



PUBLIC DISCLOSURE

June 01, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Lake Sunapee Bank, FSB
Charter Number 707644

9 Main St
Newport, NH 03773-1521

Office of the Comptroller of the Currency

99 Summer St
Suite 1400
Boston, MA 02110

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

OVERALL CRA RATING 2

DEFINITIONS AND COMMON ABBREVIATIONS 3

DESCRIPTION OF INSTITUTION 7

SCOPE OF THE EVALUATION 9

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW 11

STATE RATING 12

 STATE OF NEW HAMPSHIRE12

 STATE OF VERMONT 23

APPENDIX A: SCOPE OF EXAMINATION A1

APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS B1

APPENDIX C: MARKET PROFILES FOR FULL-SCOPE AREAS C1

APPENDIX D: TABLES OF PERFORMANCE DATA D1

Overall CRA Rating

Institution’s CRA Rating: This institution is rated **Outstanding**.

The following table indicates the performance level of Lake Sunapee Bank, FSB with respect to the Lending, Investment, and Service Tests:

Performance Levels	Lake Sunapee Bank, FSB Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		x	x
High Satisfactory	x		
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- A substantial majority of the loans, by both number and dollar amount, were in the Bank’s assessment areas.
- The level of lending activity during this evaluation period is excellent.
- The geographic distribution of loans is good.
- The distribution of loans by borrower income levels is good.
- The level of CD loans had a positive impact on the Lending Test rating.
- The level of CD investments is excellent.
- The retail delivery systems are readily accessible to geographies and individuals of different income levels in the Bank’s assessment areas.
- The Bank provides an excellent level of CD services that are responsive to the community’s needs.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

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 MA/assessment area.

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

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

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

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

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

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.

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, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

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

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county 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 percent and less than 120 percent, in the case of a geography

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

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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

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

Rated Area: A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Description of Institution

Lake Sunapee Bank, FSB (LSB or Bank) is a federally chartered thrift institution headquartered in Newport, New Hampshire (NH), with total assets of \$1.5 billion as of March 31, 2015. LSB is wholly owned by the publically traded Lake Sunapee Bank Group (formerly known as New Hampshire Thrift Bancshares, Inc. or NHTB), and has four wholly owned subsidiaries that were not considered in evaluating CRA performance.

The Bank continues to expand into new markets through acquisitions. In December 2012, NHTB acquired The Nashua Bank (TNB) and merged it into LSB. In October 2013, NHTB acquired Central Financial Corporation and merged its subsidiary, Randolph National Bank (RNB), into LSB. RNB provided LSB with seven offices in Central Vermont (VT) while TNB provided one office in Southern NH. There was minimum overlap with LSB's operations in this market after the acquisition. In 2013, LSB opened a second office in Nashua, NH.

LSB currently operates 34 branches located throughout the Dartmouth/Lake Sunapee and Merrimack Valley regions of NH and across central VT. The Bank has two full-service branch locations in low-income areas. These include one in Nashua, NH and one in Rochester, VT. There are also two full-service locations in moderate-income areas including one in Claremont, NH, and one in Rutland, VT. On September 26, 2014, LSB consolidated its full-service location at 104 Merchants Row, Rutland, VT with its full-service location at 100 Woodstock Ave, Rutland, VT. The Bank has 39 automated teller machines (ATMs), including four ATM-only locations throughout NH and VT. None was located in a low- or moderate-income census tract. The Bank closed one ATM-only location in Middlebury, VT during the evaluation period, which was located in a middle-income census tract. Branch hours are generally 9am to 5pm Monday through Friday, with varying hours on Saturdays. Additional information is available at the Bank's website, www.lakesunbank.com.

The Bank offers a full suite of loan products, but continues to be primarily a residential mortgage lender. Residential mortgage products include fixed and variable rate offerings, home equity loans, and lines of credit. LSB also offers business loan products, and to a lesser extent, consumer loans.

Competition in the market area is significant with several banks, credit unions, and mortgage companies competing for market share. The Bank's primary competitors include Mascoma Savings Bank, Ledyard National Bank, and Merchants Bank. Competition also exists with large national banks including Bank of America, N.A., Santander Bank, N.A., Citizens Bank, N.A., and TD Bank, N.A. LSB also faces significant competition from mortgage companies including Merrimack Mortgage Company, LLC, Residential Mortgage Services, Regency Mortgage Corporation, and Schaefer Mortgage Corporation. Competition from credit unions is also a factor in the Nashua, NH market and a major competitive rival in Vermont, where credit unions have a strong market presence.

As of March 31, 2015, LSB held \$1.2 billion in loans and \$1.1 billion in deposits. Residential mortgages accounted for 57 percent of gross loans and leases.

As of March 31, 2015, the Bank's total assets have increased \$347.5 million, or 31 percent, since the previous CRA examination in August 2012. The increase in total assets is primarily the result of significant growth in home mortgage refinances, commercial real estate lending,

the introduction of the Small Business Loan Fund Program, along with bank acquisitions during 2012 and 2013.

The Bank's strategic plan anticipates modest growth within the same product line, while penetrating new markets in Southern New Hampshire.

We did not identify any legal, financial, or other factors that would impede the Bank's ability to help meet the credit needs of its assessment areas. The Bank received a Satisfactory rating for the last CRA Performance Evaluation dated August 6, 2012, using intermediate small bank examination procedures. LSB has only recently become subject to the CRA large bank performance requirements as the Bank hit the asset threshold requirements in both 2013 and 2014.

