

PUBLIC DISCLOSURE

October 24, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BankProv
Certificate Number: 90141

5 Market Street
Amesbury, Massachusetts 01913

Division of Banks
1000 Washington Street, 10th Floor
Boston, Massachusetts 02118

Federal Deposit Insurance Corporation
350 Fifth Avenue, Suite 1200
New York, New York 10118

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

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREAS.....	3
SCOPE OF EVALUATION.....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	5
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	11
MULTISTATE MSA – Full-Scope Review.....	12
DESCRIPTION OF INSTITUTION’S OPERATIONS IN MULTISTATE MSA.....	12
SCOPE OF EVALUATION – MULTISTATE MSA	15
CONCLUSIONS ON PERFORMANCE CRITERIA IN MULTISTATE MSA.....	15
NEW HAMPSHIRE – Full-Scope Review.....	21
DESCRIPTION OF INSTITUTION’S OPERATIONS IN NEW HAMPSHIRE	21
SCOPE OF EVALUATION – NEW HAMPSHIRE.....	24
CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW HAMPSHIRE	24
APPENDICES	31
DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES	31
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	31
SUMMARY OF RATINGS FOR RATED AREAS	32
GLOSSARY	33

INSTITUTION RATING

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

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its small business loans inside the assessment area.
- The geographic distribution of loans reflects poor dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among businesses of different sizes.
- The institution did not receive any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Outstanding.

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

DESCRIPTION OF INSTITUTION

Background

BankProv (formerly The Provident Bank) is a state-chartered commercial bank headquartered in Amesbury, Massachusetts (MA). The bank is wholly owned by Provident Bancorp, Inc., a publically traded stock holding company. BankProv operates two wholly owned subsidiaries, Provident Security Corporation and 5 Market Street Security Corporation. Both corporations buy, hold, and sell securities.

The bank received a “Satisfactory” rating at its previous joint Federal Deposit Insurance Corporation (FDIC) and Massachusetts Division of Banks (Division) Performance Evaluation, dated July 22, 2019, based on Interagency Intermediate Small Institution Examination Procedures.

Operations

BankProv operates seven full-service branches throughout northern MA and southern New Hampshire (NH). The branches are in Essex County, MA (3); Rockingham County, NH (3); and Hillsborough County, NH (1). Of the seven branches, one is in a moderate-income census tract, two are in middle-income census tracts, and four are in upper-income census tracts. Since the previous evaluation, the bank relocated its Portsmouth, NH branch to a location approximately 1,000 feet away, within the same upper-income census tract. The bank did not open or close any branches since the prior evaluation.

The bank also operates two loan production offices (LPO) in upper-income census tracts in Boston, MA and Ponte Vedra Beach, Florida. The Boston LPO offers commercial loans with a focus on private equity and enterprise value lending. The Ponte Vedra Beach LPO serves as the bank’s warehouse lending division, which in January 2020, BankProv acquired from People’s United Bank. The LPO offers lines of credit to mortgage origination companies nationwide. In 2020, BankProv closed two LPOs in upper-income census tracts in Hingham and Dedham, MA. Additionally, the bank consolidated the Portsmouth, NH LPO into the Portsmouth branch following the relocation. No merger activity occurred since the last evaluation.

BankProv is primarily a commercial lender. The bank offers various commercial loan products including term loans, lines of credit, commercial mortgages, construction mortgages, and Small Business Administration (SBA) loans and lines of credit. Additionally, BankProv offers specialty loan products such as digital asset, renewable energy, enterprise value, and private equity loans. Since the previous evaluation, the bank no longer offers home equity loans and lines of credit. The only consumer loan product offered is an overdraft line of credit. The bank offers various consumer and commercial deposit products including checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include internet and mobile banking, mobile deposit, telephone banking, electronic bill pay, and bank-owned automated teller machines (ATMs) located at each branch.

During the evaluation period, the bank provided retail banking and lending services that responded to the needs of low- and moderate-income individuals and small businesses affected by the COVID-

19 pandemic. BankProv offered loan modifications, waived loan late fees, and assisted deposit customers by waiving monthly maintenance fees and ATM transaction fees.

As of September 30, 2022, assets totaled \$1.8 billion and loans totaled \$1.5 billion, representing an increase of 73.5 percent and 70.9 percent, respectively, since the previous evaluation. Growth is attributable to the bank acquiring and subsequently growing its warehouse lending division in 2020 and increasing its enterprise value lending, digital asset-related lending, and SBA Paycheck Protection Program (PPP) lending. The percentage of loans secured by 1-4 family residential loans decreased significantly since the prior evaluation, as the bank sold a substantial majority of its residential mortgage loan portfolio in 2022. Deposits totaled approximately \$1.5 billion as of September 30, 2022. The following table details the loan portfolio.

Loan Portfolio Distribution as of 9/30/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	72,178	4.7
Secured by Farmland	1,760	0.1
Secured by 1-4 Family Residential Properties	32,341	2.1
Secured by Multifamily (5 or more) Residential Properties	45,245	2.9
Secured by Nonfarm Nonresidential Properties	368,467	24.0
Total Real Estate Loans	519,991	33.8
Commercial and Industrial Loans	789,893	51.4
Agricultural Production and Other Loans to Farmers	8,014	0.5
Consumer Loans	481	0.0
Obligations of State and Political Subdivisions in the U.S.	464	0.0
Other Loans	217,622	14.2
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	1,536,465	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. BankProv delineated two contiguous assessment areas.¹

The first assessment area is located within the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA). This evaluation refers to this assessment area as the Multistate MSA. The Multistate MSA assessment area encompasses all of Rockingham County, NH; a portion of Strafford County, NH; and a portion of Essex County, MA. Rockingham and Strafford Counties

¹ Collectively, the two assessment areas are referred to as the combined assessment area.

are part of the Rockingham County-Strafford County, NH Metropolitan Division (MD). Essex County is part of the Cambridge-Newton-Framingham, MA MD. Both MDs are part of the larger Boston-Cambridge-Newton, MA-NH MSA. The bank expanded its Multistate MSA assessment area since the previous evaluation to include an additional 42 census tracts in Rockingham County, thereby taking the full county and an additional 7 census tracts in Strafford County.

