualified donations by year and purpose.

Qualified Donations Assessment Area: Bangor, ME MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2021	0	0	9	16	0	0	0	0	9	16
2022	1	1	15	18	0	0	0	0	16	19
2023	1	1	13	18	0	0	0	0	14	19
YTD 2024	1	1	7	8	0	0	0	0	8	9
Total	3	3	44	60	0	0	0	0	47	63
<i>Source: Bank Data</i>										

The following are examples of qualified donations in the Bangor, ME MSA assessment area.

- ***Designing Wall Housing (DWH)*** – DWH is a non-profit community organization that provides housing and services for individuals experiencing homelessness. DWH purchase vacant properties to create affordable housing units for those in need. BHBT made several donations to DWH during the evaluation period.
- ***St. Joseph Healthcare Foundation*** – St. Joseph Healthcare Foundation’s SAFE program provides trauma-informed care for all survivors of sexual assault, domestic violence, child abuse/neglect, child sexual abuse and dependent adult abuse/neglect. The majority of those who benefitted from this service are low- and moderate-income individuals. BHBT made several donations directly supporting this program during the evaluation period.
- ***Safe Place Community Center, Inc. (SPCC)*** – SPCC provides food assistance to needy individuals and families in Bangor and the surrounding areas. In addition, they offer a backpack program that provides food to low-income elementary students in the local school districts. BHBT made several donations to SPCC during the evaluation period

Responsiveness to Credit and Community Development Needs

BHBT exhibits adequate responsiveness to credit and community development needs. Community development needs include affordable housing to which the bank was responsive with the statewide investments which would benefit the Bangor, ME assessment area. The majority of donations benefitted organizations that support low- and moderate-income individuals. The high percentage of low- and moderate-income families in the assessment area (38.5 percent), including those families living below poverty (7.8 percent), supports this conclusion.

Community Development Initiatives

BHBT rarely uses innovative and/or complex qualified investments to support community development initiatives. Although the bank’s investments are responsive to the community needs of this assessment area, the majority are not innovative or complex.

SERVICE TEST

BHBT demonstrated adequate performance under the Service Test within the Bangor, ME MSA assessment area. Examiners gave more weight to performance under Community Development Services when arriving at this conclusion. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the Bangor, ME MSA assessment area. The bank operates 6, or 11.1 percent of its branches and 9, or 14.7 percent of its ATMs in this assessment area. The following table shows the branch and ATM distribution by census tract income level in the Bangor, ME MSA assessment area, along with the population distribution by census tract level.

Branch and ATM Distribution by Geography Income Level Assessment Area: Bangor, ME MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	15	32.6	42,575	28.0	1	16.7	1	16.7
Middle	21	45.7	72,133	47.4	3	50.0	5	50.0
Upper	10	21.7	37,491	24.6	2	33.3	3	33.3
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	46	100.0	152,199	100.0	6	100.0	9	100.0

*Source: 2020 U.S. Census & Bank Data
Due to rounding, totals may not equal 100.0%*

In addition to the branch located in a moderate-income census tract, the bank’s Orono and Brewer branches abut moderate-income census tracts within those same towns. All branches maintain ATMs and drive-up facilities. Branch distribution and alternative delivery systems for the assessment area are consistent with the overall institution.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in moderate-income geographies and/or to low- and moderate-income individuals. The bank did not open or close any branches since the prior evaluation.

Reasonableness of Business Hours and Services

Services (including where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly moderate-income geographies or low- and moderate-income individuals. Hours and services are consistent with the overall institution and ME-rated area. Branch hours are generally consistent at each location with weekday hours of 9:00 A.M. to 4:00 P.M. on Monday – Thursday, 9:00 A.M. to 5:00 P.M. on Fridays, and 9:00 A.M. to

12:00 P.M on Saturdays. Hours vary slightly with earlier morning start times and earlier closing times on weekdays at a few locations. Drive-up hours are generally available approximately 30 minutes to an hour prior to and after lobby hours on weekdays. ATM, mobile, and online banking are available 24 hours a day, 7 days a week.

Community Development Services

BHBT provides an adequate level of community development services. The bank provided approximately 88 hours of financial and technical assistance to two community development-related organizations in the Bangor, ME MSA assessment area. All of the community service activity supported organizations providing affordable housing and community services for low- and moderate-income individuals. The following table illustrates the banks community development service activity by year and purpose.

Community Development Services Assessment Area: Bangor, ME MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Partial 2021	10	0	0	0	0
2022	47	0	0	0	0
2023	10	16	0	0	0
YTD 2024	5	0	0	0	0
Total	72	16	0	0	88
<i>Source: Bank Data</i>					

The following are the community development services provided in the Bangor, ME MSA assessment area.

- ***Habitat for Humanity of Greater Bangor*** – Habitat for Humanity is a non-profit organization that builds affordable, energy-efficient homes for low-income families. A vice president is a Finance Committee member, and an assistant vice president is a Board member.
- ***Literacy Volunteers of Bangor*** – Literacy Volunteers of Bangor help individuals work on basic English skills or learn English as a second language. The majority served are low- and moderate-income individuals. A vice president is a Resource Development Committee member.

PORTLAND-SOUTH PORTLAND, ME METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN PORTLAND-SOUTH PORTLAND, ME MSA

BHBT maintains one, or 1.9 percent of its 54 branches in the Portland-South Portland, ME MSA assessment area. This assessment area represents 19.3 percent of the total number of census tracts in the combined assessment area, 17.3 percent of the bank’s loans, and 1.0 percent of the bank’s deposits. Examiners placed the least weight on the bank’s performance in the Portland-South Portland, ME MSA assessment area when arriving at the ME-rated area rating, as it contains the least number of branches, loans, and deposits of the three assessment areas.

Economic and Demographic Data

The Portland-South Portland, ME MSA assessment area includes the entirety of Cumberland and Sagadahoc counties. This is a change from the prior evaluation when the assessment area included only portions of these two counties.

In addition, income designation of census tracts changed due to the updated 2020 U.S. Census data. According to the 2015 ACS data, the Portland-South Portland, ME MSA assessment area had 76 census tracts with the following income designations:

- 3 low-income census tracts,
- 17 moderate-income census tracts,
- 41 middle-income census tracts
- 13 upper-income census tracts, and
- 2 census tracts with no income designation

According to 2020 U.S Census data the Portland-South Portland, ME MSA assessment area now contains 90 census tracts, an increase of 14 census tracts. The 90 census tracts have the following income designations:

- 0 low-income census tracts,
- 17 moderate-income census tracts,
- 47 middle-income census tracts,
- 24 upper-income census tracts, and
- 2 census tracts with no income designation.

The 17 moderate-income census tracts are located in Richmond, Bath, Harrison, Naples, Raymond, Westbrook, South Portland (2), Portland (5), Brunswick (2), Bridgton (2). The Federal Emergency Management Agency (FEMA) issued seven Designated Major Declarations impacting the Portland-South Portland, ME MSA during the evaluation period. These declarations related to severe storms and flooding in 2022, 2023, and 2024, and one severe winter storm in 2024.

Examiners consider bank activities related to disaster recovery that revitalize or stabilize a designated disaster area for 36 months following the designated date.

Furthermore, there are five Opportunity Zones located in Bath, Brunswick, Portland, South Portland, and Westbrook. The following table illustrates select demographic characteristics of the Portland-South Portland, ME MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Portland-South Portland, ME MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	90	0.0	18.9	52.2	26.7	2.2
Population by Geography	339,768	0.0	16.2	52.2	31.6	0.0
Housing Units by Geography	164,769	0.0	18.7	53.9	27.4	0.0
Owner-Occupied Units by Geography	98,441	0.0	13.9	53.7	32.4	0.0
Occupied Rental Units by Geography	40,967	0.0	26.2	51.8	22.0	0.0
Vacant Units by Geography	25,361	0.0	25.4	57.9	16.8	0.0
Businesses by Geography	45,659	0.0	19.1	53.3	27.6	0.0
Farms by Geography	1,261	0.0	15.5	55.2	29.3	0.0
Family Distribution by Income Level	84,023	16.7	17.5	23.5	42.3	0.0
Household Distribution by Income Level	139,408	22.8	15.7	18.5	42.9	0.0
Median Family Income MSA - 38860 Portland-South Portland, ME MSA		\$89,988	Median Housing Value			\$297,604
			Median Gross Rent			\$1,159
			Families Below Poverty Level			5.0%
<i>Source: 2020 U.S. Census and 2023 D&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 Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Housing costs are moderately expensive in the Portland-South Portland, ME MSA assessment area as demonstrated by the median housing value of \$297,604, which is less than the ME average of \$360,000 and U.S. average of \$426,580.

Examiners used the 2022 and 2023 FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Portland-South Portland, ME MSA Median Family Income (38860)				
2022 (\$101,600)	<\$50,800	\$50,800 to <\$81,280	\$81,280 to <\$121,920	≥\$121,920
2023 (\$108,500)	<\$54,250	\$54,250 to <\$86,800	\$86,800 to <\$130,200	≥\$130,200
<i>Source: FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2023 D&B data, there were 45,659 non-farm businesses operating in the Portland-South Portland, ME MSA assessment area. GARs for these businesses follow.

- 88.7 percent have \$1 million or less,
- 3.6 percent have more than \$1 million, and
- 7.7 percent have unknown revenues.

Service companies represent the largest portion of businesses at 37.5 percent; followed by non-classifiable establishments (23.7 percent); finance, insurance, and real estate (11.4 percent); retail trade (9.9 percent); and construction (6.0 percent). In addition, 92.1 percent of area businesses have nine or fewer employees, and 92.1 percent operate from a single location.

The U.S. Bureau of Labor Statistics reports that unemployment rates in the assessment area decreased during the evaluation period, as shown in the following table. This trend is similar to statewide and national trends in unemployment following the COVID-19 pandemic.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Cumberland County	4.1	2.3	2.4
Sagadahoc County	3.8	2.3	2.3
State of Maine	4.6	3.0	2.9
National Average	5.3	3.7	3.6
<i>Source: Bureau of Labor Statistics</i>			

Competition

The Portland-South Portland, ME MSA assessment area is a highly competitive market for financial services. According to FDIC Deposit Market share data as of June 30, 2023, 44 financial institutions operated 140 offices in the assessment area. BHBT ranked 29th with 0.2 percent deposit market share. The top three institutions, TD Bank, N.A., Bank of America, N.A., and Keybank, N.A., collectively held 35.7 percent market share.

The market for home mortgage loans is highly competitive. In 2022, 340 lenders originated or purchased 12,083 home mortgage loans within the Portland-South Portland, ME MSA assessment

area. BHBT ranked 92nd with 0.1 percent market share, outperformed by 13 other state-chartered community banks. In 2023, 269 lenders originated or purchased 8,200 mortgage loans within the assessment area. BHBT ranked 82nd with a 0.2 percent market share. The top five lenders, Bangor Savings Bank, United Wholesale Mortgage, Town and Country Federal Credit Union, Guild Mortgage Company, and TD Bank N.A., collectively held 25.3 percent market share.

There is also a high level of competition for small business loans. In 2021, 102 lenders originated 10,784 small business loans in the Portland-South Portland, ME MSA assessment area. BHBT ranked 38th with 0.2 percent market share. In 2022, 90 lenders originated 10,167 small business loans in the assessment area. BHBT ranked 46th with 0.1 percent market share. The top three institutions, American Express N.A., JPMorgan Chase Bank, N.A., and Capital One Bank, N.A., collectively held 53.9 percent market share.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable and rental housing are the assessment area's primary community development needs, and that opportunities exist for banks to invest in affordable housing projects. Additionally, affordable home mortgage lending programs are a primary credit need for many residents.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PORTLAND-SOUTH PORTLAND, ME, MSA

LENDING TEST

BHBT's lending activity in the Portland-South Portland, ME MSA assessment area reflects adequate responsiveness to assessment area credit needs. The bank's performance in Lending Activity, Geographic Distribution, Borrower Profile, and Community Development Lending criteria support this conclusion.

Lending Activity

BHBT's lending activity reflects adequate responsiveness to the credit needs of the assessment area. During the evaluation period, the bank originated or purchased 60 home mortgage loans totaling \$165.9 million and 44 small business loans totaling \$13.3 million. The trends for this assessment area are the same as those discussed in the overall Lending Activity section.