Scope of the Evaluation

Evaluation Period/Products Evaluated

LSB qualifies as a large bank under the CRA regulation and is therefore subject to evaluation under the Lending, Investment, and Service Tests. This is the first evaluation that this Bank will be subject to the large bank criteria.

The scope of this evaluation considered LSB's loans subject to filing under the Home Mortgage Disclosure Act (HMDA), particularly home purchase and refinance loans, small loans to businesses subject to filing under CRA data collection, CD loans, qualified investments, retail services, and CD services. Small loans to farms and consumer loans were not analyzed, as they represent an insignificant percentage of the Bank's overall lending portfolio. The evaluation period under the Lending Test includes all loans originated or purchased from January 1, 2012, through December 31, 2014, with the exception of small business loans that were originated or purchased in 2014. We relied upon 2010 U.S. Census data when conducting the lending analysis. The evaluation period for CD loans, investments, and services includes all activities from August 7, 2012, (date of the last evaluation) through June 1, 2015, the date of this CRA examination.

LSB's lending performance is based on HMDA reportable loan data originated or purchased between January 1, 2012, and December 31, 2014, and CRA (small loans to businesses) reportable data originated between January 1, 2014, and December 31, 2014. During the evaluation period, LSB also originated and acquired a significant number of mortgages.

For CD loans, and the Investment and Service Tests, the evaluation period is August 7, 2012, through June 1, 2015. The Lending Test included a review of LSB's record of originating loans that meet the CD definition and benefit its assessment areas (AAs). The Investment Test included a review of LSB's record of funding of investments, grants, and donations that meet the CD definition and benefit LSB's AAs. We considered qualified grants and investments made by the Bank, and provided equal consideration to current and outstanding prior period investments. The Service Test included an assessment of the availability of LSB's services and its record of providing financial expertise to organizations that meet the CD definition and benefit the Bank's AAs.

Performance tables 1 through 15 in appendix D includes data from the 2010 U.S. Census and was analyzed in the same manner and is discussed in the applicable narrative sections of the evaluation.

Data Integrity

Prior to the start of this evaluation, we tested the accuracy of the Bank's CRA loan data. This included HMDA (residential mortgage) data and CRA (small business loan) data. We also examined and validated CD loans, qualified investments, and services presented by management for CD consideration in this evaluation to determine if they met the regulatory definition for CD. We determined the data provided and used for this evaluation are accurate.

Selection of Areas for Full-Scope Review

In each state and multistate metropolitan area where the Bank has an office, a sample of AAs within that state/multistate metropolitan area was selected for full-scope reviews. Refer to the "Scope" section under each State and Multistate Metropolitan Area Rating section (as applicable) for details regarding how the areas were selected.

A full-scope review was performed for two of the Bank's three AAs, including the NH Non-MSA (Grafton County, Merrimack County, and Sullivan County), and the VT Non-MSA (Orange County, Addison County, Rutland County, and Windsor County). These areas contained the Bank's largest percentage of deposits and loans. Combined, these AAs accounted for 87 percent of total Bank deposits as of June 30, 2014. For total reportable residential and small business loans, these AAs accounted for an aggregated 80.5 percent of all lending as of December 31, 2014.

Ratings

The Bank's overall rating is a blend of the state ratings for New Hampshire and Vermont.

LSB's overall CRA rating is a blend of its performance under the Lending, Investment, and Service Tests. Under each of those tests, performance in the two full-scope AAs, the NH Non-MSA and the VT Non-MSA, carried the most weight. Within the full-scope areas, the Bank's performance in the NH Non-MSA AA carried the greatest weight. At 60.9 percent, it has the largest percentage of deposits. At 60.1 percent, it represents the largest percentage of overall loan originations or purchases. The VT Non-MSA recently expanded with LSB's acquisition of a financial institution that significantly expanded the geography of its service area.

When evaluating the Bank's performance under the Lending Test, we placed a higher weight on the Bank's distribution of home mortgage loans than the distribution of small business loans. We placed emphasis on home loans due to it being the Bank's primary loan product and based on the affordable housing credit needs identified in all of the AAs. Secondary emphasis was placed on small business loans performance due to the identified community credit needs in all of the AAs. As a percent of the number of loans originated or purchased during the evaluation period, home mortgage lending accounted for 91.3 percent and small business lending accounted for 8.2 percent.

The state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each State and Multistate Metropolitan Area Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank) or Federal Savings Association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

State Rating

State of New Hampshire

CRA Rating for New Hampshire¹: Outstanding
The Lending Test is rated: High Satisfactory
The Investment Test is rated: Outstanding
The Service Test is rated: Outstanding

The major factors that support this rating include:

- A substantial majority of the loans, by both number and dollar amount, were in the Bank's AAs.
- The level of lending activity during this evaluation period is excellent.
- The geographic distribution of loans is good.
- The distribution of loans by borrower income levels is good.
- The level of CD loans in the NH Non- MSA assessment area had a positive impact on the Lending Test rating.
- The level of CD investments is excellent.
- The retail delivery systems are readily accessible to geographies and individuals of different income levels in the Bank's assessment areas.
- The Bank provides an excellent level of CD services that are responsive to community's needs.

Description of Institution's Operations in New Hampshire

LSB's primary operations are in New Hampshire. Of the 34 branches operated by the Bank, 20 branches, or 59 percent, are located in the state. Two of the Bank's three AAs are located in New Hampshire. The majority of lending, in terms of both numbers and total dollars also occur in New Hampshire. The Bank originated or purchased a total of 2,482 residential real estate and small business loans in New Hampshire totaling \$518.7 million over the evaluation period. This equates to 76 percent by number and 80 percent by dollar amount of all loans purchased or originated.