The second assessment area is located within the Manchester-Nashua MSA. This evaluation refers to this assessment area as the Manchester MSA. This assessment area includes a portion of Hillsborough County, NH. The bank expanded its Manchester MSA assessment area since the previous evaluation to include an additional 32 census tracts in Hillsborough County.

Please refer to the individual assessment area sections for demographic and economic information on each area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 22, 2019, to the current evaluation dated October 24, 2022. Examiners used the Interagency Intermediate Small Institution CRA Examination Procedures to evaluate BankProv’s CRA performance. These procedures include the Lending Test and the Community Development Test (see Appendices for a complete description). This evaluation does not include any lending activities performed by subsidiaries or affiliates.

Examiners performed full-scope reviews of the bank’s performance in both assessment areas and provided a Multistate MSA rating for performance in the Boston-Cambridge-Newton, MA-NH MSA, a NH state rating for performance in the Manchester MSA, and an overall CRA rating for performance in the combined assessment area. The bank’s performance in the Multistate MSA received significant weight in determining the overall rating. A substantial majority of the bank’s loan originations, branches, and deposits are in the Multistate MSA. The following table details loan originations, deposits, and branches by assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$ (000s)	%	\$ (000s)	%	#	%
Multistate MSA	71,972	77.6	1,056,279	72.5	6	85.7
Manchester MSA	20,799	22.4	400,657	27.5	1	14.3
Total	92,771	100.0	1,456,936	100.0	7	100.0

Source: Bank Data; FDIC Summary of Deposits (6/30/2022)

Activities Reviewed

Examiners determined the bank's major product line is commercial lending. This conclusion considered the bank's business strategy and the number and dollar volume of originations during the evaluation period. To a lesser extent, BankProv originates small farm and home mortgage loans; however, neither product represents a major product line.

The bank's record of originating small business loans received the most weight when determining overall Lending Test conclusions due to the higher number and dollar volume of loans made during the evaluation period compared to small farm and home mortgage loans. Although BankProv was not required to and did not report small business or small farm loan data, the bank collected data on these loan types. For small business loans, the bank originated 147 loans totaling \$49.5 million in 2019, 327 loans totaling \$72.3 million in 2020, and 317 loans totaling \$72.8 million in 2021. Examiners compared the bank's 2019, 2020, and 2021 small business lending to D&B business demographic data. Since the bank did not elect to report small business data, examiners did not use aggregate data as a standard of comparison. Therefore, 2019, 2020, and 2021 D&B demographic data provided the only standard of comparison for small business loans.

For small farm lending, the bank originated 2 loans totaling \$25,000 in 2019, 8 loans totaling \$161,000 in 2020, and 6 loans totaling \$174,000 in 2021. The Assessment Area Concentration performance table includes small farm lending; however, due to the low volume of small farm loans and the limited percentage of such loans in the loan portfolio, other Lending Test criteria do not include an analysis of small farm loans. Further, the limited small farm lending activity spread across two assessment areas does not allow for meaningful analysis of this loan type, nor does it materially affect the Lending Test. For home mortgage lending, the bank originated 25 home mortgage loans totaling \$21.2 million in 2021. The bank originated all home mortgage loans to commercial borrowers for investment properties; therefore, no further analysis conducted.

For the Lending Test, examiners reviewed the number and dollar volume of small business loans. Although this evaluation presented the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans better indicates the number of businesses served. This evaluation assessed the bank's 2019, 2020, and 2021 small business performance by comparing it to D&B business demographic data for those years.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation dated July 22, 2019.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated Satisfactory. This rating is consistent with bank performance in the Multistate MSA and the State of NH. The following sections discuss the bank's overall performance under each criterion.

Lending Activity

Lending levels reflect reasonable responsiveness to assessment area credit needs, which is consistent with performance in both rated areas. The following comments summarize lending activity in the combined assessment area.

Small Business Loans

In 2019, the bank originated 83 small business loans totaling approximately \$21.8 million in all assessment areas combined. BankProv ranked 39th out of 144 lenders reporting at least one small business loan in the assessment areas' full counties. The institutions ranked above the bank were mostly large national and credit card banks. In 2020, small business lending in the combined assessment area increased substantially to 216 loans totaling approximately \$40.7 million due to the bank's significant PPP loan activity. The bank ranked 27th out of 195 lenders reporting at least one small business loans in the assessment areas' full counties. In 2021, small business lending in the combined assessment areas increased to 179 loans totaling approximately \$30.7 million.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 103.1 percent over the past 13 calendar quarters from September 30, 2019, to September 30, 2022. The ratio ranged from a low of 94.7 percent as of March 31, 2022, to a high of 119.6 percent as of March 30, 2020. The ratio fluctuated during the evaluation period. BankProv maintained a ratio similar to that of comparable institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2022 (\$000s)	Average Net LTD Ratio (%)
BankProv	1,781,126	103.1
Bank of New England	1,199,727	102.7
Primary Bank	686,995	87.4
MutualOne Bank	1,135,265	104.2
<i>Source: Reports of Condition and Income 9/30/2019 – 9/30/2022</i>		

Assessment Area Concentration

The bank made a majority of small business and small farm loans by number inside its combined assessment area. Conversely, in 2019 and 2021, the bank made a majority of small business loans, by dollar amount, outside the assessment area. The bank originates its working capital lines of credit as part of its enterprise value-lending program, which operates nationwide. As these loans have large amounts, but are under \$1 million, they are included in the bank's small business loans. Overall, a majority of loans were inside the assessment area. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2019	83	56.5	64	43.5	147	21,077	42.6	28,381	57.4	49,458
2020	216	66.1	111	33.9	327	40,695	56.3	31,601	43.7	72,296
2021	179	56.5	138	43.5	317	30,716	42.2	42,055	57.8	72,771
Subtotal	478	60.4	313	39.6	791	92,488	47.5	102,037	52.5	194,525
Small Farm										
2019	2	100.0	0	0.0	2	25	100.0	0	0.0	25
2020	6	75.0	2	25.0	8	101	62.7	60	37.3	161
2021	5	83.3	1	16.7	6	157	90.2	17	9.8	174
Subtotal	13	81.2	3	18.8	16	283	78.6	77	21.4	360
Total	491	60.8	316	39.2	807	92,771	47.6	102,114	52.4	194,885
<i>Due to rounding, totals may not equal 100.0</i>										

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the combined assessment area, which is consistent with performance in both rated areas. Examiners placed the greatest weight on the bank's performance in the Multistate MSA.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, reasonable penetration among businesses of different sizes, which is consistent with performance in both rated areas. Examiners placed the greatest weight on the bank's performance in the Multistate MSA.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated Outstanding. This rating is consistent with bank performance in the Multistate MSA and the State of NH.