The competition section includes details regarding the bank's market share rankings for home mortgage and small business lending. BHBT's home mortgage lending performance within the Portland, South Portland, ME MSA assessment area ranked 14th among state-chartered community banks in 2022 and 2023. For small business lending BHBT ranked 8th among state-chartered community banks in 2021 and 2022.

Geographic Distribution

The geographic distribution of loans reflects adequate dispersion throughout the Portland-South Portland, ME MSA assessment area. The bank's adequate performance in home mortgage lending supports this conclusion. Examiners focused on the percentage by number of originations within the moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration. In moderate-income census tracts the bank's performance exceeded aggregate performance and demographics in 2022. The bank's lending performance in 2023 trended below aggregate performance and demographics. Market share reports in 2023 indicate a lower demand for home mortgage loans in moderate-income census tracts with 152 lenders originating only 1,217 loans in the assessment area. Additionally, there is a high level of competition for home mortgage loans in these geographies, with 45.4 percent of lenders originating two or fewer home mortgage loans.

Geographic Distribution of Home Mortgage Loans Assessment Area: Portland-South Portland, ME MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Moderate						
2022	13.9	14.2	3	18.8	86,200	73.6
2023	13.9	14.8	1	8.3	1,425	26.2
Middle						
2022	53.7	53.6	11	68.8	30,723	26.2
2023	53.7	54.4	11	91.7	4,017	73.8
Upper						
2022	32.4	32.2	2	12.5	175	0.1
2023	32.4	30.8	0	0.0	0	0.0
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Totals						
2022	100.0	100.0	16	100.0	117,098	100.0
2023	100.0	100.0	12	100.0	5,442	100.0

*Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The geographic distribution of small business loans reflects good penetration. The bank significantly exceeded aggregate performance and demographics in 2022 and demographics in 2023. Further, the bank’s consistent performance each year supports this conclusion.

Market share data for 2022, shows 90 small business lenders reported 1,889 loans within the moderate-income census tracts. Of the 90 lenders, 44.5 percent originated one or no loans in moderate-income census tracts, indicating a high level of competition. In addition, the top three lenders American Express, N.A., JPMorgan Chase Bank, N.A., and Capital One, N.A., collectively held 39.8 percent market share.

Geographic Distribution of Small Business Loans						
Assessment Area: Portland-South Portland, ME MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Moderate						
2022	18.8	18.7	4	36.4	1,807	32.7
2023	19.1	--	4	36.4	1,803	44.5
Middle						
2022	53.7	48.9	7	63.6	3,726	67.3
2023	53.3	--	7	63.6	2,253	55.5
Upper						
2022	27.5	32.4	0	0.0	0	0.0
2023	27.6	--	0	0.0	0	0.0
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	11	100.0	5,533	100.0
2023	100.0	--	11	100.0	4,056	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among individuals of different income levels and businesses of different sizes. The bank's adequate home mortgage and small business lending performance supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers and the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Home Mortgage Loans

The bank's home mortgage performance reflects adequate penetration among borrowers of different income levels. In 2022, the bank's lending performance to low-income borrowers was comparable to aggregate performance and below demographic data. In 2023, lending performance exceeded aggregate performance but remained below demographic data. A low-income family in the Non-MSA, ME assessment area, earning less than \$54,250, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$297,604. Furthermore, 5.0 percent of assessment area families have incomes below the poverty level.

The bank's lending performance to moderate-income borrowers in 2022 and 2023 was below aggregate performance and demographic data. As noted in the competition section, home mortgage lending is highly competitive in the Portland-South Portland, ME MSA assessment area. Market share reports for 2022 show 154 lenders originated 2,185 loans to moderate-income families. Of the 154 lenders, 45.4 percent of lenders originated three or fewer loans. In 2023, as demand for mortgages declined, 50.4 percent of 127 lenders originated three or fewer loans.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Portland-South Portland, ME MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	16.7	6.8	1	6.3	296	0.3
2023	16.7	6.1	1	8.3	60	1.1
Moderate						
2022	17.5	18.1	1	6.3	170	0.1
2023	17.5	16.7	1	8.3	245	4.5
Middle						
2022	23.5	22.0	2	12.5	175	0.1
2023	23.5	22.5	3	25.0	510	9.4
Upper						
2022	42.3	42.3	5	31.3	1,839	1.6
2023	42.3	44.7	6	50.0	2,833	52.1
Not Available						
2022	0.0	10.8	7	43.8	114,618	97.9
2023	0.0	10.0	1	8.3	1,794	33.0
Totals						
2022	100.0	100.0	16	100.0	117,098	100.0
2023	100.0	100.0	12	100.0	5,442	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 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 adequate penetration of loans to businesses with GARs of \$1.0 million or less. In 2022, the bank's performance was below aggregate performance and demographics. Peer Small Business Data indicates a high level of competition for small business loans in 2022 when 90 lenders originated or purchased 5,077 small business loans in the assessment area. Of these 90 lenders, 56.6 percent originated four or fewer small business loans and 31.1 percent originated zero loans to businesses with GARs of \$1.0 million or less. The top five lenders collectively held 53.6 percent market share.

In 2023, lending to small businesses with GARs of \$1.0 million or less increased but remained below demographics. Despite this, the increase in originations was notable indicating a positive trend.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Portland-South Portland, ME MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	87.0	49.6	2	18.2	82	1.5
2023	88.7	--	4	36.4	706	17.4
>\$1,000,000						
2022	4.4	--	8	72.7	4,879	88.2
2023	3.6	--	7	63.6	3,350	82.6
Revenue Not Available						
2022	8.6	--	1	9.1	572	10.3
2023	7.7	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	11	100.0	5,533	100.0
2023	100.0	--	11	100.0	4,056	100.0

*Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Community Development Loans

The bank made a relatively high level of community development loans. The bank originated nine loans totaling approximately \$70.4 million. This level of activity is a significant increase from the prior evaluation when the bank originated two community development loans totaling approximately \$7.5 million. The majority of community development loans supported affordable housing and revitalizing and stabilizing low- and moderate-income geographies. The following table illustrates the bank's community development lending by year and purpose.

Community Development Lending Portland-South Portland, ME MSA Assessment Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2021	1	2,100	0	0	1	1,033	0	0	2	3,133
2022	1	1,925	0	0	0	0	2	51,850	3	53,775
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	3	10,688	0	0	1	2,760	0	0	4	13,448
Total	5	14,713	0	0	2	3,793	2	51,850	9	70,356

Source: Bank Data

The following are examples of the bank’s community development loans in the Portland-South Portland, ME MSA assessment area.

- In 2022, the bank originated a \$46.0 million loan to finance the rehabilitation of a former hospital site into 165 market rate apartments, 5 retail units and 343 self-storage units. This project will revitalize and stabilize a moderate-income census tract by attracting or retaining new or existing residents and businesses.
- In 2022, the bank originated a \$1.9 million loan for the acquisition of a 14-unit multifamily property. The units are all affordable for low- or moderate-income residents with rents below market rate.

INVESTMENT TEST

BHBT demonstrated adequate performance under the Investment Test in the Portland-South Portland, ME MSA assessment area. The following sections discuss the bank’s performance under each criterion.

Investment and Grant Activity

BHBT made an adequate level of qualified community development investments and grants. The bank made 34 qualified investments totaling \$2.5 million. This total includes 2 new equity investment totaling \$2.4 million and 32 donations totaling \$49,469. This level of activity is a significant increase from the prior evaluation when the bank made 29 qualified investments totaling \$32,540. The qualified investments benefitted affordable housing and services that support the needs of low- and moderate-income individuals and families. The following table illustrates the equity investments and donations by year and purpose.

Qualified Investments Portland-South Portland, ME MSA 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	0	0	0	0	0	0
Partial 2021	1	1,425	0	0	0	0	0	0	1	1,425
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	1	1,000	0	0	0	0	0	0	1	1,000
Subtotal	2	2,425	0	0	0	0	0	0	2	2,425
Qualified Grants & Donations	0	0	32	50	0	0	0	0	32	50
Total	2	2,425	32	50	0	0	0	0	34	2,475
<i>Source: Bank Data</i>										

The following are examples of qualified investments in the Portland-South Portland, ME MSA assessment area.

Equity Investments

- ***Evernorth – Housing New England Fund V*** – In 2024, the bank invested \$1 million in Evernorth’s Fund V. Evernorth develops and invests in affordable housing for low- and moderate-income people throughout northern New England. Evernorth has raised and deployed over \$1.6B in equity capital for affordable housing and built more than 17,000 affordable homes and apartments for low- and moderate-income people. This investment was supported an affordable housing project in the Portland-South Portland, ME MSA.

Donations

- ***Big Brothers Big Sisters of Bath/Brunswick*** – Big Brothers Big Sisters of Bath/Brunswick provides one-to-one mentoring to youth to help them reach their aspirations, gain confidence, build healthy relationships, avoid risky behaviors, and achieve educational success. The majority of youth benefiting from these mentor relationships are low- and moderate-income. BHBT made several donations during the evaluation period.
- ***Tedford Housing*** – Tedford Housing is a nonprofit organization in Brunswick, ME, which operates emergency homeless shelters for families and individuals, and provides homeless preventive services. BHBT made several donations during the evaluation period.

Responsiveness to Credit and Community Development Needs

BHBT exhibits adequate responsiveness to credit and community development needs. Both of the bank’s new equity investments supported affordable housing, a community development need identified by the community contact in the Portland-South Portland assessment area. Further, donations benefitted organizations supporting low- and moderate-income individuals.

Community Development Initiatives

BHBT rarely uses innovative and/or complex qualified investments to support community development initiatives.

SERVICE TEST

BHBT demonstrated adequate performance under the Service Test in the Portland-South Portland, ME MSA assessment area. Examiners placed more weight on Community Development Services when arriving at this conclusion. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution’s Portland-South Portland, ME MSA assessment area. The following table shows the branch and ATM distribution by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Portland-South Portland, ME MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	17	18.9	55,004	16.2	1	100.0	1	100.0
Middle	47	52.2	177,304	52.2	0	0.0	0	0.0
Upper	24	26.7	107,460	31.6	0	0.0	0	0.0
NA	2	2.2	0	0.0	0	0.0	0	0.0
Total	90	100.0	339,768	100.0	0	100.0	0	100.0
<i>Source: 2020 U.S. Census & Bank Data Due to rounding, totals may not equal 100.0%</i>								

The bank operates one full-service branch, located in a moderate-income census tract in Brunswick. This branch maintains an ATM and drive-up facility. Branch distribution and alternative delivery systems for the assessment area are consistent with the overall institution.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in moderate-income geographies and/or to low- and moderate-income individuals. The bank did not open or close any branches since the prior evaluation.

Reasonableness of Business Hours and Services

Services (including where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly moderate-income geographies or low- and moderate-income individuals. Hours and services are consistent with the overall institution and ME-rated area. Branch and Drive-up hours at the Brunswick branch are 9:00 A.M. to 4:00 P.M. on Monday – Thursday, 9:00 A.M. to 5:00 P.M. on Fridays, and 8:00 A.M. to 12:00 P.M. on Saturdays. ATM, mobile, and online banking are available 24 hours a day, 7 days a week.

Community Development Services

BHBT provides a limited level of community development services. The bank provided 34 hours of financial and technical assistance to one community development-related organizations in the Portland-South Portland, ME MSA assessment area. Community development service activity increased from the prior evaluation when the bank provided 15 hours of community development service activity.

Community Development Services					
Assessment Area: Portland-South Portland, ME MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Partial 2021	0	0	0	0	0
2022	0	0	0	0	0
2023	0	14	0	0	14
YTD 2024	0	20	0	0	20
Total	0	34	0	0	34
<i>Source: Bank Data</i>					

Big Brothers Big Sisters of Bath/Brunswick – Big Brothers Big Sisters supports at-risk children through a mentoring program that matches adult and teen mentors to children who are primarily from low- or moderate-income households. An Assistant Vice President is a Board member.