¹ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

As of June 30, 2014, LSB had \$818 million in deposits in the NH AA. This constitutes 73 percent of the Bank's total deposits. LSB is ranked fourth, with a 4.7 percent deposit market share in the NH AAs. The top three banks hold 66 percent of total deposit market share in the Bank's NH AAs. These include Citizens Bank, N.A., Bank of America, N.A., and TD Bank, N.A.

Lending competition in the state is very strong. Primary competitors include larger national institutions such as Wells Fargo Bank, N.A. and JP Morgan Chase Bank, N.A. LSB is ranked third in originated or purchased HMDA loans in the NH AAs with a 5.3 percent market share. The top two banks hold 20.5 percent of residential loan originations or purchases in this market. Other competitors include regional banks, mortgage companies, and credit unions.

LSB opened a branch in Nashua NH, a middle-income tract. LSB also relocated one branch (from an upper-income tract to an upper-income tract) during the evaluation period. LSB did not close any branches in NH during this period. Refer to the Market Profiles for the State of New Hampshire in appendix C for detailed demographics and additional performance context information for the assessment areas that received full-scope and limited-scope reviews.

Scope of Evaluation in New Hampshire

We selected the NH Non-MSA AA for a full-scope review. This AA represents a significant majority of the Bank's branching network, deposit base, and lending activity in the state. This AA accounted for 82.3 percent of deposits, 75 percent of branches, 76.3 percent of home purchase loans, 73.5 percent of refinance loans, 84.0 percent of home improvement, and 59.4 percent of small loans to businesses. We evaluated the Manchester-Nashua, NH MSA AA using limited-scope procedures.

In terms of individual loan products, home mortgage loans received greater weight than small loans to businesses. Based on all loans originated or purchased in NH, 89.5 percent were residential mortgage loans. Furthermore, more weight was given to home refinance loans as they comprised 49.1 percent of all residential loans, followed by home purchase loans (37.6 percent), and home improvement loans (12.7 percent). LSB made just a nominal number of small farm and multifamily loans for which a meaningful analysis could not be performed. Therefore, these loan products were not incorporated into the lending analysis.

LENDING TEST

The Bank's performance under the Lending Test in NH is rated High Satisfactory. The Bank's performance in the NH Non-MSA is good. The Bank's performance in the limited scope AA contributed positively to the Lending Test rating.

Conclusions for Areas Receiving Full-Scope Reviews

New Hampshire Non-MSA

The Bank's performance under the Lending Test in the NH Non-MSA is rated "High Satisfactory." During this evaluation period, LSB made 1,740 HMDA loans and 101 small loans to businesses in the NH Non-MSA. The level of CD lending had a positive impact on the Bank's performance and on the overall Lending Test rating.

Lending Activity

Refer to Table 1, Lending Volume in appendix D, for the facts and data used to evaluate the Bank's lending activity.

Lending activity is excellent, given the strong market competition in the NH Non-MSA for all types of residential loans and small loans to businesses. Over the evaluation period (2012 through 2014), the Bank originated 1,845 HMDA loans for \$392 million, equivalent to 58.2 percent of deposits and 294.2 percent of Tier 1 Capital. The Bank ranks fourth in deposits with a 10 percent market share. The Bank ranked first in home purchase lending with a 15.1 percent market share by count, first in refinance loans with a 10.7 percent market share, and first in home improvement loans with a 30.4 percent market share. The Bank did not report small loans to businesses for 2013, the most recent year of available aggregate lending data, resulting in the inability to reflect market position for these small loans to businesses.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in appendix D for the facts and data used to evaluate the geographic distribution of the Bank's home mortgage loan originations/purchases.

The geographic distribution of home loans reflects good penetration throughout the AA. There were no low-income census tracts located in this AA. Therefore, the analysis performed is applicable to only the moderate-income census tracts. Of the 34 census tracts in this AA, four are moderate-income tracts. Furthermore, of the four moderate-income census tracts, two are in the area of a full service branch and two of these tracts are near a deposit taking ATM that was recently put into service during Q1 2014. The Bank's 9.6 percent market share ranked second behind Wells Fargo Bank N.A. and ahead of JP Morgan Chase Bank N.A., Quicken Loans, RBS Citizens N.A., and Bank of America N.A. for home loans in these moderate-income geographies. There is strong competition for home loans in the market with the top five lenders generating 42.3 percent of all residential loans. This included national banks and mortgage companies that are not considered similarly situated financial institutions.

The percentage of LSB's loans within the moderate-income geographies was below the percentage of owner occupied units in these geographies and the percentage of aggregate peer lending data. However, these moderate-income tracts include only the City of Claremont, for which the "Mill Rate" (or property tax rates) was greater than 55 percent of the State of NH tax rates. This results in property tax assessments that may be close to 80 percent of the typical mortgage payment for borrowers, challenging affordability and increasing competition for these qualified loans. In addition, a non-HMDA reporter is capturing 25-30 percent (purchase and refinance purpose, respectively) of all originated residential loans (according to city clerk records) and has been servicing this market for over a hundred years, making it difficult for regional or even larger commercial financial institutions to better penetrate this geography. LSB's efforts to better penetrate this market include targeting this geography with a loan program (presented during open houses) that offers a 97 percent loan-to-value mortgage product. Based on these performance context factors, this performance is considered good.