BankProv demonstrated excellent responsiveness to community development needs through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of those opportunities.

As the bank’s community development-related activities supported the various needs mentioned by the community contacts in both assessment areas, these efforts reflect excellent responsiveness to area needs and opportunities. The Community Development Test in each rated area provides examples of specific community development activities.

Community Development Loans

During the evaluation period, the bank made 140 community development loans for approximately \$89.3 million that primarily benefitted the assessment areas as well as a broader statewide or regional area. This lending level is significantly greater than the 17 loans totaling \$6.3 million the bank originated during the previous evaluation period and demonstrates excellent responsiveness to community development lending opportunities. During the current evaluation period, 51 loans totaling \$32.1 million benefitted the broader statewide or regional area. The bank’s qualified community development loans represent 4.7 percent of average total assets and 5.5 percent of average total loans since the prior evaluation. The bank’s performance originating community development loans was better than three similarly situated institutions.

The following table illustrates the bank’s community development lending activity during the evaluation period by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	3	72	0	0	3	656	3	8,248	9	8,976
2020	2	11,965	1	82	15	15,623	49	11,047	67	38,717
2021	6	4,474	0	0	16	9,302	37	12,346	59	26,122
YTD 2022	0	0	0	0	2	5,279	3	10,220	5	15,499
Total	11	16,511	1	82	37	36,860	91	35,861	140	89,314

Source: Bank Data

The following are examples of community development loans that serve a broader statewide or regional area.

- In 2020, 2021, and 2022, the bank extended three commercial lines of credit totaling \$12.0 million to a local Community Development Financial Institution (CDFI). In turn, the CDFI uses the proceeds to provide capital and technical assistance to small businesses and

underserved individuals throughout NH.

- In 2020 and 2021, the bank originated 23 SBA PPP loans totaling approximately \$5.0 million benefitting the NH and MA statewide areas. These loans assisted in revitalizing and stabilizing low- and moderate-income geographies.

Qualified Investments

During the evaluation period, BankProv made 152 qualified investments and donations totaling approximately \$16.3 million, which represents an increase from the previous evaluation at 107 investments and donations totaling approximately \$2.5 million. Current activity levels include 7 new investments totaling approximately \$15.5 million, as well as two prior period investments totaling \$238,000 that benefitted the broader statewide or regional area. The bank’s total qualified investments and donations equate to 1.1 percent of average total assets. The bank’s performance was better than similarly situated financial institutions.

The bank exhibits excellent responsiveness to credit and community development needs. A majority of investments supported affordable housing for low- and moderate-income individuals. Affordable housing was identified as a primary community development need in both assessment areas. The bank’s investments also provided significant support for economic development, another key community development need in both assessment areas, particularly given the effects of business shutdowns and other safety measures taken because of the COVID-19 pandemic. Additionally, the bank’s donations primarily supported community services benefitting low- and moderate-income individuals, which were also critically needed in both assessment areas throughout the evaluation period.

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

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	205	0	0	1	34	0	0	2	239
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	1	25	0	0	1	25
2021	1	7,900	1	15	2	5,047	1	2,500	5	15,462
YTD 2022	0	0	1	10	0	0	0	0	1	10
Subtotal	2	8,105	2	25	4	5,106	1	2,500	9	15,736
Qualified Grants & Donations	7	12	133	492	3	16	0	0	143	520
Total	9	8,117	135	517	7	5,122	1	2,500	152	16,256

Source: Bank Records

The following are examples of community development investments and donations that serve a broader statewide or regional area.

Prior Period Investments

- The bank maintains two prior period investments totaling \$238,455. One is an economic development investment in a Small Business Investment Company fund and the other, an affordable housing investment in a CRA-targeted mortgage-backed security.

New Investments

- In 2021, the bank purchased a \$5.0 million SBA bond earmarked to provide funding for Small Business Investment Companies, which provide capital or equity investments in small businesses.

Donations

- The Friendly Kitchen – The Friendly Kitchen provides community services through meals for low- and moderate-income individuals and families in Concord.
- YMCA Training Inc. of Boston - The YMCA Training Inc. of Boston provides economic development through workforce development and job training opportunities for those seeking access to a living wage. The program focuses on low- and moderate-income individuals who are unemployed or underemployed living in the Boston area.

Community Development Services

BankProv employees provided 50 instances of financial expertise or technical assistance to 27 different community development organizations operating in the assessment areas or the greater statewide or regional area. These organizations supported affordable housing, community services, and economic development. As both assessment areas have needs and opportunities for these community development categories, the bank's efforts reflect excellent responsiveness. Current activity levels represent an increase from the previous evaluation period during which the bank provided 25 instances of community service to 13 different organizations. BankProv's level of community service activity compares favorably to the level of service activity provided by similarly situated institutions. The following table illustrates the bank's community development services by area.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	0	7	1	0	8
2020	0	8	3	0	11
2021	2	13	3	0	18
YTD 2022	0	11	2	0	13
Total	2	39	9	0	50

Source: Bank Data

The following are example of services that serve a broader statewide or regional area.

- ***YMCA of Greater Boston*** – Training, Inc. teaches unemployed and underemployed adults financial, literacy, and computer office skills for employment in medical administration and culinary arts. As senior vice president provided career training for Training Inc., the YMCA’s adult job training program.
- ***Granite United Way*** –Granite United Way is a non-profit organization that benefits NH and provides affordable housing, income tax preparation, and other services to low- to moderate-income individuals and families. A senior vice president is a Director.
- ***The Friendly Kitchen*** – Concord’s only soup kitchen delivers meals to low- and moderate-income individuals. The Friendly Kitchen also educates individuals about food assistance programs, such as Supplemental Nutrition Assistance Program and Women’s, Infants, and Children Nutrition Program. An officer serves as treasurer

BankProv operates a branch (Seabrook) in a moderate-income census tract, which assists low- and moderate-income individuals’ access to retail banking services.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

MULTISTATE MSA – Full-Scope Review

CRA RATING FOR MULTISTATE MSA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Outstanding

DESCRIPTION OF INSTITUTION’S OPERATIONS IN MULTISTATE MSA

The Multistate MSA assessment area consists of 97 census tracts throughout Essex County, MA (10), Rockingham County, NH (66), and Strafford County, NH (21). BankProv operates six branches in the Multistate MSA assessment area. Examiners placed more weight on this assessment area as it contains the majority of the lending activity and branches.