STATE OF NEW HAMPSHIRE – Full-Scope Review

CRA RATING FOR NEW HAMPSHIRE: SATISFACTORY

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NEW HAMPSHIRE

BHBT operates 21, or 38.9 percent, of its 54 branches in the NH-rated-area. The NH-rated area represents 38.7 percent of the total number of census tracts in the bank’s combined assessment area, 40.6 percent of the bank’s loans, and 31.5 percent of the bank’s deposits. The NH-rated area encompasses the Non-MSA, NH and the Manchester-Nashua, NH MSA assessment areas. Examiners placed the second greatest weight on the NH-rated area in evaluating the bank’s overall performance as it contains the second largest percentage of branches, loans, and deposits of the three rated areas. Please refer to the separate assessment area evaluations for more details, including economic and demographic data.

SCOPE OF EVALUATION – NEW HAMPSHIRE

Examiners used full-scope examination procedures to review the bank’s operations in the NH-rated area. The Scope of Evaluation for NH-rated area is the same as previously discussed under the Scope of Evaluation section of this document.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW HAMPSHIRE

LENDING TEST

BHBT’s Lending Test Performance is rated Low Satisfactory. The bank’s performance in the Geographic Distribution, Borrower Profile, and Community Development Lending criteria primarily supports this conclusion. The bank’s performance was consistent in the Non-MSA, NH and Manchester-Nashua, NH MSA assessment areas. Examiners placed greater weight on the Non-MSA, NH assessment area to reach the overall Lending Test conclusion in the NH-rated area.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs. During the evaluation period, the bank reported 1,203 home mortgage loans totaling approximately \$315.8 million and 770 small business loans totaling approximately \$104.5 million inside the NH-rated area.

The Description of Assessment Area section in each individual assessment area discusses the bank’s market share rankings for each area for home mortgage and small business lending. For the NH-rated area, BHBT was among the top five percent of all home mortgage lenders in 2022 and 2023

and was the 2nd ranked among state-chartered community banks both years. For small business lending, BHBT ranked 10th out of 145 small business lenders in 2021 and 19th out of 127 small business lenders in 2022. The bank ranked 1st and 2nd, respectively, among state-chartered community banks.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the NH-rated area. Consistent performance in the Non-MSA, NH, and Manchester-Nashua, NH MSA assessment areas support this conclusion. The individual assessment area sections include detailed analysis and comparisons to aggregate and demographic data.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate distribution among retail customers of different income levels and business customers of different size throughout the NH-rated area. Consistent performance in the Non-MSA, NH, and Manchester-Nashua, NH MSA assessment areas support this conclusion. The individual assessment area sections include detailed analysis and comparisons to aggregate and demographic data.

Community Development Loans

BHBT has an adequate level of community development loans. The bank made nine community development loans totaling approximately \$18.4 million in the NH-rated area. The bank’s overall performance was consistent in the Non-MSA, NH and the Manchester-Nashua, NH assessment area. The following table illustrates the bank’s community development lending activity by assessment area and purpose.

As examiners determined the bank was responsive to the overall needs of the NH-rated area examiners considered community development loans made outside the area. Of the nine community development loans, the bank originated one community development loan totaling \$4.1 million outside the NH-rated area, that benefitted the broader statewide area. The following table illustrates the community development loans by year and purpose.

Community Development Lending by Assessment Area										
Assessment Area: NH-Rated Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Non-MSA, NH	0	0	0	0	2	5,700	0	0	2	5,700
Manchester-Nashua, NH MSA	0	0	0	0	3	3,473	3	5,088	6	8,561
Statewide	0	0	0	0	1	4,100	0	0	1	4,100
Total	0	0	0	0	6	13,273	3	5,088	9	18,361
<i>Source: Bank Data</i>										

The following summarizes the community development loan that had a broader statewide benefit.

- In 2022, the bank originated a \$4.1 million loan to acquire and renovate a 66-room motel property, located in North Conway, NH. This loan supports economic development by financing a small business that meets the size eligibility requirements of the SBA and creating and retaining permanent jobs for low- and moderate-income individuals.

Please see conclusions for the Non-MSA, NH and Manchester-Nashua, NH MSA assessment areas for examples community development loans that directly benefitted each assessment area.

INVESTMENT TEST

The Investment Test performance is rated High Satisfactory in the NH-rated area. The bank's performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria primarily supports this rating. The NH-rated area performance was consistent with the conclusions for the Non-MSA, NH assessment area, and it was inconsistent with performance in the Manchester-Nashua, NH MSA assessment area. Examiners placed greater weight on the Non-MSA, NH assessment area to reach the overall Investment Test conclusion in the NH-rated area. The following sections discuss the bank's Investment Test performance under each criterion.

Investment and Grant Activity

The bank has a significant level of qualified community development investments and donations in the NH-rated area. BHBT made 18 new equity investments totaling approximately \$1.1 million during the evaluation period and continues to hold three prior equity investments with a current book value of \$1.7 million. Of the 21 equity investments, seven (four new and three prior) totaling approximately \$2.7 million had a statewide benefit. In addition, the bank allocated a portion of nine regional investments totaling approximately \$3.9 million to the NH-rated area supporting affordable housing initiatives.³

BHBT also made 213 qualified donations totaling \$403,343 during the evaluation period. The following table illustrates the bank's community development qualified investment activity by assessment area and purpose.

³ Table does not reflect these regional investments.

Qualified Investments by Assessment Area										
Assessment Area: NH-Rated Area										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Non-MSA, NH	0	0	127	332	1	3	0	0	128	335
Manchester-Nashua, NH MSA	7	10	89	114	1	13	2	10	99	147
Statewide	5	2,707	2	20	0	0	0	0	7	2,727
Total	12	2,717	218	466	2	16	2	10	234	3,209
<i>Source: Bank Data</i>										

The following are examples of qualified community development equity investments that had a broader statewide benefit.

- ***NH Community Loan Fund (NHCLF)*** – The bank made two new equity investments during the evaluation and holds three prior investments totaling approximately \$2.7 million. The NHCLF brings together private and public investors, human capital, and civic resources to support underserved individuals and families within the state. The NHCLF provides financing, capital, and technical assistance to businesses and non-profit organizations that support low- and moderate-income individuals and families and affordable housing.
- ***Community Development Finance Authority (CDFA)*** – The bank made two new equity investments in 2022 and 2023 totaling \$20,000 in the CDFA’s Capacity Building Program which helps local nonprofits build capacity for longer term impact on the communities they serve. This investment supports community services for low- and moderate-income individuals and families across NH.

Please see conclusions for each separate assessment area for examples of qualified equity investments and donations that directly benefitted each area.

Responsiveness to Credit and Community Development Needs

BHBT exhibits good responsiveness to credit and community development needs. The bank demonstrates responsiveness to credit and community development needs through its investments in affordable housing, which community contacts identified as a critical need for the assessment area. In addition, community services were identified as a primary need for the NH-rated area. By dollar volume 84.7 percent of qualified investments and donations supported affordable housing for low- and moderate-income individuals and 14.5 percent benefitted community service initiatives.

Community Development Initiatives

BHBT rarely uses innovative and/or complex qualified investments to support community development initiatives. Although the bank’s investments are responsive to the community needs of its assessment areas, the majority are not particularly innovative or complex.

SERVICE TEST

BHBT’s Service Test performance is rated High Satisfactory in the NH-rated area. BHBT’s performance in the Accessibility of Delivery Systems and Community Development Services criteria primarily support this conclusion. BHBT’s NH-rated area performance was consistent with the conclusion in the Non-MSA, NH assessment area. Performance was inconsistent in the Manchester-Nashua, NH MSA. Examiners gave more weight to the bank’s overall performance in the Non-MSA, NH assessment area. The following sections discuss the bank’s Service Test performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the NH-rated area. The bank operates 21, or 38.9 percent of its branches in this assessment area. The following table shows the branch and ATM distribution by census tract income level in the NH-rated area, along with the population distribution by census tract income level.

Branch and ATM Distribution by Geography Income Level Assessment Area: NH-Rated Area								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	9	5.0	29,881	4.2	1	4.8	1	4.8
Moderate	34	18.8	128,485	18.1	3	14.3	3	14.3
Middle	89	49.2	333,990	47.0	10	47.6	10	47.6
Upper	48	26.5	218,570	30.7	7	33.3	7	33.3
NA	1	0.6	0	0.0	0	0.0	0	0.0
Total	181	100.0	710,926	100.0	21	100.0	24	100.0

*Source: 2020 U.S. Census & Bank Data
Due to rounding, totals may not equal 100.0%*

BHBT’s branch and ATM distribution exceeds the population percentage in low-income tracts. Although the branch and ATM distribution is below demographic comparators in moderate-income census tracts, several branches in middle- and upper-income census tracts are in close proximity to other low- and moderate-income tracts. Please see the individual assessment area sections for more details.

Changes in Branch Locations

BHBT’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- or moderate-individuals. The bank did not open or close any branches since the prior evaluation.

Reasonableness of Business Hours and Services

Services (including where appropriate, business hours) do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or

individuals. BHBT offers the same products and services at all full-service branches and business hours are generally consistent among branches, varying only slightly by branch location. Business hours and services were consistent throughout the NH-rated area. Additional information is included in the individual assessment area sections.

Community Development Services

BHBT provides a relatively high level of community development services. The bank provided approximately 400 hours of financial or technical assistance to 17 different community development-related organizations in the NH-rated area. The majority of community service activity helped to support services for low- and moderate-income individuals. The following table illustrates the bank’s community development service activity by assessment area and purpose.

Community Development Services by Assessment Area					
Assessment Area: NH-Rated Area					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Non-MSA, NH	10	288	0	0	298
Manchester-Nashua, NH MSA	0	60	0	0	60
Statewide	0	42	0	0	42
Total	10	390	0	0	400
<i>Source: Bank Data</i>					

The following are examples of community development services that had a broader statewide benefit.

- ***Granite State United Way*** – Granite State United Way supports local nonprofits through fundraising efforts, and has numerous statewide and regional programs, partnerships, and initiatives that meet the needs, including those that support low- and moderate-income individuals, families, and geographies throughout NH. An officer is a Board member.

NON-METROPOLITAN AREAS – NEW HAMPSHIRE – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NON-MSA, NH

BHBT maintains 15, or 27.8 percent of its 54 branches in the Non-MSA, NH assessment area. This assessment area represents 16.7 percent of the total number of the census tracts in the combined assessment area, 27.7 percent of the bank’s loans, and 23.9 percent of the bank’s deposits. Examiners placed more weight on the bank’s performance in the Non-MSA, NH assessment area when arriving at the NH-rated area rating, as it contains the largest number of branches, loans, and deposits of the two assessment areas.

Economic and Demographic Data

The Non-MSA, NH assessment area includes entire counties of Grafton, Sullivan, and Merrimack. This is a change from the prior evaluation when the assessment area included the entirety of Sullivan County and only portions of Grafton and Merrimack counties.

In addition, income designation of census tracts changed due to the updated 2020 U.S. Census data. According to the 2015 ACS data, the Non-MSA, NH assessment area had 65 census tracts with the following income designations:

- 0 low-income census tracts,
- 10 moderate-income census tracts,
- 35 middle-income census tracts, and
- 20 upper-income census tracts.

According to 2020 U.S Census data the Non-MSA, NH assessment area now contains 78 census tracts, an increase of 13 census tracts. The 78 census tracts have the following income designations:

- 0 low-income census tracts,
- 13 moderate-income census tracts,
- 44 middle-income census tracts, and
- 21 upper-income census tracts.

The 13 moderate-income census tracts are located in Grafton (6), Sullivan (4), Merrimack (3). The Federal Emergency Management Agency (FEMA) issued eight Designated Major Declarations impacting the Non-MSA, NH assessment area during the evaluation period. These declarations related to severe storms and flooding in 2022, 2023, and 2024. Examiners consider bank activities related to disaster recovery that revitalize or stabilize a designated disaster area for 36 months following the designated date.