Small Loans to Businesses

Refer to Table 6 in appendix D for the facts and data used to evaluate the geographic distribution of the Bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is adequate. There are no low-income geographies in this AA. The Bank's proportion of small loans to businesses in moderate-income geographies during 2014 (the only year included in the analysis) was below the percentage of small businesses in these geographies. Aggregate lending data is not a good comparator as it is most recently available for 2013, whereas the Bank only began reporting in 2014 as required by a Large Bank for CRA purposes. As LSB's loan portfolio includes only 10.5 percent for small loans to businesses, this is not considered a primary product and therefore, less weight is given in arriving at the overall state rating. We note that market share data is only recently available for 2013 small business lending and LSB only began reporting small business loans in 2014. Therefore, the Bank's market ranks/lending shares could not be determined.

To illustrate the high competition for small loans to businesses within this geography, the 2013 market share report provided this additional context. There were 51 lenders generating small business loans within the assessment area. These lenders included larger national banks and credit card companies such as American Express, FSB, Citibank, N.A., Capital One Bank, N.A., FIA Card Services, and Chase Bank, N.A. The top five lenders held a 48.7 percent market share by count and the average loan size ranged from \$4 thousand to \$12 thousand. Loans of these sizes are typically credit card lines.

Lending Gap Analysis

We reviewed summary reports and maps, and analyzed LSB's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps. The Bank's AAs consist of whole geographies, meet the requirements of the CRA regulation, and do not arbitrarily exclude any low- or moderate-income areas.

Inside/Outside Ratio

This ratio is a Bank-wide calculation, not calculated by individual rating areas or assessment areas, and is limited to Bank originations and purchases. During the evaluation period, LSB originated a substantial majority by number (3,279 or 82.2 percent) and by dollar amount (\$631,681 or 79.1 percent) of total loans inside the Bank's defined assessment areas. More specifically, the percentage based on the number of loans originated or purchased inside the assessment areas by loan type are as follows: home improvement loans (86.9 percent), home refinance loans (84.1 percent), home purchase loans (78.9 percent), and small loans to businesses (82.8 percent).

Distribution of Loans by Income Level of the Borrower

The distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in appendix D for the facts and data used to evaluate the borrower distribution of the Bank's home mortgage loan originations and purchases.

The Bank's overall distribution of loans to borrowers of different incomes and businesses of different size are excellent. Specifically, the distribution of home refinance loans, LSB's primary HMDA product type, to low-income borrowers was lower than the percentage of the AA's low-income families, but was in-line with aggregate peer lending data (a better comparator for opportunities.) Also, in reviewing 2013 peer mortgage lending market share report, LSB ranked first of 35 lenders in the AA originating or purchasing a loan to a low-income borrower with a 14 percent market share. This illustrates excellent penetration to these low-income borrowers as they face the most difficulties in qualifying for a loan. The Bank's distribution of refinance loans to moderate-income borrowers reflects excellent penetration as lending was just below area demographics and was in-line with aggregate lending data. In addition, a review of the 2013 market share reports shows LSB ranked first of 62 lenders with a 12.9 percent market share for loans to moderate-income borrowers.

The Bank's distribution of home purchase loans to low-income borrowers was below both demographics and aggregate lending data. Although the Bank's distribution of loans was lower than the percentage of low-income families in the assessment area, it is reasonable given the percentage of households (10 percent) below the poverty level in the AA. This, in addition to the lack of affordable housing units (an identified CD need) in the AA, illustrates the lack of opportunities for home purchase loans by the Bank. Given the median housing price of \$237,000, borrowers considered to be low- or moderate-income (50-80 percent of median family income \$66,238) would have difficulties qualifying for a home purchase mortgage. Based on market share reports, LSB is ranked sixth with a 4.8 percent share of purchase loans to low-income borrowers. Also, the top five lenders to this income group held 62.0 percent of the market share and included large national banks and specialty mortgage lenders that included Wells Fargo Bank, N.A., JP Morgan Chase Bank, N.A., Merrimack Mortgage

Company, and Residential Mortgage Services (not considered similarly situated banks). LSB's home purchase lending to moderate-income borrowers was below both area demographics and aggregate lending data. However, market share reports show LSB ranked third of 44 lenders with an 11.1 percent market share to these moderate-income borrowers. This lending performance is considered good.

LSB's distribution of home improvement loans to low-income borrowers was below area demographics, but in-line with aggregate lending data. Market share reports show LSB ranked first of nine lenders with a 25 percent market share. The Bank's home improvement loans to moderate-income borrowers were in-line with both area demographics and aggregate lending data. The Bank was ranked first of 14 lenders with a 29 percent market share. This lending performance is considered excellent.

Small Loans to Businesses

Refer to Table 11 in appendix D for the facts and data used to evaluate the borrower distribution of the Bank's origination and purchase of small loans to businesses.

The distribution of small loans to businesses is good. The Bank's distribution of small loans to businesses is slightly lower at 66 percent, than the percentage (70 percent) of small businesses in the assessment area. This is the only comparator used in the distribution analysis due to the Bank only recently being required to report small business loans in 2014. A comparison to aggregate lending data could not be performed as the most recent year aggregate lending data is available is 2013. We noted a majority of LSB's loans (59 percent) were for amounts less than \$100 thousand thereby indicating that the Bank is meeting one of the identified needs of businesses, which are smaller dollar loans.

To illustrate the market competition for these loans during 2013, market share reports for small business loans shows the top four lenders generated 42 percent of small business loans for which the average range was between \$4,000 and \$8,000 each. These small dollar loans typically reflect credit card lines of credit used by many small business or startups. The Bank's performance using current (2014) Dunn and Bradstreet business demographics for percentage of small businesses in these geographies reflects good penetration to businesses of different sizes.