Economic and Demographic Data

The assessment area’s 97 census tracts reflect the following income designations according to 2015 American Community Survey (ACS) data:

- 1 low-income census tract,
- 18 moderate-income census tracts,
- 54 middle-income census tracts,
- 22 upper-income census tracts, and
- 2 census tracts with no income designation.

The low-income census tract is in Rochester, NH. Of the 18 moderate-income census tracts, 17 are in NH, in the towns of Derry (2), Dover (3), Exeter (1), Hampton (1), Raymond (1), Rochester (4), Rollinsford (1), Seabrook (2), and Somersworth (2), with one moderate-income census tract in Salisbury, MA. BankProv has one branch located in a moderate-income census tract in Seabrook, NH and one branch contiguous to a moderate-income tract in Exeter, NH. There are no underserved or distressed nonmetropolitan middle-income geographies in the assessment area.

The assessment area contains eight census tracts designated as Qualified Opportunity Zones (QOZ). QOZs are economically distressed communities approved by the United States (U.S.) Department of Treasury, with the intent of spurring economic development and job creation. Specifically, the QOZs are in Seabrook (1), Derry (1), Durham (1), Dover (1), Raymond (1), Rochester (2), and Somersworth (1).

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

Demographic Information Multistate MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	97	1.0	18.6	55.7	22.7	2.1
Population by Geography	447,781	1.3	18.0	58.8	21.8	0.0
Housing Units by Geography	191,374	1.7	21.0	57.1	20.2	0.0
Owner-Occupied Units by Geography	128,286	1.0	15.0	60.9	23.0	0.0
Occupied Rental Units by Geography	47,766	3.3	32.5	51.3	13.0	0.0
Vacant Units by Geography	15,322	2.4	35.4	43.5	18.7	0.0
Businesses by Geography	54,479	1.3	15.5	60.3	22.8	0.2
Farms by Geography	1,646	0.4	12.0	62.5	25.0	0.2
Family Distribution by Income Level	118,740	18.8	18.1	23.1	40.0	0.0
Household Distribution by Income Level	176,052	22.8	16.5	19.3	41.5	0.0
Median Family Income MSA - 15764 Cambridge-Newton-Framingham, MA		\$100,380	Median Housing Value			\$284,643
Median Family Income MSA - 40484 Rockingham County-Strafford County, NH		\$90,150	Median Gross Rent			\$1,084
			Families Below Poverty Level			4.4%
<i>Source: 2015 ACS and 2021 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.</i>						

According to 2021 D&B data, 54,479 non-farm businesses operate in the assessment area. The following reflects gross annual revenues (GARs) for these businesses.

- 88.5 percent have \$1.0 million or less,
- 4.2 percent have more than \$1.0 million, and
- 7.3 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Service industries represent the largest portion of businesses at 36.8 percent, followed by non-classifiable establishments at 19.4 percent, and retail trade at 11.4 percent. In addition, 64.4 percent of the area's business have four or fewer employees, and 92.1 percent operate from a single location. This data supports opportunity for small business lending in the area.

Data obtained from the U.S. Bureau of Labor Statistics show that unemployment rates at the county, state, and national levels increased from 2019 to 2020, notably from the impact of the COVID-19 pandemic. Although declining in 2021, unemployment rates in the county, state, and national areas remain elevated when compared to pre-pandemic levels. The following table reflects

unemployment rates by county compared to the state and national unemployment rates throughout the evaluation period.

Unemployment Rates			
Area	2019	2020	2021
	%	%	%
Essex County, MA	3.1	10.4	6.4
Rockingham County, NH	2.8	7.1	3.5
Strafford County, NH	2.4	6.3	3.3
State of MA	3.1	9.4	5.7
State of NH	2.6	6.7	3.5
National Average	3.7	8.1	5.3
<i>Source: Bureau of Labor Statistics</i>			

According to Moody’s Analytics, the Cambridge-Newton-Framingham, MA MD has added jobs in the past year, primarily in pharmaceutical, biotech, and information technology sectors. In addition, the leisure and hospitality and healthcare industries have added jobs in the past year. As a result, employment in April 2022 was less than 1 percent below its pre-pandemic peak. The area’s top employers include Beth Israel Lahey Health, Harvard University, the TJX Co., and Massachusetts Institute of Technology.

Moody’s Analytics notes increased jobs over the recent months primarily concentrated in the goods-producing industries, healthcare, and business and professional services sectors. However, the public sector employment levels remain below pre-pandemic levels. The top employers in the area include Shaw’s Supermarkets Inc., Wentworth-Douglass Hospital, Genesis Healthcare, and SIG Sauer.

Competition

The bank operates in a competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2022, 29 financial institutions operated 137 offices in this assessment area. Of these, BankProv ranked 6th with a 5.9 percent deposit market share. The top five institutions including TD Bank, NA; Citizens Bank, NA; Bank of America, NA; Institution for Savings in Newburyport and its Vicinity; and Newburyport Five Cents Savings Bank accounted for 61.0 percent of the market.

As previously referenced in the Scope of the Evaluation section, BankProv is not required to report its small business data. Therefore, the small business loan analysis under the Lending Test does not include comparisons of the bank’s small business lending activity to aggregate lending data. However, since aggregate data reflects the level of demand for small business loans, it is included to illustrate loan competition. BankProv faces a high level of competition for small business loans from national and other community banks. In 2020, 179 lenders originated 35,884 small business loans for approximately \$1.9 billion in the counties of the bank’s assessment area. American Express National Bank (American Express) was the top ranked small business lender with a 15.7 percent market share by loan volume. American Express is a credit card lender with an average

loan size of \$13,000. The next highest lenders by volume were Bank of America, NA; TD Bank, NA; and Citizens Bank, NA.