Furthermore, there are six Opportunity Zones located in Claremont, Franklin, Lincoln, Littleton, Newport, and Plymouth. The Opportunity Zone Program provides incentives for investing in certain census tracts to encourage growth in low-income areas. The following table illustrates select demographic characteristics of the Non-MSA, NH assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Non-MSA, NH						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	78	0.0	16.7	56.4	26.9	0.0
Population by Geography	287,989	0.0	15.1	55.7	29.2	0.0
Housing Units by Geography	141,149	0.0	18.3	57.3	24.4	0.0
Owner-Occupied Units by Geography	80,074	0.0	12.9	58.2	28.9	0.0
Occupied Rental Units by Geography	31,557	0.0	26.5	55.5	18.0	0.0
Vacant Units by Geography	29,518	0.0	24.3	56.7	19.0	0.0
Businesses by Geography	36,136	0.0	16.6	54.4	29.0	0.0
Farms by Geography	1,525	0.0	9.7	60.8	29.5	0.0
Family Distribution by Income Level	72,382	18.1	17.4	23.6	40.9	0.0
Household Distribution by Income Level	111,631	23.0	14.7	18.2	44.0	0.0
Median Family Income Non-MSAs - NH		\$85,473	Median Housing Value			\$238,089
			Median Gross Rent			\$1,081
			Families Below Poverty Level			5.1%
<i>Source: 2020 U.S. Census and 2023 D&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 Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Housing costs are relatively inexpensive in the Non-MSA, NH assessment area as demonstrated by the median housing value of \$238,089, which is less than the NH average of \$470,000 and U.S. average of \$426,580. As shown in the previous table, owner-occupancy rates in the moderate-income census tracts are low, limiting the bank's home mortgage lending opportunities in those tracts.

Examiners used the 2022 and 2023 FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
NH NA Median Family Income (99999)				
2022 (\$94,500)	<\$47,250	\$47,250 to <\$75,600	\$75,600 to <\$113,400	≥\$113,400
2023 (\$106,500)	<\$53,250	\$53,250 to <\$85,200	\$85,200 to <\$127,800	≥\$127,800
<i>Source: FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2023 D&B data, there were 36,136 non-farm businesses operating in the Non-MSA, NH assessment area. GARs for these businesses were as follows.

- 88.1 percent have \$1 million or less.
- 3.5 percent have more than \$1 million.
- 8.4 percent have unknown revenues.

Service companies represent the largest portion of businesses at 36.2 percent; followed by finance, insurance, and real estate (10.5 percent); retail trade (9.9 percent); and construction (8.3 percent). In addition, 92.5 percent of area businesses have nine or fewer employees and 91.4 percent operate from a single location.

The U.S. Bureau of Labor Statistics reports that unemployment rates in the assessment area decreased during the evaluation period, as shown in the following table. This trend is similar to statewide and national trends in unemployment following the COVID-19 pandemic.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Grafton County	3.2	2.1	1.9
Merrimack County	3.1	2.1	1.9
Sullivan County	3.2	2.1	1.9
State of New Hampshire	3.4	2.3	2.2
National Average	5.3	3.7	3.6

Source: Bureau of Labor Statistics

Competition

The Non-MSA, NH assessment area is a moderately competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2023, 31 financial institutions operated 107 branch offices in the Non-MSA, NH assessment area. Of these, BHBT ranked 6th with 6.3 percent deposit market share. The top five institutions, TD Bank N.A., Mascoma Bank, Citizens Bank, N.A., Bank of America, N.A., and Merrimack County Savings Bank, collectively held a 59.2 percent market share.

The market for home mortgage loans is highly competitive. In 2022, 327 lenders originated or purchased 8,454 home mortgage loans within the Non-MSA, NH assessment area. BHBT ranked 5th with 3.9 percent market share and ranked 2nd among state-chartered community banks, out-performed by Mascoma Bank. In 2023, 294 lenders originated or purchased 5,680 mortgage loans within the rated area. BHBT ranked 8th with 2.9 percent market share and ranked 2nd among state-chartered community banks, again out-performed by Mascoma Bank.

There is also a moderate level of competition for small business loans in the Non-MSA, NH assessment area. In 2021, 103 lenders originated 6,837 small business loans within the Non-MSA, NH assessment area. BHBT ranked 10th with 4.3 percent market share and ranked 2nd among state-

chartered community banks. In 2022, 98 lenders originated 6,740 small business loans within the assessment area. BHBT ranked 16th with 1.3 percent market share and was the 2nd ranked state-chartered community bank. Mascoma Bank out-performed BHBT in both years.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities.

Examiners referenced a recent community contact with an affordable housing organization in Merrimack County. The contact stated that there is a significant need for affordable rental housing, particularly multifamily housing. The organization relies on state funds for its affordable housing development projects. However, due to the high development costs for housing, there is a need for additional funding, such as low-income housing tax credits (LIHTCs) or other investments. The contact noted that the high competition level and lengthy application process for the limited supply of LIHTC awards, causes delays in completing affordable housing projects. Lastly, the contact indicated there is opportunity and need for community banks to invest in affordable housing projects.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable and rental housing are the assessment area's primary community development needs and opportunities exist for banks to invest in affordable housing projects. Additionally, affordable home mortgage lending programs are a primary credit need for many residents.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-MSA, NH

LENDING TEST

BHBT demonstrated adequate performance under the Lending Test within the Non-MSA, NH assessment area. The bank's adequate performance in Geographic Distribution, Borrower Profile and Community Development Lending support this conclusion. The following sections discuss the bank's Lending Test performance under each criterion.

Lending Activity

BHBT's lending activity reflects good responsiveness to the credit needs of the assessment area. During the evaluation period, the bank originated or purchased 871 home mortgage loans totaling \$215.7 million and 466 small business loans totaling \$71.0 million. The trends for this assessment area are the same as those discussed in the overall Lending Activity section.

The competition section includes details regarding the bank's market share rankings for home mortgage and small business lending. BHBT ranked in the top three percent of home mortgage lenders throughout the evaluation period. In addition, BHBT was the second highest ranked small business lender among state-chartered community bank in 2021 and 2022.

Geographic Distribution

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

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration. In moderate-income census tracts, the bank's performance was below aggregate performance and demographic data in 2022 and 2023. In 2023, the bank's lending performance was significantly lower than aggregate performance and demographics. Despite the declining trend, 2023 market share reports showed BHBT ranked 24th out of 148 lenders and was the 4th highest ranked state-chartered community bank lending in moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans Assessment Area: Non-MSA, NH						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Moderate						
2022	12.9	13.3	33	9.9	4,353	6.0
2023	12.9	13.7	8	4.8	913	2.0
Middle						
2022	58.2	55.7	174	52.4	32,055	44.3
2023	58.2	56.9	97	58.8	22,005	49.1
Upper						
2022	28.9	31.0	125	37.7	35,943	49.7
2023	28.9	29.4	60	36.4	21,926	48.9
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Totals						
2022	100.0	100.0	332	100.0	72,350	100.0
2023	100.0	100.0	165	100.0	44,844	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business

The geographic distribution of small business loans reflects adequate penetration. In 2022, the bank's lending performance was below the aggregate performance and demographics in moderate-income tracts. Market share reports for 2022, showed BHBT ranked 36th out of 98 small business lenders, and 4th ranked among state-chartered community banks lending in moderate-income census tracts. Further, 63.3 percent of small business lenders originated two or fewer small business loans in moderate-income census tracts indicating a high level of competition in these geographies. In 2023, the bank's performance of lending in moderate-income tracts increased; however, it remained below demographics.

Geographic Distribution of Small Business Loans Assessment Area: Non-MSA, NH						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Moderate						
2022	16.9	16.1	2	2.4	1,210	6.3
2023	16.6	--	5	5.6	1,319	7.0
Middle						
2022	54.2	54.4	47	56.0	9,600	49.6
2023	54.4	--	44	49.4	9,577	51.0
Upper						
2022	28.9	29.5	35	41.7	8,547	44.2
2023	29.0	--	40	44.9	7,887	42.0
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	84	100.0	19,357	100.0
2023	100.0	--	89	100.0	18,783	100.0

Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different sizes in the Non-MSA, NH assessment area. The bank's adequate performance in home mortgage and small business lending support this conclusion.

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration among individuals of different income levels, including low- and moderate-income borrowers. In 2022, the bank's performance of lending to low-income borrowers was below aggregate performance. Despite the decline in lending in 2023, the bank exceeded aggregate performance. The bank's lending performance was below the percentage of low-income families in 2022 and 2023. A low-income family in the Non-MSA, NH assessment area, earning less than \$53,250, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$238,089. Furthermore, 5.1 percent of assessment area families have incomes below the poverty level. These factors help explain the disparity between lending to low-income families and the percentage of low-income families in the assessment area.

In 2022 and 2023, lending to moderate-income borrowers was below aggregate performance and demographics. Market share reports for 2022 and 2023, showed BHBT as the second highest ranked state-chartered community bank lending to moderate-income families.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Non-MSA, NH						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	18.1	5.9	16	4.8	1,325	1.8
2023	18.1	5.7	11	6.7	1,143	2.5
Moderate						
2022	17.4	18.4	56	16.9	7,119	9.8
2023	17.4	19.8	27	16.4	3,714	8.3
Middle						
2022	23.6	24.6	52	15.7	7,203	10.0
2023	23.6	25.2	34	20.6	5,892	13.1
Upper						
2022	40.9	41.7	119	35.8	42,351	58.5
2023	40.9	39.7	90	54.5	32,966	73.5
Not Available						
2022	0.0	9.4	89	26.8	14,352	19.8
2023	0.0	9.6	3	1.8	1,130	2.5
Totals						
2022	100.0	100.0	332	100.0	72,350	100.0
2023	100.0	100.0	165	100.0	44,844	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business

The distribution of small business loans reflects adequate penetration of loans to businesses with GARs of \$1.0 million or less. In 2022, the bank’s small business lending was below aggregate performance and demographics. Market share data for 2022 showed BHBT ranked 2nd among community banks outperformed by Mascoma Bank. In 2023, the bank’s small business lending performance remained below demographics.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Non-MSA, NH						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	86.3	51.7	35	41.7	4,849	25.1
2023	88.1	--	35	39.3	3,936	21.0
>\$1,000,000						
2022	4.1	--	48	57.1	14,498	74.9
2023	3.5	--	54	60.7	14,847	79.0
Revenue Not Available						
2022	9.7	--	1	1.2	10	0.1
2023	8.4	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	84	100.0	19,357	100.0
2023	100.0	--	89	100.0	18,783	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Community Development Loans

BHBT made an adequate level of community development loans. The bank originated two community development loans totaling approximately \$5.7 million in the Non-MSA, NH assessment area. Both community development loans promoted economic development by financing small businesses and creating permanent jobs for low- and moderate-income individuals. This is a significant increase by dollar amount since the prior evaluation when the bank originated two community development loans for \$2.9 million.

Community Development Lending										
Assessment Area: Non-MSA, NH										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	1	3,000	0	0	1	3,000
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	1	2,700	0	0	1	2,700
Total	0	0	0	0	2	5,700	0	0	2	5,700
<i>Source: Bank Data</i>										

The following is a summary of the two community development loans that were originated in the Non-MSA, NH assessment area.

- In 2022, the bank originated a \$3.0 million loan to construct a gas station and convenience store. This loan supports economic development, by financing a small business that meets the size eligibility requirements of the SBA and by creating permanent jobs for low- and moderate-income individuals.
- In 2024, the bank originated a \$2.7 million loan to construct two commercial buildings that will house two franchise businesses. This loan supports economic development by financing a small business that meets the size eligibility requirements of the SBA and by creating permanent jobs for low- and moderate-income individuals. This loan is expected to create approximately 15-20 jobs.

INVESTMENT TEST

BHBT demonstrated good performance under the Investment Test in Non-MSA, NH assessment area. The bank’s good performance in the Investment and Grant Activity criteria primarily supports this conclusion. The following sections discuss the bank’s Investment Test performance under each criterion.

Investment and Grant Activity

The bank has a significant level of community development investments and grants. The bank made 128 qualified investments totaling \$334,797. This total includes 14 new equity investments totaling \$77,500 and 114 donations totaling \$257,297. This level of activity is an increase from the prior evaluation when the bank made one equity investment totaling \$5,000 and 117 donations totaling \$190,570. The qualified investments benefitted services that supported the needs of low- and moderate-income people. The following table illustrates the equity investments and donations by year and purpose.

Qualified Investments Assessment Area: Non-MSA, NH										
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
Partial 2021	0	0	4	18	0	0	0	0	4	18
2022	0	0	5	30	0	0	0	0	5	30
2023	0	0	4	25	0	0	0	0	4	25
YTD 2024	0	0	1	5	0	0	0	0	1	5
Subtotal	0	0	14	78	0	0	0	0	14	78
Qualified Grants & Donations	0	0	113	254	1	3	0	0	114	257
Total	0	0	127	332	1	3	0	0	128	335
<i>Source: Bank Data</i>										

The following are examples of the bank’s qualified equity investments and donations in the Non-MSA, NH assessment area.