Community Development Lending

Refer to Table 1 Lending Volume in appendix D for the facts and data used to evaluate the Bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 in appendix D includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans.

Overall, in the full-scope New Hampshire assessment area, LSB's CD lending had a positive impact on the Bank's overall lending performance. In aggregate, four extensions of credit totaling \$6.6 million qualified as CD loans. CD lending in the NH Non-MSA assessment area has increased since the previous evaluation, when the Bank made one qualifying \$70 thousand CD loan in that AA. This is evidence that the Bank continues to improve its CD

lending. The primary purposes of these loans included financing affordable housing for low-income senior citizens, promoting economic development through job creation by funding start-up companies, and funding community services to low- and moderate-income individuals.

Product Innovation and Flexibility

Flexible lending programs had a positive impact on LSB's lending performance. LSB continues to be a participant in the New Hampshire Housing Finance Authority's (NHHFA) Affordable Housing Program to provide housing for seniors in Newport with a loan for \$2.2 million along with an investment of \$1.2 million.

LSB made monies available for first time homebuyer's mortgage programs. One program offered a 15 percent down payment, no private mortgage insurance, plus an additional \$2.5 thousand towards closing costs. Another first time homebuyers program offered a 3 percent down payment option. LSB made 153 loans for a total of \$20.2 million. Of these, 114 loans for \$14.4 million were made to low- and moderate-income borrowers.

LSB partnered with the Federal Home Loan Bank's (FHLB) Equity Builder Program and was awarded up to \$110 thousand to assist low- and moderate-income families with down payment, closing-cost, homebuyer counseling, and rehabilitation assistance. The Bank made one loan for \$11 thousand.

LSB participated with the United States Department of Energy to implement the Better Buildings Program in the community of Nashua to promote and finance energy efficiency improvements to commercial, municipal, and residential buildings. LSB made 26 loans for a total of \$341 thousand to qualified low- and moderate-income individuals.

LSB has provided an \$800 thousand loan to Listen, a nonprofit organization providing basic needs to low- and moderate-income individuals in the Upper Valley of NH and VT.

LSB also set aside \$250 thousand to help Twin Pines Housing Trust assist low- and moderate-income families to secure homeownership through affordable housing opportunities.

LSB provided a \$3 million loan to Dartmouth Regional Technology Center to fund a business incubator developed by the Grafton county Economic Development Council and North Country Council to assist startup businesses with technology and expand jobs formed around technology.

LSB also provided the Nashua Soup Kitchen and Shelter with a \$960 thousand loan to construct and renovate a newly acquired property to better service low- and moderate-income families in the Greater Nashua area.

LSB collaborated with Granite United Way to develop and offer the Working Bridges program. This innovative product is designed to provide a long-term alternative to high interest, short-term loans more commonly known as payday lending. The program seeks to eliminate the features that may cause financial harm and builds a cushion for future expenses. LSB made \$75 thousand available in April 2015 and to date has closed on four loans totaling \$4 thousand.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on the limited-scope review performed, the Bank's performance under the Lending Test in the Manchester-Nashua, NH MSA is stronger than the Bank's overall "High Satisfactory" rating under the Lending Test for the full scope AA reviewed, and has a positive impact on the overall Lending Test rating performance under the Lending Test in the state of New Hampshire. Specifically, we noted the Bank's overall home mortgage lending in low- and moderate-income tracts was better in the limited scope AA when compared to the full scope AA. Lending performance to low- and moderate-income borrowers in this AA was stronger than the full-scope AA as penetration compared more favorably to the AA area demographics.

Refer to Tables 1 through 13 in appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

The Bank's performance under the Investment Test in New Hampshire is rated "Outstanding".

Conclusions for Areas Receiving Full-Scope Reviews

Based on the full-scope review, the Bank's performance in the NH Non-MSA is rated "Outstanding".

The Bank has a significant level of qualified CD investments and grants (based on the number and dollar amount), occasionally in a leadership position, particularly those that are not routinely provided by private investors in the NH Non-MSA. The Bank's qualified CD investments and grants in the limited scope MSA had a positive impact on the Bank's overall CD investments rating.

During the evaluation period, LSB made three qualifying investments totaling \$1.3 million and 32 qualifying CD contributions/grants totaling \$65.8 thousand within the NH Non-MSA. These aggregated to approximately \$1.3 million and represent 1.02 percent of allocated Tier 1 capital. Specific examples of the Bank's qualified CD investments in the full-scope NH Non-MSA include:

- LSB invested \$1.23 million to a housing project that provided Section 8 affordable housing for senior citizens.
- LSB invested \$15 thousand to a non-profit organization that provides free transportation to work for low- and moderate-income individuals who have no other access to transportation.
- LSB invested \$50 thousand to a non-profit organization that provides affordable housing to local residents.
- LSB donated \$12 thousand to a non-profit organization to help low- and moderate-income children access healthy foods to combat childhood obesity.
- LSB donated \$5 thousand to a hospice that provided essential health care to uninsured and underinsured individuals.

- LSB donated \$4.5 thousand to a community organization that educated low- and moderate-income individuals interested in a small business start-up.
- LSB donated \$2 thousand to a community organization that was targeted to improve the education and financial stability of low- and moderate- income individuals in the Greater Upper Valley Area.

Refer to Table 14 in appendix D for the facts and data used to evaluate the Bank’s level of qualified investments.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the Bank’s performance under the Investment Test in the Manchester-Nashua MSA is not inconsistent with the Bank’s overall “Outstanding” performance under the Investment Test in New Hampshire.