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 what credit and community development opportunities are available.

Examiners contacted an economic development agency that serves NH. The contact noted a need for affordable housing in southern NH in Rockingham and Strafford Counties. Further, the contact noted that manufactured housing is a significant component of affordable housing in the area. The contact also stated that microbusinesses, those with five or fewer employees, need access to capital. According to the contact, small businesses, in particular, face significant barriers in accessing credit. Thus, these businesses would benefit from technical assistance and financial education. Lastly, the contact noted that small non-profit organizations could benefit from working capital lines of credit.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, as well as demographic and economic data, examiners determined that small business loans represent a primary credit need for the assessment area. Technical assistance and small business financial education represent additional needs in the assessment area. There is also opportunity for financial institutions to fund affordable housing projects in the area. Community development needs primarily include affordable housing and investments in low- and moderate-income geographies to support revitalization and stabilization efforts.

SCOPE OF EVALUATION – MULTISTATE MSA

Examiners used full-scope procedures to evaluate BankProv's performance in the Multistate MSA assessment area. The products and timeframes noted in the overall Scope of Evaluation section are applicable to this area-level analysis.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MULTISTATE MSA

LENDING TEST

BankProv demonstrated reasonable performance under the Lending Test in the Multistate MSA assessment area. Borrower Profile performance primarily supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the assessment area. Examiners compared the bank's small business lending to demographic data.

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the Multistate MSA assessment area.

As shown in the following table, the bank did not originate any loans in the area's only low-income census tract during the evaluation period. However, limited lending opportunities present challenges for the bank to penetrate this census tract. Specifically, according to 2015 ACS data, there are only 681 non-farm businesses located in the low-income census tract. Further, according to 2019 and 2020 aggregate lending data, which indicates demand and opportunity for lending to small businesses, the aggregate lent 0.9 percent of small business loans in the area's low-income census tract in both years. The low aggregate performance level and the small percentage of businesses in this tract reflect limited opportunity and low demand for small business loans in the low-income tract. Similarly, there is limited opportunity in 2021. Therefore, although the lending in the low-income census tract compares unfavorably to the demographics, examiners attributed minimal weight to the bank's performance in this tract given limited opportunities and demand.

BankProv's lending performance in the moderate-income census tracts trailed demographic data throughout the evaluation period. Although the bank's performance in moderate-income tracts compared reasonably to demographic data in 2019, performance declined in 2020 and 2021, significantly trailing the percentage of businesses in the moderate-income tracts. A review of 2019 and 2020 aggregate data to gauge loan demand shows that the bank's lending was less than demand. These comparisons and trends reflect poor dispersion.

Geographic Distribution of Small Business Loans					
Multistate MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	1.4	0	0.0	0	0.0
2020	1.3	0	0.0	0	0.0
2021	1.2	0	0.0	0	0.0
Moderate					
2019	15.6	8	12.5	1,288	8.1
2020	15.5	6	3.0	1,522	4.5
2021	15.5	4	2.6	830	3.8
Middle					
2019	60.6	49	76.6	13,565	85.8
2020	60.2	139	70.6	24,968	73.1
2021	60.3	107	69.9	15,729	72.4
Upper					
2019	22.2	7	10.9	958	6.1
2020	22.7	52	26.4	7,672	22.5
2021	22.8	42	27.5	5,157	23.7
Not Available					
2019	0.3	0	0.0	0	0.0
2020	0.3	0	0.0	0	0.0
2021	0.2	0	0.0	0	0.0
Totals					
2019	100.0	64	100.0	15,811	100.0
2020	100.0	197	100.0	34,162	100.0
2021	100.0	153	100.0	21,716	100.0
<i>Source: 2019, 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses of different sizes in the assessment area. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. Lending to businesses with GARs of \$1 million or less was less than demographics each year during the evaluation period. Although lending to small businesses with GARs of \$1 million or less was less than area demographics, a review of 2019 aggregate lending data, to gauge demand for small business loans, shows that the bank's lending was in line with loan demand.

In 2020, the volume of small business lending increased significantly due to the bank’s participation in the PPP. Most notably, many of these loans were categorized as “Revenue Not Available” in the following table. Under the PPP, banks were not required to collect revenue information. Given the number of loans with “Revenue Not Available” in 2020, it reduces the percentage of loans made to businesses with GARs of \$1.0 million or less, but does not indicate adverse bank performance. Specifically, when excluding PPP loans, the bank originated 18 of 53 small business loans, or 34.0 percent, to businesses with GARs of \$1 million or less. Further, performance shows a positive trend from 2020 to 2021, during which time the bank originated a majority of its small business loans to businesses with GARs of \$1 million or less. Considering these factors and trends, the bank’s performance reflects reasonable penetration.

Distribution of Small Business Loans by Gross Annual Revenue Category Multistate MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	84.8	27	42.2	4,330	27.4
2020	87.8	18	9.1	4,347	12.7
2021	88.5	82	53.6	5,519	25.4
>\$1,000,000					
2019	6.0	35	54.7	11,391	72.0
2020	4.6	35	17.8	10,676	31.3
2021	4.2	56	36.6	14,116	65.0
Revenue Not Available					
2019	9.2	2	3.1	90	0.6
2020	7.6	144	73.1	19,139	56.0
2021	7.3	15	9.8	2,081	9.6
Totals					
2019	100.0	64	100.0	15,811	100.0
2020	100.0	197	100.0	34,162	100.0
2021	100.0	153	100.0	21,716	100.0
<i>Source: 2019, 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

BankProv’s community development performance demonstrates excellent responsiveness to the community development needs of the Multistate MSA through community development loans, qualified investments and donations, and community development services.

Community Development Loans

During the evaluation period, BankProv originated 70 loans for approximately \$41.0 million in the Multistate MSA. Of the 70 loans, 48 loans for approximately \$6.8 million promoted revitalization and stabilization through the SBA PPP and 14 loans for approximately \$9.1 million promoted economic development. This level of lending was significantly greater than the bank’s community development lending during the previous evaluation. During the prior evaluation, the bank originated 11 loans for approximately \$2.1 million in the Multistate MSA assessment area.