Equity Investment

- ***Community Development Finance Authority of NH (CDFA)*** – During the evaluation period, the bank made 14 equity investments in CDFAs of NH tax credit programs totaling \$77,500. These investments support local businesses, community organizations, and cultural venues throughout the Non-MSA, NH assessment area. CDFAs' mission is to revitalize downtowns and drive economic activity resulting in business expansion and job creation. Legislation established the CDFAs to address issues of affordable housing and economic opportunity including jobs for low- and moderate-income NH residents.

Donations

- ***LISTEN Community Services (LISTEN)*** – LISTEN is a community service organization that provides critical resources, such as food, housing, and heat to low-income families who are struggling to make ends meet. During the evaluation period BHBT made multiple donations to LISTEN.
- ***Colby-Sawyer College*** – Colby-Sawyer is a private liberal arts and sciences college located in the Lake Sunapee Region of Central NH. During the evaluation period, BHBT established a scholarship fund for low-income students from the Upper Valley region of NH.
- ***Food Pantries*** – During the evaluation period, the bank donated to a number of food pantries and food access campaigns in the Non-MSA, NH assessment area. The bank's support of food pantries helped provide access to vital community services for low- and moderate-income individuals and families throughout the assessment area.

Responsiveness to Credit and Community Development Needs

BHBT exhibits adequate responsiveness to credit and community development needs. The majority of investments and donations supported organizations that support low- and moderate-income individuals. These activities were responsive to the assessment area's need for community services primarily for low- and moderate-income individuals.

Community Development Initiatives

BHBT rarely uses innovative and/or complex qualified investments to support community development initiatives. Although the bank's investments are responsive to the community needs of its assessment areas, the majority are not particularly innovative or complex.

SERVICE TEST

BHBT demonstrated good performance under the Service Test within the Non-MSA, NH assessment area. Examiners gave more weight to the bank's performance under Community Development Services when arriving at this conclusion. The following sections discuss the bank's performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the assessment area. The bank operates 15, or 27.8 percent of its branches, and 18 or 29.5 percent of its ATMs in the Non-MSA, NH assessment area. The following table shows the branch and ATM/ITM distribution by census tract income level in the Non-MSA, NH assessment area, along with the population distribution by census tract income level.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Non-MSA, NH								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	13	16.7	43,420	15.1	3	20.0	4	22.2
Middle	44	56.4	160,468	55.7	6	40.0	7	38.9
Upper	21	26.9	84,101	29.2	6	40.0	7	38.9
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	78	100.0	287,989	100.0	15	100.0	18	100.0
<i>Source: 2020 U.S. Census & Bank Data Due to rounding, totals may not equal 100.0%</i>								

The bank’s branch and ATM distribution exceeds demographic comparators in moderate-income census tracts. The Claremont, Newport, and Concord branches are in moderate-income census tracts and abut other moderate-income census tracts within the assessment area. Branch distribution and alternative delivery systems is consistent with the institution overall.

Changes in Branch Locations

BHBT’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in moderate-income geographies and/or to low- or moderate-income individuals. The bank did not open or close any branches in the Non-MSA, NH assessment area during the evaluation period.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences certain portions of the assessment area, particularly moderate-income geographies or low- and moderate-income individuals. Business hours and services are consistent with the overall institution. Full-service branch hours are generally consistent at each location with weekday hours of 9:00 A.M. to 5:00 P.M. on Monday through Friday and 9:00 A.M. to 12:00 P.M. Saturday. The Newbury branch which is located next to Lake Sunapee is open 11:00 A.M. to 4:00 P.M. Monday through Friday. Drive-up hours generally follow lobby hours except for the Grantham and New London branches which remain open 30 minutes after lobby hours. ATM, mobile, and online banking are available 24 hours a day, 7 days a week.

Community Development Services

BHBT provided a relatively high level of community development services in this assessment area during the evaluation period. Specifically, the bank provided approximately 298 hours of financial and technical assistance to 6 community development-related organizations. This level of activity is a significant increase since the prior evaluation when the bank provided 106 hours of service activity. The majority of activities supported community services to low- and moderate-income individuals. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services Assessment Area: Non-MSA, NH					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Partial 2021	0	38	0	0	38
2022	0	41	0	0	41
2023	0	176	0	0	176
YTD 2024	10	33	0	0	10
Total	10	288	0	0	298
<i>Source: Bank Data</i>					

The following are examples of the community development services provided in the Non-MSA, NH assessment area.

- ***Boys & Girls Club of Central NH (BGCC)*** – BGCC is a non-profit organization that supports children through educational enrichment programs, homework assistance, community service programs, and free evening meals. The majority who benefit from BGCC services are low- and moderate-income individuals. Two employees are Board or Committee members, and four employees assisted the organization using their financial expertise.
- ***Contoocook Housing Trust (CHT)*** – CHT provides affordable rental and homeownership opportunities for low- and moderate-income individuals and families. An employee is a Board member.

Educational Services and Seminars

- ***Financial Literacy Seminars*** – Throughout the evaluation period the bank participated in six financial literacy seminars at the LISTEN Community Service organization. These seminars helped to provide financial literacy education to low- and moderate-income individuals and families in the Non-MSA, NH assessment area.

MANCHESTER-NASHUA NEW HAMPSHIRE, METROPOLITAN STATISTICAL AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MANCHESTER- NASHUA, NH, MSA

BHBT maintains 6, or 11.1 percent of its 54 branches in the Manchester-Nashua, NH MSA assessment area. This assessment area represents 22.1 percent of the census tracts in the combined assessment area, 27.7 percent of the bank’s loans, and 23.9 percent of the bank’s deposits. Examiners placed less weight on the bank’s performance in the Manchester-Nashua, NH MSA assessment area than the Non-MSA, NH assessment area in arriving at the state of NH-rated area rating as this area contains a smaller percentage of branches, loans, and deposits.

Economic and Demographic Data

The Manchester-Nashua, NH MSA assessment area includes the entirety of Hillsborough County. The assessment area has not changed since the prior evaluation; however, the number of census tracts increased due to the updated 2020 U.S. Census data. According to the 2015 ACS data, the Manchester-Nashua, NH MSA assessment area had 86 census tracts with the following income designations:

- 8 low-income census tracts,
- 21 moderate-income census tracts,
- 34 middle-income census tracts,
- 22 upper-income census tracts, and
- 1 census tract with no income designation.

According to 2020 U.S Census data the Manchester-Nashua, NH MSA assessment area now contains 103 census tracts, an increase of 17 census tracts. The 103 census tracts have the following income designations:

- 9 low-income census tracts,
- 21 moderate-income census tracts,
- 45 middle-income census tracts,
- 27 upper-income census tracts, and
- 1 census tract with no income designation.

The nine low-income census tracts are located in Manchester (6) and Nashua (3). The 21 moderate-income census tracts are in Manchester (11), Nashua (5), Goffstown, Hillsborough, Antrim, Milford, and Merrimack. The census tract with no income designation is the Manchester-Boston Regional Airport.

The Federal Emergency Management Agency (FEMA) issued eight Designated Major Declarations impacting the Manchester-Nashua, NH MSA during the evaluation period. These declarations related to severe storms and flooding in 2022, 2023, and 2024. Examiners consider bank activities

related to disaster recovery that revitalize or stabilize a designated disaster area for 36 months following the designated date. Furthermore, there are three Opportunity Zones located in Manchester and Nashua (2). The following table illustrates select demographic characteristics of the Manchester-Nashua, NH MSA assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Manchester-Nashua, NH MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	103	8.7	20.4	43.7	26.2	1.0
Population by Geography	422,937	7.1	20.1	41.0	31.8	0.0
Housing Units by Geography	172,201	7.7	21.6	41.9	28.8	0.0
Owner-Occupied Units by Geography	107,043	1.9	13.7	46.1	38.3	0.0
Occupied Rental Units by Geography	55,800	18.4	35.7	33.0	12.9	0.0
Vacant Units by Geography	9,358	10.3	27.8	47.2	14.7	0.0
Businesses by Geography	52,104	8.4	16.8	40.5	33.9	0.4
Farms by Geography	1,438	3.3	10.8	47.3	38.6	0.1
Family Distribution by Income Level	105,324	19.7	18.8	22.8	38.7	0.0
Household Distribution by Income Level	162,843	23.6	16.3	18.4	41.7	0.0
Median Family Income MSA - 31700 Manchester-Nashua, NH MSA		\$103,238	Median Housing Value			\$276,606
			Median Gross Rent			\$1,219
			Families Below Poverty Level			5.0%
<i>Source: 2020 U.S. Census and 2023 D&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 Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Housing costs are relatively inexpensive in the Manchester-Nashua, NH MSA assessment area as demonstrated by the median housing value of \$276,089, which is less than the NH average of \$470,000 and U.S. average of \$426,580. As shown in the previous table, owner-occupancy rates in the low- and moderate-income census tracts are low, limiting the bank’s home mortgage lending opportunities in those tracts.

Examiners used the 2022 and 2023FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Manchester-Nashua, NH MSA Median Family Income (31700)				
2022 (\$114,500)	<\$57,250	\$57,250 to <\$91,600	\$91,600 to <\$137,400	≥\$137,400
2023 (\$121,800)	<\$60,900	\$60,900 to <\$97,440	\$97,440 to <\$146,160	≥\$146,160
<i>Source: FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2023 D&B data, there were 52,104 non-farm businesses operating in the Manchester-Nashua, NH MSA assessment area. GARs for these businesses follow.

- 90.0 percent have \$1 million or less.
- 3.4 percent have more than \$1 million.
- 6.6 percent have unknown revenues.

Service companies represent the largest portion of businesses at 35.4 percent; followed by non-classifiable establishments (20.9 percent); finance, insurance and real estate (12.0 percent); retail trade (9.9 percent); and construction (8.9 percent). In addition, 93.2 percent of area businesses have nine or fewer employees and 92.8 percent operate from a single location.

The U.S. Bureau of Labor Statistics reports that unemployment rates in the assessment area decreased during the evaluation period, as shown in the following table. This trend is similar to statewide and national trends in unemployment following the COVID-19 pandemic.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Hillsborough County	3.5	2.3	2.3
State of New Hampshire	3.4	2.3	2.2
National Average	5.3	3.7	3.6
<i>Source: Bureau of Labor Statistics</i>			

Competition

The Manchester-Nashua, NH MSA assessment area is a moderately competitive market for financial services. According to FDIC Deposit Market share data as of June 30, 2023, 34 financial institutions operated 101 branch offices in the Manchester-Nashua, NH MSA assessment area. Of these, BHBT ranked 13th with 1.3 percent deposit market share. The top three institutions, Citizens Bank, N.A., Bank of America, N.A., and TD Bank, N.A., collectively held 61.8 percent market share.

The market for home mortgage loans is highly competitive. In 2022, 361 lenders originated or purchased 13,873 home mortgage loans within the Manchester-Nashua, NH MSA assessment area. BHBT ranked 26th with 0.8 percent market share and the top ranked state-chartered community

bank. In 2023, 325 lenders originated or purchased 8,825 mortgage loans within the assessment area. BHBT ranked 25th with 0.9 percent market share and the top ranked state-chartered community bank. The top five institutions collectively held 29.5 percent market share.

There is also a high level of competition for small business loans in the Manchester-Nashua, NH MSA assessment area. In 2021, 122 lenders originated 11,002 small business loans within the assessment area. BHBT ranked 13th with 1.6 percent market share and ranked 3rd among state-chartered community banks. In 2022, 110 lenders originated 10,206 small business loans. BHBT ranked 23rd with 0.6 percent market share and ranked 3rd among state-chartered community banks. The top three institutions, American Express, N.A., JPMorgan Chase Bank, N.A., and Capital One Bank, N.A., collectively held 47.7 percent market share.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities.

Examiners referenced a 2023 community needs assessment completed by a non-profit organization that provides services throughout Southern NH including Hillsborough County. The assessment that identified a need for funding for services related to affordable housing, energy/fuel assistance, transportation, mental health, childcare, nutrition, and employment and job training related services. The contact indicated that affordable housing is the most pressing community need currently exacerbated by high rents, low wages, and a general lack of affordable housing units. The contact also indicated that the end of the Emergency Rental Assistance program had a significant impact on low- and moderate-income families. Last, financial literacy and budgeting are also areas that will help families meet the increased expenses they are facing each month.