In the limited scope review, Manchester-Nashua, NH MSA, LSB made five qualified CD investments and had one prior period investment that qualified for consideration. Some examples of the qualified CD investments and grants in the limited-scope NH MSA include:

- LSB invested \$100 thousand to an area shelter renovation project.
- LSB invested \$20 thousand to a non-profit economic development organization that provides financing for small businesses.
- LSB had a prior period investment (with an outstanding balance of \$650 thousand) to a 501-C3 organization that provides affordable housing to LMI individuals in the AA.

Refer to Table 14 in appendix D for the facts and data used to evaluate the Bank’s level of qualified investments.

SERVICE TEST

The Bank’s performance under the Service Test in New Hampshire is rated “High Satisfactory”.

Conclusions for Areas Receiving Full-Scope Reviews

The Bank’s performance under the Service Test in the full-scope AA is good. Performance in the limited-scope review area had a neutral effect on the Service Test rating.

Retail Banking Services

Refer to Table 15 in appendix D for the facts and data used to evaluate the distribution of the Bank’s branch delivery system and branch openings and closings.

In the full-scope NH AA, the distribution of LSB’s branches is reasonable. Delivery systems are reasonably accessible to essentially all portions of the Bank’s AA. Specifically, the Bank has a branch in a moderate-income tract (Claremont, NH), which comprises two of the Bank’s

four moderate-income census tracts. The Bank's AA does not include any low-income geographies. LSB opened a full service deposit taking ATM in Concord, NH (middle-income census tract) during Q1 2014. This illustrates the Bank's strategy to expand its service area, which included adding two additional moderate-income tracts into its AA.

The Bank did not close any branches or ATMs in NH Non-MSA during the evaluation period. LSB relocated a branch during 2014 from an upper-income census tract to an upper-income tract (12 miles away), minimizing the impact of the relocation.

LSB's branch hours and services do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and individuals, included in the review of the full-scope AA. Branch hours were comparable across geographic areas. 100 percent of branches in the moderate-income geographies had Saturday hours, compared to 78.6 percent of branches in middle- and upper-income geographies.

Alternative Delivery Systems

LSB complements its traditional service delivery methods with certain alternative delivery systems, such as online banking, which includes bill pay and intra-bank transfers, mobile banking, mobile deposit, which allows remote check deposits, automated teller machines, and 24-hour telephone banking. No significant weight was assigned to these alternative delivery systems, as the Bank did not maintain metrics to determine their effectiveness in helping to meet the credit needs of low- and moderate-income geographies or low- and moderate-income individuals.

Community Development Services

LSB's performance in providing CD services in the NH Non-MSA was good based on the available opportunities available in the assessment area. The Bank provided a relatively high level of CD services. The Bank's limited scope review added to the positive impact on the overall CD services rating.

CD services focused primarily on community services targeted at low-to-moderate income individuals. Sixteen LSB employees provided their expertise to 12 different CD organizations, some in leadership roles that benefited low- to moderate-income individuals, promoted economic development, or provided affordable housing guidance. They also provided technical assistance on financial and banking related matters to low- and moderate-income persons and families, and small businesses. The following are examples of CD services provided by the Bank:

- A vice president of the Bank serves as Chairman of the Board for this community organization that provides childcare and free meals to low- and moderate-income families.
- An Executive Officer of the Bank serves as a director on the Board of this Government-sponsored financial organization that provides financial products, services, and expertise to low- and moderate-income individuals.

- An assistant vice president at the Bank serves as Chairman of the steering committee of an entity that promotes local businesses in a moderate-income census tract.
- A vice president assists with technical financial advice on residential mortgage application at a community housing project that is sponsored by the FHLB, which is targeted at low-income seniors.

The Bank also collaborated with the Twin Pines Housing Trust, a nonprofit organization that serves the Upper Valley of New Hampshire/Vermont area by providing transitional housing support services, as well as affordable housing and mobile homes to low- and moderate-income families. There is a significant demand as evidenced by a long wait-list for these properties.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the Bank's performance under the Service Test in the Manchester-Nashua, NH MSA is consistent with the Bank's overall "Outstanding" performance under the Service Test in the State of New Hampshire.

The limited-scope review performed on the NH MSA had a neutral effect on the overall Service Test Rating. Accessibility to branches was more positive as two of the five full service branches (40 percent) were located in LMI geographies. There was one new branch opened during the evaluation period in a middle-income tract. No branch closures were noted. Saturday hours were relatively in-line with Saturday hours in middle- and upper-income tracts. Qualified CD services were in-line with the full-scope rating.

State Rating

State of Vermont

CRA rating for Vermont: High Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Satisfactory

The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- A substantial majority of the loans, by both number and dollar amount, were made in the Bank's assessment areas.
- The level of lending activity during this evaluation period is good.
- The geographic distribution of loans is adequate.
- The distribution of loans by borrower income level is good.
- The level of CD loans in the VT Non- MSA assessment area had a positive impact on the Lending Test rating.
- The level of CD investments is satisfactory.
- The retail delivery systems are readily accessible to geographies and individuals of different income levels in the Bank's assessment areas.
- The Bank has a good level of CD services that were responsive to community needs.

Description of Institution's Operations in Vermont

Although LSB's primary operations are in the state of NH, of the 34 branches operated by the Bank, 14 branches, or 41 percent, are located in the state of VT. One of the Bank's three assessment areas is located in VT. The Bank originated or purchased a total of 786 residential real estate and small business loans in VT totaling \$133.6 million during the review period. This equates to 24 percent by number and 20 percent by dollar amount of all loans purchased or originated.