Community Development Lending Multistate MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	2	225	0	0	2	296	0	0	4	521
2020	2	11,965	1	82	8	7,853	26	3,387	37	23,287
2021	1	880	0	0	4	923	23	9,394	28	11,197
YTD 2022	0	0	0	0	0	0	1	6,000	1	6,000
Total	5	13,070	1	82	14	9,072	50	18,781	70	41,005

Source: Bank Records

The following are examples of community development lending in the Multistate MSA assessment area.

- In 2020, the bank originated two loans for approximately \$12.0 million. Proceeds were used to construct 64 affordable housing units in downtown Portsmouth. All 64 units are rented to individuals with incomes between 50 to 80 percent of the area median income.
- In 2021 and 2022, the bank originated two tax anticipation lines of credit to the Town of Seabrook. These lines of credit provided funds for needed infrastructure and other basic needs. Seabrook has a QOZ and two moderate-income census tracts.
- The bank originated 11 loans for approximately \$8.1 million through the SBA 504 loan program. The SBA 504 loan program provides financing for small businesses that use the funds to promote economic development through business growth and job creation.

Qualified Investments

During the evaluation period, BankProv made 96 new investments and donations for approximately \$8.3 million that directly benefitted the Multistate MSA assessment area. The following table depicts the bank’s investments and donations by year and purpose. During the prior evaluation period, the bank made 90 donations for \$435,000. The increase is attributable to a \$7.9 million investment in a Workforce Housing Project.

Qualified Investments Multistate MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	1	25	0	0	1	25
2021	1	7,900	0	0	1	10	0	0	2	7,910
YTD 2022	0	0	1	10	0	0	0	0	1	10
Subtotal	1	7,900	1	10	2	35	0	0	4	7,945
Qualified Grants & Donations	4	4	88	350	0	0	0	0	92	354
Total	5	7,904	89	360	2	35	0	0	96	8,299

Source: Bank Data

The following are examples of a community development investment and donations in the Multistate MSA assessment area.

Investments

- **Workforce Housing Project** - The bank invested \$7.9 million. The Workforce Housing Project creates affordable, workforce-dedicated housing in Portsmouth. All residents are low- or moderate-income.

Donations

- **Cross Roads House** - Cross Roads House provides emergency and transitional shelter to homeless men, women, and children in the Seacoast area. Cross Roads House provides residents with meals, medical and mental health care, and classes to assist residents enter the workforce.
- **The Pettengill House, Inc.** - The Pettengill House is a non-profit social service agency that provides low- and moderate-income children and families with food, clothing, shelter, and health and educational services.

Community Development Services

During the evaluation period, BankProv provided 20 instances of community development services to nine organizations in the Multistate MSA assessment area. This compares favorably to the bank’s performance during the prior evaluation where the bank provided 15 instances of service to 15 community service organizations. The majority of the community development services benefitted organizations that serve low- and moderate-income individuals, followed by organizations that provide economic development services to small businesses that provide jobs to low- and moderate-income individuals.

The following are examples of community development services in the Multistate MSA.

- ***Regional Economic Development Corp. (REDC)*** – The REDC, a non-profit organization that offers technical assistance, financing, and business development training in Southern NH. The REDC’s mission is to stimulate the Southern NH economy and create jobs and opportunities for individuals, including low- to moderate-income people. A senior vice president analyzes loan requests.
- ***Community Action Inc. (CAI)*** – CAI, a non-profit organization that serves the MA North Shore. CAI provides resources and opportunities for individuals and communities to overcome poverty. One initiative is to help Amesbury families in need during the holiday season. A senior vice president serves as the treasurer.
- ***One Sky Community Services, Inc.*** – One Sky Community Services, Inc. is part of NH’s statewide network supporting individuals diagnosed with developmental disabilities or acquired brain disorders. One Sky Community Services supports toddlers, children, adolescents, adults, and seniors in Rockingham County, New Hampshire. A majority of those assisted are low- and moderate-income individuals. A senior vice president serves as a finance committee member and Board secretary.

The Seabrook branch is in a moderate-income census tract.

NEW HAMPSHIRE – Full-Scope Review

CRA RATING FOR NEW HAMPSHIRE: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Outstanding

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NEW HAMPSHIRE

The Manchester MSA assessment area consists of 65 census tracts throughout Hillsborough County, NH. BankProv operates one branch in the Manchester MSA assessment area. Examiners placed less weight on this assessment area than the Multistate MSA assessment area since it accounts for a smaller portion of the bank’s lending activity and branches.

Economic and Demographic Data

The assessment area’s 65 census tracts reflect the following income designations according to 2015 ACS data:

- 8 low-income census tracts,
- 18 moderate-income census tracts,
- 19 middle-income census tracts,
- 19 upper-income census tracts, and
- 1 census tract with no income designation.

The low- and moderate-income census tracts are concentrated in Manchester and Nashua. Specifically, Manchester contains 4 low- and 15 moderate-income census tracts. Nashua contains 4 low- and 3 moderate-income tracts. BankProv does not operate any branches in Manchester or Nashua; however, the Bedford branch is directly contiguous to one moderate-income geography and reasonably accessible to three additional moderate-income and low-income census tracts. There are no underserved or distressed nonmetropolitan middle-income geographies in the assessment area.

The assessment area contains three census tracts designated as QOZs. The QOZs are in Manchester (1) and Nashua (2).

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

Demographic Information Manchester MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	65	12.3	27.7	29.2	29.2	1.5
Population by Geography	309,644	10.0	21.3	31.3	37.4	0.0
Housing Units by Geography	127,265	11.1	23.9	31.4	33.6	0.0
Owner-Occupied Units by Geography	75,226	3.0	14.6	34.2	48.2	0.0
Occupied Rental Units by Geography	44,355	22.8	38.5	27.8	10.8	0.0
Vacant Units by Geography	7,684	22.1	30.7	25.3	21.9	0.0
Businesses by Geography	34,410	10.2	22.1	28.4	38.7	0.5
Farms by Geography	694	5.6	12.5	29.1	52.6	0.1
Family Distribution by Income Level	78,942	21.1	17.5	21.3	40.1	0.0
Household Distribution by Income Level	119,581	24.7	15.8	18.2	41.4	0.0
Median Family Income MSA - 31700 Manchester-Nashua, NH MSA		\$85,966	Median Housing Value			\$239,276
			Median Gross Rent			\$1,076
			Families Below Poverty Level			6.5%
<i>Source: 2015 ACS and 2021 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.</i>						

According to 2021 D&B data, 34,410 non-farm businesses operate in the assessment area. The following reflects GARs for these businesses.