Credit and Community Development Needs and Opportunities

Considering information from the community contact and bank management, as well as economic and demographic data, examiners determined that affordable housing and essential services for low- and moderate-income individuals represent the primary credit and community development needs in the area. The high percentage of low- and moderate-income families in the assessment area (38.5 percent), including those families living below poverty (5.0 percent), supports this conclusion.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MANCHESTER-NASHUA, NH MSA ASSESSMENT AREA

LENDING TEST

BHBT demonstrated adequate performance under the Lending Test within the Manchester-Nashua, NH MSA assessment area. The bank's adequate performance in Geographic Distribution and Community Development Lending criteria primarily supports this conclusion.

Lending Activity

BHBT's lending activity reflects good responsiveness to the credit needs of the assessment area. During the evaluation period, the bank originated or purchased 332 home mortgage loans totaling \$100.2 million and 304 small business loans totaling \$33.5 million. The trends for this assessment area are the same as those discussed in the overall Lending Activity section.

The competition section includes details regarding the bank's market share rankings for home mortgage and small business lending. BHBT ranked was the top ranked home mortgage lender among state-chartered community banks throughout the evaluation period. In addition, BHBT was the third highest ranked small business lender among state-chartered community bank in 2021 and 2022.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the Manchester-Nashua, NH MSA assessment area. The bank's adequate performance in home mortgage and small business lending support this conclusion. Examiners focused on the percentage of loans in moderate-income census tracts by number.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration. The bank did not originate any home mortgage loans in low-income census tracts in 2022 and 2023. The low number of owner-occupied housing units in low-income census tracts limits the opportunity to lend in these geographies. Furthermore, 2023 market share reports showed that 68.2 percent of home mortgage lenders originated two or fewer loans within the low-income census tracts indicating a high level of competition.

The bank's 2022 lending performance in moderate-income census tracts was below aggregate performance and demographics. In 2023, even though the number of loans originated remained consistent, the bank's lending performance exceeded aggregate performance and demographics.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Manchester-Nashua, NH MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	1.9	3.0	0	0.0	0	0.0
2023	1.9	2.7	0	0.0	0	0.0
Moderate						
2022	13.7	16.4	15	13.4	3,654	10.9
2023	13.7	17.3	15	20.0	3,177	13.5
Middle						
2022	46.1	43.4	73	65.2	22,968	68.6
2023	46.1	43.7	41	54.7	11,492	48.8
Upper						
2022	38.3	37.2	24	21.4	6,868	20.5
2023	38.3	36.3	19	25.3	8,887	37.7
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Totals						
2022	100.0	100.0	112	100.0	33,490	100.0
2023	100.0	100.0	75	100.0	23,556	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 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 adequate penetration. In 2022, the bank's lending performance in low- and moderate-income census tracts was below aggregate performance and demographics. In 2023, the number and percentage of originations in the low- and moderate-income census tracts increased; however, performance remained less than demographics.

Geographic Distribution of Small Business Loans Assessment Area: Manchester-Nashua, NH MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	8.4	6.6	1	1.7	35	0.4
2023	8.4	--	3	4.6	568	6.1
Moderate						
2022	16.7	15.1	6	10.2	462	5.8
2023	16.8	--	8	12.3	1,426	15.2
Middle						
2022	40.5	40.8	35	59.3	5,069	63.6
2023	40.5	--	41	63.1	5,575	59.6
Upper						
2022	34.1	37.0	17	28.8	2,408	30.2
2023	33.9	--	13	20.0	1,789	19.1
Not Available						
2022	0.3	0.6	0	0.0	0	0.0
2023	0.4	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	59	100.0	7,974	100.0
2023	100.0	--	65	100.0	9,358	100.0

Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among individuals of different income levels and businesses of different sizes in the Manchester-Nashua, NH MSA assessment area. The bank's good performance in home mortgage and small business lending support this conclusion. Examiners focused on the percentage of home mortgage loans by number to low- and moderate-income borrowers and to small businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage reflects good penetration among individuals of different income levels, including low- and moderate-income borrowers. The 2022, the bank's lending performance to low-income borrowers was slightly below aggregate performance and well below the percentage of low-income families. A low-income family earning less than \$57,250, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$276,606. Additionally, 5.0 percent of families in this assessment area are below the poverty level. These factors help explain the disparity between lending to low-income families

and the percentage of low-income families. Although, the number of loans extended to low-income borrowers declined in 2023, the bank’s performance exceeded aggregate performance but remained below demographics.

In 2022, the bank’s lending performance to moderate-income borrowers exceeded aggregate performance and demographics. In 2023, the number of loans to moderate-income borrowers declined falling below aggregate performance but in line with demographics.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Manchester-Nashua, NH MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	19.7	7.9	8	7.1	1,227	3.7
2023	19.7	6.3	5	6.7	325	1.4
Moderate						
2022	18.8	22.6	28	25.0	4,890	14.6
2023	18.8	21.2	14	18.7	2,640	11.2
Middle						
2022	22.8	27.1	16	14.3	3,681	11.0
2023	22.8	28.1	19	25.3	5,030	21.4
Upper						
2022	38.7	32.6	29	25.9	9,569	28.6
2023	38.7	34.6	35	46.7	14,886	63.2
Not Available						
2022	0.0	9.9	31	27.7	14,123	42.2
2023	0.0	9.9	2	2.7	675	2.9
Totals						
2022	100.0	100.0	112	100.0	33,490	100.0
2023	100.0	100.0	75	100.0	23,556	100.0

*Source: 2020 U.S. Census; Bank Data, 2022 & 2023 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 good penetration of loans to businesses with GARs of \$1.0 million or less. The bank’s 2022 lending performance significantly exceeded aggregate performance but was below demographics. In 2023, lending levels declined slightly and remained below demographics. Although performance was less than the percentage of businesses, not all businesses in the assessment area are in the market for a small business loan. Furthermore, 2022 market share reports showed BHBT ranked 2nd among state-chartered community banks lending to small businesses with GARs of \$1.0 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Manchester-Nashua, NH MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	88.4	49.3	39	66.1	5,488	68.8
2023	89.9	--	37	56.9	3,651	39.0
>\$1,000,000						
2022	4.0	--	19	32.2	2,466	30.9
2023	3.4	--	28	43.1	5,707	61.0
Revenue Not Available						
2022	7.6	--	1	1.7	20	0.3
2023	6.7	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	59	100.0	7,974	100.0
2023	100.0	--	65	100.0	9,358	100.0

*Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Community Development Loans

The bank made an adequate level of community development loans. The bank originated six community development loans for approximately \$8.6 million in the Manchester-Nashua, NH MSA assessment area. This is an increase from the prior evaluation when the bank originated one community development loan totaling approximately \$1.2 million.

Community Development Lending										
Assessment Area: Manchester-Nashua, NH MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2021	0	0	0	0	1	1,593	0	0	1	1,593
2022	0	0	0	0	2	1,880	2	3,088	4	4,968
2023	0	0	0	0	0	0	1	2,000	1	2,000
YTD 2024	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	3	3,473	3	5,088	6	8,561

Source: Bank Data

The following are examples of the bank’s community development loans in the Manchester-Nashua, NH MSA assessment area.

- In 2022, the bank originated a \$1.1 million loan to renovate a vacant commercial property into a new restaurant. This loan helped to revitalize and stabilize a moderate-income geography by attracting a new business. Further, this loan also helped to create low- and moderate-income jobs in the area.
- In 2022, the bank originated two SBA 504 loans totaling \$1.9 million to acquire and renovate a motel. These loans support economic development, by financing a small business that meets the size eligibility requirements of the SBA and by creating jobs for low- and moderate-income individuals.

INVESTMENT TEST

BHBT demonstrated adequate performance under the Investment Test in the Manchester-Nashua, NH MSA assessment area. The bank’s adequate performance in the Investment and Grant Activity criteria primarily supports this conclusion. The following sections discuss the bank’s Investment Test performance under each criterion.

Investment and Grant Activity

The bank has an adequate level of qualified community development investments. The bank did not make any equity investments in the Manchester-Nashua, NH MSA assessment area; however, as noted under Investment and Grant Activity in the NH-rated area, seven equity investments totaling \$2.7 million had a broader statewide benefit. The bank made 99 donations totaling approximately \$147,046 since the prior evaluation. This level of qualified investment activity is a decrease from the prior evaluation by dollar volume when the bank made 95 qualified investments totaling \$165,577. The following table illustrates the bank’s donations by year and purpose.

Qualified Donations										
Assessment Area: Manchester-Nashua, NH MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2021	2	2	19	23	0	0	0	0	21	25
2022	1	3	22	29	0	0	2	10	25	42
2023	2	3	27	34	1	13	0	0	30	50
YTD 2024	2	2	21	28	0	0	0	0	23	30
Total	7	10	89	114	1	13	2	10	99	147

Source: Bank Data

The following are examples of donations that benefitted the Manchester-Nashua, NH MSA assessment area.

- ***Marguerite's Place, Inc.*** – Marguerite’s Place provides programs and services to support mothers and children experiencing homelessness. The organization provides transitional housing, childcare and early childhood education, and health services. BHBT made multiple donations to this organization during the evaluation period. These donations support community services for low- and moderate-income individuals and families.
- ***NeighborWorks Southern NH*** – NeighborWorks creates a range of housing options for individuals and families, including developing new affordable rental apartments and providing quality homeownership and financial wellness education, and counseling services for first-time homebuyers. BHBT made donations to this organization in 2023 and 2024. These donations support affordable housing for low- and moderate-income individuals and families.
- ***YMCA of Greater Nashua*** – The YMCA provides various programs including early education childcare, after school care, and summer camps. During the evaluation period, BHBT made multiple donations to the Y-CARES financial assistance program which provides financial assistance to children from low- and moderate-income families to participate in these programs.

Responsiveness to Credit and Community Development Needs

BHBT exhibits adequate responsiveness to credit and community development needs. The bank demonstrates responsiveness to credit and community development needs through its donations in affordable housing, which community contacts identified as a critical need for the assessment area. In addition, community services were identified as a primary need for the Manchester-Nashua, NH MSA assessment area.

Community Development Initiatives

BHBT rarely uses innovative and/or complex qualified investments to support community development initiatives. Although the bank’s investments are responsive to the community needs of its assessment areas, the majority are not particularly innovative or complex.

SERVICE TEST

BHBT demonstrated adequate performance under the Service Test within the Manchester-Nashua, NH MSA assessment area. Examiners gave more weight to the bank’s performance under Community Development Services when arriving at this conclusion. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the Manchester-Nashua, NH MSA assessment area. The bank operates 6, or 11.1 percent of its branches and 6, or 9.8 percent of its ATMs in this assessment area. The following table shows the branch and ATM distribution by

census tract income level in the Manchester-Nashua, NH MSA assessment area, along with the population distribution by census tract level.

Branch and ATM Distribution by Geography Income Level Assessment Area: Manchester-Nashua, NH MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	9	8.7	29,881	7.1	1	16.7	1	16.7
Moderate	21	20.4	85,065	20.1	0	0.0	0	0.0
Middle	45	43.7	173,522	41.0	4	66.7	4	66.7
Upper	27	26.2	134,469	31.8	1	16.6	1	16.7
NA	1	1.0	0	0.0	0	0.0	0	0.0
Total	103	100.0	422,937	100.0	6	100.0	6	100.0
<i>Source: 2020 U.S. Census & Bank Data Due to rounding, totals may not equal 100.0%</i>								

The bank’s branch and ATM distribution exceeds demographic comparators in low-income census tracts. At the prior evaluation the bank had three branches located in moderate-income census tracts. The branches in Hillsboro, Manchester, and Milford are now located in middle-income census tracts due to the 2020 U.S. Census update.

Although the bank does not have branches located in moderate-income census tracts, the Nashua branch, which is in a low-income census tract, abuts two other low-income and two moderate-income census tracts in the area. In addition, the Hillsboro and Milford branches abut moderate-income census tracts, and the Manchester branch abuts four low-income and four moderate-income geographies. Branch distribution and alternative delivery systems for the assessment area are consistent with the institution overall.