As of June 30, 2014, LSB had \$287.6 million in deposits in the VT AA. This constitutes 25.8 percent of the Bank's total deposits. LSB is ranked eleventh, with a 2.4 percent deposit market share in the VT AA. The top five banks hold 67.5 percent of total deposit market share in the Bank's VT AA. These include People's United Bank, TD Bank, N.A., Merchants Bank, Citizens Bank, N.A., and KeyBank, N.A.

Lending competition in the state is very strong. According to 2013 Peer Mortgage Data reports, LSB is ranked second in originated and purchased HMDA loans in the VT AA, with a

7.4 percent market share that consisted of 224 loans. The loan count for Wells Fargo Bank, N.A., the market leader, was 250, representing an 8.3 percent market share. The top five lenders represented 33.9 percent of all loans in the AA. The other banks included Quicken Loans, Peoples United Bank, and Vermont State Employees Credit Union. Other competitors in the market include larger national banks, regional banks, mortgage companies, and credit unions.

On October 25, 2013, LSB acquired The Randolph National Bank, which included seven branches including one drive-through and two ATM-only locations. LSB also consolidated two branches. 104 Merchants Row in Rutland VT (located in a moderate-income tract) was consolidated into the 100 Woodstock Avenue Branch in Rutland VT (middle-income tract) over the evaluation period. LSB did not close any branches during this period. Refer to the Market Profiles for the State of Vermont in appendix C for detailed demographics and additional performance context information for the assessment area that received a full-scope review.

Scope of Evaluation in Vermont

A full-scope review was performed on the VT Non-MSA AA as the Bank has only one AA in VT. This AA accounted for 25.8 percent of deposits, 41.2 percent of branches, 22.0 percent of home purchase loans, 22.4 percent of refinance loans, 26.8 percent of home improvement loans, and 36.8 percent of small loans to businesses.

In terms of individual loan products, home mortgage loans received greater weight than small loans to businesses. Based on all loans originated or purchased in VT between January 1, 2012, and December 31, 2014, 89.5 percent were residential mortgage loans. In addition, more weight was given to home refinance loans as they comprised 48.8 percent of all residential loans, followed by home purchase loans (37.1 percent), and home improvement loans (13.4 percent). LSB did not make any small loans to farms in the VT AA.

LENDING TEST

The Bank's performance under the Lending Test in VT is rated "High Satisfactory".

Lending Activity

Refer to Table 1, Lending Volume in appendix D for the facts and data used to evaluate the Bank's lending activity.

Lending activity is good given the low level of opportunities and strong market competition in the VT Non-MSA for all types of residential loans and small loans to businesses. Within this AA, over the evaluation period (2012 through 2014), the Bank originated or purchased 786 loans for \$133.6 million, equivalent to 46.4 percent of total Bank deposits made in the Bank's VT AA, and 100.2 percent of Tier 1 Capital. This is not in line with the Bank's overall lending as a percent of Tier 1 Capital. During the evaluation period, the Bank acquired The Randolph National Bank located in the Rutland County, and has not had time to fully assert itself in this geographic market.

LSB ranks eleventh in deposits with a 2.4 percent market share. The Bank ranks fifth in refinance loans with a 5.3 percent market share, first in home purchase lending with a 19.4 percent market share by count, and fourth in home improvement loans with a 7.7 percent market share. The Bank did not report small loans to businesses for 2013, the most recent year of available aggregate lending data, resulting in the inability to reflect market position for these small loans to businesses.

Distribution of Loans by Income Level of the Geography

Based on the 2013 HMDA Market Share lending reports, seven financial institutions made a total of nine loans within the single low-income census tract in the VT AA. Colonial Savings, F.A., and CUC Mortgage Corporation each held two loans, representing a 44.4 percent total market share. The remaining five lenders (Citibank, N.A., CitiMortgage, Inc., Wells Fargo Bank, N.A., VT State Employees Credit Union, and Northfield Saving Banks) each held one loan or an 11 percent market share of all loans in this low-income census tract. This illustrates the lack of opportunities for banks to originate loans within this low-income geography. Loan distribution in the low-income geography was therefore less meaningful and carried less weight in the performance evaluation.

Overall, the geographic distribution of home loans and small loans to businesses reflects adequate penetration throughout the assessment area.

Refer to Table 6 in appendix D for the facts and data used to evaluate the geographic distribution of the Bank's origination/purchase of small loans to businesses.

Home Mortgage Loans

The distribution of home loans by geographies reflects adequate penetration throughout the AA.

LSB's distribution of home refinance loans in the AA's moderate-income tracts was lower than the percentage of both the percent of owner occupied housing and aggregate peer lending data in the moderate-income tracts. However, in reviewing 2013 peer mortgage lending geographic market share report for refinanced loans, LSB ranked tenth of 25 lenders in the moderate income tract. The top six lenders held 38 loans that ranged between four and six loans per bank, combining for a 50 percent total market share. These lenders included Bank of America, N.A., RBS Citizens, N.A., Everbank, Quicken Loans, PHH Mortgage Corporation, and CitiMortgage, Inc. LSB held two mortgage refinance loans representing a 3.5 percent market share.