- 87.5 percent have \$1.0 million or less,
- 4.4 percent have more than \$1.0 million, and
- 8.1 percent have unknown revenues.

Service industries represent the largest portion of businesses at 37.2 percent; followed by non-classifiable establishments at 19.7 percent; and finance, insurance, and real estate at 11.9 percent. In addition, 63.4 percent of the area’s business have four or fewer employees, and 91.0 percent operate from a single location. This data supports opportunity for small business lending in the area.

Data obtained from the U.S. Bureau of Labor Statistics show that unemployment rates at the county, state, and national levels increased from 2019 to 2020, notably from the impact of the COVID-19 pandemic. Although declining in 2021, unemployment rates in the county, state, and national areas remain elevated when compared to pre-pandemic levels. The following table reflects unemployment rates by county compared to the state and national unemployment rates throughout the evaluation period.

Unemployment Rates			
Area	2019	2020	2021
	%	%	%
Hillsborough County, NH	2.7	7.0	3.6
State of New Hampshire	2.6	6.7	3.5
National Average	3.7	8.1	5.3

Source: Bureau of Labor Statistics

Job growth is primarily in the professional and business services, leisure and hospitality, and construction sectors. However, job growth in the public sector has not fully recovered from jobs lost during the COVID-19 pandemic. Moody’s notes that the area’s workforce is highly educated, encouraging more high-wage industries to move to the area. In addition, the area has also attracted several life science firms due to state grants and tax exceptions, proximity to the Cambridge and Boston biotechnology hub, and relative affordability. The area’s top employers include Dartmouth-Hitchcock Health, DeMoulas & Market Basket, Walmart Stores, Inc., and BAE Systems Electronic Solutions.

Competition

The bank operates in a competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2022, 22 financial institutions operated 77 offices in this assessment area. Of these, BankProv ranked 6th with a 2.6 percent deposit market share. The top five institutions including Citizens Bank, NA; Bank of America, NA; TD Bank, NA; Primary Bank; and Santander Bank, NA accounted for 84.6 percent of the market.

As previously referenced, the small business loan analysis under the Lending Test does not include comparisons of the bank’s small business lending activity to aggregate lending data. However, since aggregate data reflects the level of demand for small business loans, it is included to illustrate loan competition. BankProv faces a high level of competition for small business loans from national and community banks. In 2020, 133 lenders originated 10,162 small business loans for approximately \$566.1 million in the counties of the bank’s assessment area. American Express National Bank was the top ranked small business lender with a 15.1 percent market share by loan volume. American Express is a credit card lender with an average loan size in the assessment area

of \$15,000. The next highest lenders by volume were Citizens Bank, NA; TD Bank, N.A.; Bank of America, N.A.; and JP Morgan Chase Bank, NA.

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 what credit and community development opportunities are available.

Examiners contacted an economic development agency in Nashua. The contact noted that there is a lack of available housing in Nashua, which in turn, constrains job growth. Additionally, the contact stated that although capital is widely available for traditional businesses, many non-traditional businesses do not have banking relationships. The contact identified a need for financial institutions to develop relationships with non-traditional businesses and provide education and technical assistance. Specifically, the contact noted that many businesses face barriers accessing credit and do not have the experience to apply for a small business loan. The contact stated that opportunities exist for lenders to provide technical assistance to help non-traditional small businesses through the loan application process. Lastly, the contact identified that opportunities exist for lenders to finance the construction of affordable housing.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, as well as demographic and economic data, examiners determined that small business loans represent a primary credit need for the assessment area. Opportunity exists for originating such loans across the assessment area, which contains more than 30,768 businesses with GARs of \$1 million or less. Technical assistance and small business financial education represent additional needs in the assessment area. Finally, there is opportunity for institutions to fund the construction of affordable housing.

SCOPE OF EVALUATION – NEW HAMPSHIRE

Examiners used full-scope procedures to evaluate BankProv's performance in the Manchester MSA assessment area. The products and timeframes noted in the overall Scope of Evaluation section are applicable to this area-level analysis.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW HAMPSHIRE

LENDING TEST

BankProv demonstrated reasonable performance under the Lending Test in the Manchester MSA assessment area. The bank's performance under the Borrower Profile criterion primarily supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the assessment area. Examiners compared the bank's small business lending to demographic data.

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the Manchester MSA assessment area.

As shown in the following table, lending in low-income census tracts significantly trailed demographic data throughout the evaluation period. A review of 2019 and 2020 aggregate lending data, which indicates loan demand and opportunity, shows that demand for small business loans was in line with the demographics. The demographics and aggregate performance level reflect opportunity and demand for small business loans within low-income tracts.

BankProv's 2019 lending in the moderate-income census tracts significantly exceeded demographic data. Nevertheless, 2020 performance declined, trailing demographic data. Additionally, 2020 aggregate data shows that the bank's lending was less than demand. The bank's performance further declined in 2021, significantly trailing demographic data. These comparisons and trends reflect poor dispersion.

Geographic Distribution of Small Business Loans Manchester MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	10.0	1	5.3	300	5.7
2020	10.2	1	5.3	107	1.6
2021	10.2	0	0.0	0	0.0
Moderate					
2019	22.1	13	68.4	3,741	71.0
2020	22.4	3	15.8	530	8.1
2021	22.1	2	7.7	740	8.2
Middle					
2019	29.3	0	0.0	0	0.0
2020	28.5	8	42.1	3,562	54.5
2021	28.4	5	19.2	1,613	17.9
Upper					
2019	38.0	5	26.3	1,225	23.3
2020	38.4	7	36.8	2,334	35.7
2021	38.7	18	69.2	6,621	73.6
Not Available					
2019	0.6	0	0.0	0	0.0
2020	0.5	0	0.0	0	0.0
2021	0.5	1	3.8	26	0.3
Totals					
2019	100.0	19	100.0	5,266	100.0
2020	100.0	19	100.0	6,533	100.0
2021	100.0	26	100.0	9,000	100.0
<i>Source: 2019, 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses of different sizes in the assessment area. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. As shown in the following table, during the evaluation period, the bank's lending was less than demographics; however, according to 2019 aggregate data, 45.0 percent of small business loans were to businesses with GARs of \$1.0 million or less. Similar to the bank's lending performance, the aggregate performance was also significantly less than the percentage of businesses in the assessment area. Therefore, although the bank's lending performance is less than demographics, aggregate data provides additional context for the demand in the assessment area. Considering these factors, the bank's performance is reasonable.