Changes in Branch Locations

BHBT’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in moderate-income geographies and/or to low- or moderate-income individuals. The bank did not open or close any branches in the Non-MSA, NH assessment area during the evaluation period.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies or low- and moderate-income individuals. Hours and services are consistent with the overall institution. Full-service branch hours are consistent at each location with weekday hours of 9:00 A.M. to 5:00 P.M. on Monday through Friday and 9:00 A.M. to 12:00 P.M. Saturday. Drive-up hours mirror lobby hours. ATM, mobile, and online banking are available 24 hours a day, 7 days a week.

Community Development Services

BHBT provides an adequate level of community development services. The bank provided approximately 60 hours of financial and technical assistance to 7 community development-related organizations in the Manchester-Nashua, NH MSA assessment area. This is a decrease from the prior evaluation when the bank provided 96 hours of community development service. The following table shows the community development service hours by year and purpose.

Community Development Services Assessment Area: Manchester-Nashua, NH MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Partial 2021	0	0	0	0	0
2022	0	4	0	0	4
2023	0	13	0	0	13
YTD 2024	0	43	0	0	43
Total	0	60	0	0	60
<i>Source: Bank Data</i>					

The following are examples of the community development services provided.

- ***Webster House Children’s Home (WHCH)*** – WHCH provides shelter and services to low- and moderate-income youth. A Vice President is a Board and committee member.
- ***Dimas Home of NH (DHNH)*** – DHNH provides housing and supportive services to women who have experienced trauma, incarceration, and mental illness, including recovery counseling and transitional housing. The majority of individuals benefitting are low- and moderate-income women. An employee teaches budgeting classes.

Educational Services and Seminars

- ***Financial Literacy Seminars*** – Throughout the evaluation period, the bank participated in three financial literacy seminars including Teach Children to Save program at a local elementary school and financial literacy and budgeting to a community service organization. These seminars helped to provide financial literacy education to low- and moderate-income individuals and families in the Manchester-Nashua, NH MSA assessment area.

STATE OF VERMONT – Full-Scope Review

CRA RATING FOR VERMONT: SATISFACTORY

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN VERMONT

BHBT operates 11, or 20.4 percent, of its 54 branches in the VT-rated area. This includes ten full-service branches and one limited-service branch. The VT-rated area represents 10.5 percent of the total number of census tracts in the bank’s combined assessment area, 11.6 percent of the bank’s loans, and 11.5 percent of the bank’s deposits. Examiners gave the least weight to the VT-rated area in evaluating the bank’s overall performance since it contains the least number of branches, deposits, and loans of the three rated areas.

Economic and Demographic Data

The VT-rated area includes entire counties of Orange, Rutland, and Windsor, which are part of the Non-MSA, VT. The rated area has not changed since the prior evaluation. However, the number and income designation of census tracts changed due to the updated 2020 U.S. Census data.

According to the 2015 ACS data, the VT-rated area had 48 census tracts with the following income designations:

- 0 low-income census tracts,
- 4 moderate-income census tracts,
- 37 middle-income census tracts, and
- 7 upper-income census tracts.

According to 2020 U.S. Census data the VT-rated area now contains 49 census tracts, an increase of one census tract. The 49 census tracts have the following income designations:

- 0 low-income census tracts,
- 7 moderate-income census tracts,
- 35 middle-income census tracts, and
- 7 upper-income census tracts.

The seven moderate-income census tracts are located in the towns of Corinth, Danby, Ludlow, Orange, Pawlet, Rutland, and Springfield. There are no distressed or underserved non-metropolitan middle-income geographies in the VT-rated area.

The Federal Emergency Management Agency (FEMA) issued eight Designated Major Declarations impacting the entire state during the evaluation period. These declarations related to severe storms, flooding, landslides, and mudslides in 2022, 2023, and 2024, and one severe winter storm in 2024.

Examiners consider bank activities related to disaster recovery that revitalize or stabilize a designated disaster area for 36 months following the designated date.

Furthermore, there are six Opportunity Zones located in Bethel (1), Rutland (2), Randolph (1), and Springfield (2). The following table illustrates select demographic characteristics of the VT-rated area.

Demographic Information of the Assessment Area						
Assessment Area: Vermont						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	49	0.0	14.3	71.4	14.3	0.0
Population by Geography	147,602	0.0	13.7	72.7	13.5	0.0
Housing Units by Geography	85,084	0.0	15.3	72.0	12.7	0.0
Owner-Occupied Units by Geography	46,974	0.0	13.2	72.5	14.3	0.0
Occupied Rental Units by Geography	15,674	0.0	16.8	72.5	10.7	0.0
Vacant Units by Geography	22,436	0.0	18.6	70.6	10.8	0.0
Businesses by Geography	20,877	0.0	14.8	68.9	16.3	0.0
Farms by Geography	1,432	0.0	12.4	73.6	14.0	0.0
Family Distribution by Income Level	37,503	18.7	18.6	23.2	39.5	0.0
Household Distribution by Income Level	62,648	24.2	15.6	19.2	41.0	0.0
Median Family Income Non-MSAs - VT		\$77,189	Median Housing Value			\$212,464
			Median Gross Rent			\$903
			Families Below Poverty Level			6.1%
<i>Source: 2020 U.S. Census and 2023 D&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 Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Housing costs are relatively inexpensive in the VT-rated area as demonstrated by the median housing value of \$212,464, which is less than the VT average of \$325,000 and U.S. average of \$426,580. As shown in the previous table, owner-occupancy rates in the moderate-income census tracts are relatively low, limiting home mortgage lending opportunities in those tracts.

Examiners used the 2022 and 2023 FFIEC-updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
VT NA Median Family Income (99999)				
2022 (\$85,700)	<\$42,850	\$42,850 to <\$68,560	\$68,560 to <\$102,840	≥\$102,840
2023 (\$94,700)	<\$47,350	\$47,350 to <\$75,760	\$75,760 to <\$113,640	≥\$113,640
<i>Source: FFIEC</i>				

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. According to 2023 D&B data, there were 20,877 non-farm businesses operating in the VT-rated area. GARs for these businesses follow.

- 89.8 percent have \$1 million or less.
- 3.0 percent have more than \$1 million.
- 7.2 percent have unknown revenues.

Service companies represent the largest portion of businesses at 34.0 percent; followed by non-classifiable establishments (21.4 percent); retail trade (9.9 percent); finance, insurance, and real estate (8.7 percent); construction (8.3 percent); and agriculture, forestry, and fishing (6.4 percent). In addition, 93.5 percent of area businesses have nine or fewer employees and 93.2 percent operate from a single location.

The U.S. Bureau of Labor Statistics reports that unemployment rates in the assessment area decreased during the evaluation period, as shown in the following table. This trend is similar to statewide and national trends in unemployment following the COVID-19 pandemic.

Unemployment Rates			
Area	2021	2022	2023
	%	%	%
Orange County	3.4	2.3	2.0
Rutland County	4.4	2.9	2.4
Windsor County	3.5	2.0	1.8
State of Vermont	3.6	2.3	2.0
National Average	5.3	3.7	3.6
<i>Source: Bureau of Labor Statistics</i>			

Competition

The VT-rated area is a competitive market for financial services. According to FDIC Deposit Market share data as of June 30, 2023, 22 financial institutions operated 56 branch offices in the VT-rated area. Of these, BHBT ranked 4th with 8.9 percent deposit market share. The top three institutions, Mascoma Bank, Heritage Family, and Manufacturers and Traders Trust Company collectively held 45.6 percent market share.

The market for home mortgage loans is highly competitive. In 2022, 188 lenders originated or purchased 3,494 home mortgage loans within the VT-rated area. BHBT ranked 5th with 2.9 percent market share and ranked 2nd among state-chartered community banks, outperformed by Mascoma Bank. In 2023, 170 lenders originated or purchased 2,620 mortgage loans within the rated area. BHBT ranked 9th with 2.4 percent market share and ranked 2nd among state-chartered community banks, again outperformed by Mascoma Bank.

There is a moderate level of competition for small business loans in the VT-rated area. In 2021, 74 lenders originated 3,434 small business loans within the VT-rated area. BHBT ranked 4th with 7.1 percent market share and ranked 2nd among state-chartered community banks. In 2022, 74 lenders originated 3,156 small business loans within the rated area. BHBT ranked 12th with 1.8 percent market share and was the 2nd ranked state-chartered community bank. Mascoma Bank outperformed BHBT both years.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities.

Examiners referenced a recent community contact of an economic development corporation operating in Windsor County. The economic development corporation offers various services such as technical support and financing to businesses of all sizes. The contact stated that there is a need for additional capital to support area businesses. Specifically, financing commercial construction has become more difficult due to declining property values and rising construction costs. The contact stated alternative financing through tax credits has helped to bridge the financing gap. The contact also noted that local community banks have been flexible in lending to small business.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable home mortgage and small business loans remain as the assessment area's primary credit need. Additionally, affordable housing and community services for low- and moderate-income individuals and families are primary community development needs.

SCOPE OF EVALUATION – VERMONT

Examiners used full-scope examination procedures to review the bank's operations in the VT-rated area. The Scope of Evaluation for the VT-rated area is the same as previously discussed under the Scope of Evaluation section.

CONCLUSIONS ON PERFORMANCE CRITERIA IN VERMONT

LENDING TEST

BHBT's Lending Test Performance is rated Low Satisfactory in the VT-rated area. BHBT's good performance in Borrower Profile and adequate performance in Lending Activity criteria primarily support this conclusion. The following sections discuss the bank's Lending Test performance under each criterion.

Lending Activity

Lending levels reflect adequate responsiveness to assessment area credit needs. During the evaluation period, the bank reported 336 home mortgage loans totaling approximately \$90.2 million and 350 small business loans totaling approximately \$28.4 million inside the VT-rated area.

The competition section includes details regarding the bank's market share rankings for home mortgage and small business lending. BHBT ranked was the second ranked home mortgage lender among state-chartered community banks for home mortgage and small business lending throughout the evaluation period.

Geographic Distribution

The geographic distribution of loans reflects poor penetration throughout the VT-rated area. The bank's poor performance across all loan products supports this conclusion. Examiners focused on the percentage by number of originations within the moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor penetration throughout the VT-rated area. In 2022 and 2023, the bank's lending performance in moderate-income tracts was well below demographics and aggregate performance.

Geographic Distribution of Home Mortgage Loans Assessment Area: Vermont							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2022	0.0	0.0	0	0.0	0	0.0
	2023	0.0	0.0	0	0.0	0	0.0
Moderate							
	2022	13.2	14.4	1	1.0	198	0.8
	2023	13.2	15.1	1	1.6	830	7.1
Middle							
	2022	72.5	70.8	93	90.3	22,349	91.8
	2023	72.5	68.8	50	79.4	7,512	64.7
Upper							
	2022	14.3	14.8	9	8.7	1,788	7.3
	2023	14.3	16.1	12	19.0	3,276	28.2
Not Available							
	2022	0.0	0.0	0	0.0	0	0.0
	2023	0.0	0.0	0	0.0	0	0.0
Totals							
	2022	100.0	100.0	103	100.0	24,334	100.0
	2023	100.0	100.0	63	100.0	11,618	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>							

Small Business

The geographic distribution of small business loans reflects poor penetration throughout the VT-rated area. The bank's lending performance was limited, with only three originations in the moderate-income census tracts in 2022. In 2023, the bank did not originate any loans in moderate-income census tracts.

Geographic Distribution of Small Business Loans						
Assessment Area: Vermont						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Moderate						
2022	15.0	13.6	3	5.4	331	5.4
2023	14.8	--	0	0.0	0	0.0
Middle						
2022	68.7	71.4	49	87.5	5,601	91.7
2023	68.9	--	45	88.2	6,844	92.8
Upper						
2022	16.3	15.0	4	7.1	173	2.8
2023	16.3	--	6	11.8	530	7.2
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	56	100.0	6,105	100.0
2023	100.0	--	51	100.0	7,374	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available.</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and businesses of different size. The bank's good performance in home mortgage and small business lending support this conclusion. Examiners focused on the percentage of home mortgage loans by number to low- and moderate-income borrowers and to small businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage reflects good penetration among individuals of different income levels, including low- and moderate-income borrowers. The bank's lending performance to low-income borrowers exceeded aggregate performance but was below the percentage of low-income families in 2022. A low-income family in the VT-rated area, earning less than \$47,350, may have difficulty qualifying for a mortgage under conventional underwriting standards, considering the median housing value of \$212,464. Additionally, 6.1 percent of families in this assessment area are below the poverty level. These factors help explain the disparity between lending to low-income

families and the percentage of low-income families. In 2023, the number of loans to low-income borrowers decreased, but the percentage continued to exceed aggregate.

In 2022, lending to moderate-income borrowers was below aggregate performance and demographics. In 2023, the number of loans to moderate-income borrowers remained consistent, but performance exceeded aggregate and demographic comparators.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Vermont						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	18.7	6.4	10	9.7	874	3.6
2023	18.7	7.2	6	9.5	358	3.1
Moderate						
2022	18.6	19.1	14	13.6	1,730	7.1
2023	18.6	18.7	14	22.2	1,642	14.1
Middle						
2022	23.2	20.4	13	12.6	1,881	7.7
2023	23.2	22.4	13	20.6	1,101	9.5
Upper						
2022	39.5	45.7	62	60.2	18,757	77.1
2023	39.5	41.4	25	39.7	7,973	68.6
Not Available						
2022	0.0	8.3	4	3.9	1,093	4.5
2023	0.0	10.2	5	7.9	544	4.7
Totals						
2022	100.0	100.0	103	100.0	24,334	100.0
2023	100.0	100.0	63	100.0	11,618	100.0

*Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business

The distribution of small business loans reflects good penetration of loans to businesses with GARs of \$1.0 million or less. The bank's 2022 lending performance significantly exceeded aggregate performance but was below demographics. Despite decline in lending activity in 2023, BHBT originated a majority of small business loans to businesses with GARs of \$1.0 million or less. While the bank's performance was less than the percentage of businesses, not all businesses in the assessment area are in the market for a small business loan.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Vermont						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	88.7	48.4	40	71.4	1,805	29.6
2023	89.8	--	33	64.7	3,087	41.9
>\$1,000,000						
2022	3.5	--	15	26.8	4,285	70.2
2023	3.0	--	16	31.4	4,205	57.0
Revenue Not Available						
2022	7.8	--	1	1.8	15	0.2
2023	7.2	--	2	3.9	82	1.1
Totals						
2022	100.0	100.0	56	100.0	6,105	100.0
2023	100.0	--	51	100.0	7,374	100.0

Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%

Community Development Loans

BHBT made an adequate level of community development loans that benefitted the VT-rated area. The bank originated four community development loans totaling approximately \$15.3 million in the VT-rated area. Of the four loans, three totaling \$1.7 million directly benefitted the VT-rated area and one totaling approximately \$13.6 million benefitted a broader statewide area. The following table illustrates the bank's community development loans in the VT-rated area by year and purpose.

Community Development Lending										
Assessment Area: Vermont										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2021	0	0	0	0	1	1,090	0	0	1	1,090
2022	0	0	0	0	0	0	0	0	0	0
2023	1	120	0	0	0	0	0	0	1	120
YTD 2024	0	0	0	0	1	13,593	1	500	2	14,093
Total	1	120	0	0	2	14,683	1	500	4	15,303

Source: Bank Data

The following are examples of qualified community development loans that provided direct benefit to the VT-rated area.

- In 2023, the bank originated a \$120,000 loan to acquire and renovate a 5-unit multifamily property. Renovations will be funded primarily with state or federal funds to ensure they

remain affordable for low- or moderate-income individuals or families.

- In 2024, the bank originated a \$500,000 loan to the Town of Royalton to provide interim financing for flood damage. The Federal Emergency Management Agency (FEMA) designated the town as a disaster area due to significant flooding in 2023. This loan will help to revitalize and stabilize a designated disaster area by providing interim financing for flood damage which is eligible for financial assistance from FEMA and the State of VT.

INVESTMENT TEST

The Investment Test performance is rated High Satisfactory. The bank’s performance in the Investment and Grant Activity and Responsiveness to Credit and Community Development Needs criteria supports this conclusion. The following sections discuss the bank’s performance under each criterion.

Investment and Grant Activity

BHBT has a significant level of qualified investments and donations in the VT-rated area. The bank made five new equity investments totaling approximately \$5.5 million and 90 qualified donations totaling \$432,983. The bank’s qualified investment activity increased significantly by number and dollar amount compared to the prior evaluation period when the bank made 87 qualified investments totaling \$350,880. In addition, the bank allocated a portion of seven regional investments totaling approximately \$2.8 million to the VT-rated area supporting affordable housing.⁴

Qualified Investments Assessment Area: Vermont										
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
Partial 2021	3	5,401	0	0	0	0	0	0	3	5,401
2022	0	0	0	0	2	68	0	0	2	68
2023	0	0	0	0	0	0	0	0	0	0
YTD 2024	0	0	0	0	0	0	0	0	0	0
Subtotal	3	5,401	0	0	2	68	0	0	5	5,469
Qualified Grants & Donations	21	31	67	398	0	0	2	4	90	433
Total	24	5,432	67	398	2	68	2	4	95	5,902
<i>Source: Bank Data</i>										

⁴ Table does not reflect these regional investments.

The following are examples of qualified investments that provided direct benefit to the VT-rated area.

Equity Investments

- ***Randolph Area Community Development Council (RACDC)*** – In 2021, the bank made three investments of \$5.4 million in Low-Income Housing Tax Credit (LIHTC) in RACDC’s Randolph House. RACDC is a housing and community development non-profit working to revitalize village centers and create affordable housing options. Randolph House is a HUD subsidized, 48-unit apartment building, which provides very low-income seniors and younger disabled residents with safe and affordable rental units. The bank’s investment in the LIHTC helped to create affordable housing in the VT-rated area.

Donations

- ***Habitat for Humanity*** – Habitat for Humanity is a non-profit organization that builds affordable, energy-efficient homes for low-income families. During the evaluation period BHBT made multiple donations to local Habitat for Humanity organizations throughout the VT-rated area. These donations supported affordable housing for low-income families.
- ***Central Vermont Adult Education (CVAE)*** – CVAE is a non-profit organization that provides free individualized educational and literacy programs that provide English language classes, career, and college readiness skills. The majority of CVAE students, are unemployed or low- and moderate-income individuals. During the evaluation period BHBT made multiple donations to CVAE. This donation provided educational services that support low- and moderate-income individuals and families.
- ***Downstreet Housing and Community Development (DHCD)*** – DHCD helps low- and moderate-income individuals access and maintain homeownership. DHCD’s Homeownership Center provides services that include homebuyer education programs, down payment assistance to income-eligible, qualified buyers, and home repair loans for existing homeowners. Additional DHCD provides grants to landlords to rehabilitate vacant rental units, that will be designated as affordable for low-income individuals and families. BHBT made multiple donations to DHCD during the evaluation period. These donations provided affordable housing for low- and moderate-income individuals and families.

Responsiveness to Credit and Community Development Needs

BHBT exhibits good responsiveness to credit and community development needs. The bank demonstrates responsiveness to credit and community development needs through its investments in affordable housing, which community contacts identified as a critical need for the assessment area. In addition, community services were identified as a primary community development need for the VT-rated area. By dollar volume 92.0 percent of qualified investments and donations supported affordable housing for low- and moderate-income individuals and families. Furthermore, 6.7 percent by dollar and 74.4 percent by number benefitted community service initiatives.

Community Development Initiatives

BHBT rarely uses innovative and/or complex qualified investments to support community development initiatives. Although the bank’s investments are responsive to the community needs of the VT-rated area, the majority are not innovative or complex.

SERVICE TEST

BHBT’s Service Test performance is rated High Satisfactory in the VT-rated area. Examiners gave more weight to the bank’s good performance under Community Development Services when arriving at this conclusion. The following sections discuss the bank’s performance under each criterion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the VT-rated area. The bank operates 11, or 20.4 percent, of its branches, and 12 or 19.7 percent of its ATMs in the VT-rated area. Of the 11 branches, ten are full-service branches and one is a limited-service (drive-up only) branch. The following table shows the branch and ATM distribution by census tract income level in the VT-rated area, along with the population distribution by census tract income level. Branch distribution and alternative delivery systems is inconsistent with the institution overall.

Branch and ATM Distribution by Geography Income Level								
Assessment Area: Vermont								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	7	14.3	20,255	13.7	0	0.0	0	0.0
Middle	35	71.4	107,354	72.7	8	72.7	9	75.0
Upper	7	14.3	19,993	13.5	3	27.3	3	25.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	49	100.0	147,602	100.0	11	100.0	12	100.0

*Source: 2020 U.S. Census & Bank Data
Due to rounding, totals may not equal 100.0%*

Although the bank does not have any branches in the moderate-income census tracts, the Rutland full-service branch, which is located in a middle-income census tract, abuts one of the seven moderate-income census tracts in the assessment area. At the prior evaluation the bank’s Rochester branch was located in a moderate-income census tract; however, the updated 2020 U.S. Census data changed the income designation of that tract to middle-income.

Changes in Branch Locations

BHBT’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in moderate-income geographies and/or to low- or moderate-individuals. The bank did not open or close any branches in the VT-rated area during the evaluation period.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences certain portions of the VT-rated area, particularly moderate-income geographies or low- and moderate-income individuals. Business hours and services are consistent with the overall institution. Full-service branch hours are consistent at each location with weekday hours of 9:00 A.M. to 5:00 P.M. Monday through Friday, and 9:00 A.M. to 12:00 P.M. Saturday. Hours vary slightly with earlier morning start times and earlier closing times at 4:00 P.M. at some locations. Drive-up hours generally follow lobby hours except for the Randolph branch which is open 30 minutes before lobby opens. The hours of the limited-service branch (drive-up only) in Woodstock are 9:00 A.M. to 5:00 P.M. Monday through Friday. ATM, mobile, and online banking are available 24 hours a day, 7 days a week.

Community Development Services

BHBT provides a relatively high level of community development services during the evaluation period. Bank employees provided 946 hours of financial or technical assistance to 7 different community development-related organizations in the VT-rated area. This level of community development services is a significant increase in the number of hours since the prior evaluation when the bank provided 541 hours. The activities supported organizations providing community services and affordable housing to low- and moderate-income individuals, both identified as a community development need in the area. The following table shows the community development service hours by year and purpose.

Community Development Services Assessment Area: Vermont					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Partial 2021	95	85	0	0	180
2022	119	168	0	0	287
2023	89	210	0	0	299
YTD 2024	40	140	0	0	180
Total	343	603	0	0	946
<i>Source: Bank Data</i>					

The following are examples of the community development services provided.

- ***Downstreet Housing & Community Development (DHCD)*** – DHCD creates affordable housing and a shared equity home ownership program. The organization currently operates 452 affordable apartments and 85 manufactured housing lots. Additionally, the organization maintains a shared equity homeownership portfolio of 165 permanently affordable homes for low- and moderate-income families. An officer is a Board and committee member.
- ***VT JumpStart Coalition*** – VT JumpStart Coalition is a non-profit organization that provides financial literacy education to VT youth from low- and moderate-income families. An officer is a Board member.

- ***Capstone Community Action*** – Capstone Community Action provides family, financial, community, housing and energy assistance to individuals and families in need. The majority served are low- and moderate-income individuals and families. An officer is a Board member.

APPENDICES

LARGE 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) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SUMMARY OF RATINGS FOR RATED AREAS

Bar Harbor Bank & Trust	
<p>Scope of Examination: Examiners performed full-scope reviews on the following assessment areas within the noted rated areas: Combined Assessment Area: State of Maine:</p> <ul style="list-style-type: none"> • Non-MSA, ME Assessment Area • Bangor, ME MSA Assessment Area • Portland-South Portland, ME MSA Assessment Area <p>State of New Hampshire:</p> <ul style="list-style-type: none"> • Non-MSA, NH Assessment Area • Manchester-Nashua, NH MSA Assessment Area <p>State of Vermont:</p> <ul style="list-style-type: none"> • Non-MSA, VT Assessment Area 	
Time Period Reviewed:	2/08/2021 – 12/9/2024
<p>Products Reviewed: Home Mortgage: 1/01/2021 – 12/31/2023 Small Business: 1/01/2021 – 12/31/2023 Small Farm: 1/01/2021 – 12/31/2023</p>	

Rated Area	Lending Test	Investment Test	Service Test	Rating
MAINE	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
NEW HAMPSHIRE	Low Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
VERMONT	Low Satisfactory	High Satisfactory	High Satisfactory	Satisfactory

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of 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 (for example, 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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.