Lending to businesses with GARs of \$1 million or less remained steady in 2020. However, the bank’s 2020 small business lending includes loans originated through the PPP. Most notably, a large number of these loans are categorized as “Revenue Not Available” in the following table. Under the PPP, banks were not required to collect revenue information. The number of loans with “Revenue Not Available” in 2020 reduces the percentage of loans made to businesses with GARs of \$1 million or less, but does not indicate adverse performance by the bank. Specifically, when excluding PPP loans, the bank originated 6 of the 9 small business loans, or 66.7 percent, to businesses with GARs of \$1 million or less. Further, performance shows a positive trend from 2020 to 2021. Considering these factors and trends, the bank’s performance reflects reasonable penetration.

Distribution of Small Business Loans by Gross Annual Revenue Category Manchester MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	82.8	6	31.6	1,983	37.7
2020	86.6	6	31.6	1,763	27.0
2021	87.5	9	34.6	1,973	21.9
>\$1,000,000					
2019	6.7	12	63.2	3,268	62.1
2020	4.9	3	15.8	418	6.4
2021	4.4	15	57.7	5,968	66.3
Revenue Not Available					
2019	10.5	1	5.3	15	0.3
2020	8.4	10	52.6	4,352	66.6
2021	8.1	2	7.7	1,059	11.8
Totals					
2019	100.0	19	100.0	5,266	100.0
2020	100.0	19	100.0	6,533	100.0
2021	100.0	26	100.0	9,000	100.0
<i>Source: 2019, 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

BankProv’s community development performance demonstrates excellent responsiveness to the community development needs of the Manchester MSA through community development loans, qualified investments and donations, and community development services.

Community Development Loans

During the evaluation period, BankProv originated 19 loans for approximately \$10.2 million in the Manchester MSA assessment area. During the prior evaluation, the bank originated two loans for

approximately \$105,226. Of the 19 new loans, 13 loans for approximately \$6.7 million promoted revitalization and stabilization through the SBA PPP in low- and moderate-income areas. The bank also originated six loans that promoted economic development through the SBA 504 loan program.

Community Development Lending Manchester MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	4	2,080	7	4,012	11	6,092
2021	0	0	0	0	2	1,418	6	2,705	8	4,123
YTD 2022	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	6	3,498	13	6,717	19	10,215

Source: Bank Records

The following are examples of community development loans that benefitted the Manchester MSA assessment area.

- The bank originated six loans through the SBA 504 loan program. These loans provide economic development through long-term fixed rate financing to small businesses who employ low- and moderate-income individuals.
- The bank originated 13 SBA PPP loans totaling \$6.7 million in response to the COVID-19 pandemic. The 13 loans provided revitalization and stabilization to the low- and moderate-income census tracts.

Qualified Investments

BankProv made 38 investments and donations for approximately \$2.7 million that directly benefitted the Manchester MSA assessment area. The bank made two new investments totaling approximately \$2.5 million and 36 donations for \$136,000. This represents a significant increase since the last evaluation when the bank made 15 donations totaling \$159,000. A majority of donations benefitted community service organizations operating in the Manchester MSA by providing services to low- and moderate-income individuals and families.

Qualified Investments Manchester MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	1	15	0	0	1	2,500	2	2,515
YTD 2022	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	1	15	0	0	1	2,500	2	2,515
Qualified Grants & Donations	3	7	32	124	1	5	0	0	36	136
Total	3	7	33	139	1	5	1	2,500	38	2,651

Source: Bank Data

The following are examples of a community development investment and donations benefiting the Manchester MSA assessment area.

Investment

- ***Manchester NH Sewer Revenue Bond*** – In 2021, the bank purchased a \$2.5 million Sewer Revenue Bond that provided financing to Manchester for the city to improve its wastewater treatment, collection, and disposal systems. This bond was part of a revitalization and stabilization project that provided essential upgrades to Manchester and surrounding towns. Manchester has 19 low- or moderate-income census tracts.

Donations

- ***NeighborWorks of Southern New Hampshire*** (Neighbor Works) – NeighborWorks serves 80 communities, revitalizes distressed neighborhoods, and addresses affordable housing by building for and renting quality apartments at below market rates to low- to moderate-income families. NeighborWorks also organizes renter education classes and neighborhood clean ups and promotes community meetings. Efforts are especially concentrated in Manchester and Nashua, which include several low- and moderate-income census tracts.
- ***Families in Transition*** – Families in Transition, a non-profit organization focuses on addressing food insecurity and homelessness. Families in Transition operates programs and services that focus on reaching the unhoused, adult and family shelters, food pantries, soup kitchens, and affordable housing.

Community Development Services

During the evaluation period, BankProv provided 14 instances of community development services to 10 organizations. This represents a modest increase compared to the bank’s performance at the last evaluation when 10 instances of service were provided to 8 community service organizations.

The majority of the community development services benefitted community service organizations that serve low- and moderate-income individuals.

The following are examples of community development services.

- ***Moore Center*** – Moore Center, a non-profit community service organization serves individuals with disabilities. The Moore Center creates individualized programs to enhance disabled individuals' quality of life. A majority of individuals served are low- to moderate income. A lending officer is a Director.
- ***Granite United Way*** – The organization provides Public Health Networks, VITA tax services, preschool development, as well as affordable housing opportunities to help end homelessness. In 2019, the Chief Lending Officer served on the Board.

APPENDICES

DIVISION OF BANKS FAIR LENDING POLICIES AND PROCEDURES

Examiners reviewed the bank's fair lending performance to determine how it relates to the guidelines established by Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair Lending Policy. Based on the review of the bank's public comment file and its performance related to fair lending policies and practices, examiners did not identify any violations of anti-discrimination laws and regulations.

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

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

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Community Development Test	Rating
Multistate MSA	Satisfactory	Outstanding	Satisfactory
NH	Satisfactory	Outstanding	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 non-profit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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