LSB's geographic distribution of home purchase loans to moderate-income borrowers was lower than the percent of owner occupied units and aggregate peer lending data in the AA's moderate-income tracts. Nevertheless, in reviewing the 2013 peer mortgage data for geographic market share for residential mortgage loans, LSB ranked twelfth of 32 lenders in the moderate-income tract. The top five lenders held 38 loans that ranged between six loans to ten loans per bank, for an aggregated 38.8 percent market share. These lenders included People's United Bank, Wells Fargo Bank, N.A., RBS Citizens, N.A., Bank of America, N.A.,

and Quicken Loans. LSB held three home purchase loans representing a 3.1 percent market share.

The percentage of LSB's home improvement loans within the moderate-income geographies was less than the percentage of owner occupied units and the percentage of aggregate peer lending data in these geographies. The 2013 peer mortgage data for geographic market share for home improvement loans in the moderate-income geographies indicates a low level of opportunities for home improvement loans within the moderate-income tracts. There were six loans made between four lenders. Although LSB was one of the four lenders in this market, given only six loans were made, an analysis of this data is not meaningful.

Small Loans to Businesses

The Bank did not make any small loans to businesses in the low- and moderate-income geographies although there were some opportunities in these geographies, as illustrated by the Geographic Distribution of Small Loans to Businesses Table (January 1, 2012 to December 31, 2014). The lending performance is therefore poor. The Bank did not report 2013 aggregate small business lending data. However, to illustrate the high level of competition within the VT AA for small business loans, the 2013 market share report was reviewed. There were 42 lenders originating small business loans within the AA. The top three lenders included larger national banks and credit card companies such as American Express, FSB, Capital One Bank, N.A, and Citibank, N.A., with a 36 percent market share by count and an average loan size that ranged from \$4 thousand to \$6 thousand. These smaller loans are typically credit card lines that the Bank does not offer.

Lending Gap Analysis

We reviewed summary reports and maps, and analyzed LSB's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps. The Bank's assessment areas consist of whole geographies, meet the requirements of the CRA regulation, and do not arbitrarily exclude any low- or moderate-income geographic areas.

Distribution of Loans by Income Level of the Borrower

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes given the product lines offered by the institution.

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in appendix D for the facts and data used to evaluate the borrower distribution of the Bank's home mortgage loan originations and purchases.

LSB's overall distribution of loans to borrowers of different income levels and businesses of different sizes reflects good penetration throughout the AA.

The distribution of home refinance loans to low-income borrowers was below area demographics and aggregate lending data. However, the Bank's home refinance loans to moderate-income borrowers, although lower than the percentage of the AA's moderate-income families, was in-line with aggregate peer lending data. In addition, in reviewing 2013 peer mortgage lending market share report for refinanced loans, LSB ranked fourth of 50 lenders in the moderate-income tract. The top three lenders, Quicken Loans, Wells Fargo Bank, N.A., and VT State Employees Credit Union each held 19 home mortgage refinance loans for a combined 23.6 percent market share. LSB held 15 loans for a 6.2 percent market share.

LSB's distribution of home purchase loans to low-income borrowers was below demographics, but better than aggregate lending data. Based on market share reports, LSB is ranked first of 15 lenders with six loans for a 19.4 percent market share of purchase loans to low-income borrowers. LSB's home purchase lending to moderate-income borrowers was in-line with area demographics and slightly below aggregate lending data. Market share reports show LSB ranked second of 38 lenders with 19 loans for a 12.3 percent market share to these moderate-income borrowers. This lending performance is considered good.

LSB's distribution of home improvement loans to low-income borrowers was below both area demographics and aggregate lending data. Market share reports show 13 loans by 10 lenders in this low-income geography. LSB ranked fourth of the ten lenders with a 7.7 percent market share. The top three lenders each had two loans for a total market share of 46.1 percent. The Bank's home improvement loans to moderate-income borrowers were below both area demographics and aggregate lending data. However, the Bank was ranked third of 15 lenders with three loans and an 8.6 percent market share. The top two lenders, Northfield Savings Bank and National Bank of Middlebury held an aggregated 11 loans for a 31.4 percent market share. This lending performance is considered excellent.

Small Loans to Businesses

Refer to Table 11 in appendix D for the facts and data used to evaluate the borrower distribution of the Bank's origination/purchase of small loans to businesses.

The distribution of small loans to businesses is excellent. The Bank's distribution of small loans to businesses is higher at 73.7 percent than the percentage (72.3) of small businesses in the assessment area. This is the only comparator used in the distribution analysis, since the Bank was only recently required to report small business loans in 2014. A comparison to aggregate lending data could not be performed, as the most recent year available is 2013. We noted a majority of LSB's loans (73.7 percent) were for amounts equal to or less than \$100 thousand, thereby indicating that the Bank is meeting one of the identified needs of businesses, which are smaller dollar loans. To illustrate the market competition for these loans during 2013, market share report for small business CRA loans shows the top three lenders generated 36 percent of small business loans for which each ranged between \$4,000 and \$6,000. These small dollar loans typically reflect credit card lines of credit used by many small business or startups. The Bank's performance using the Dunn and Bradstreet business demographics for percentage of small businesses in these geographies reflects good penetration to businesses of different sizes.

Community Development Lending

Refer to Table 1 Lending Volume in appendix D for the facts and data used to evaluate the Bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. However, Table 5 does not separately list CD loans.

Overall, in the full-scope Vermont assessment area, LSB's CD lending had a positive impact on the Bank's overall lending performance. In aggregate, three extensions of credit totaling \$5 million qualified as CD loans. The primary purpose of these loans included financing relief and rebuilding of town infrastructure efforts due to damages and destruction caused by Hurricane Irene.

INVESTMENT TEST

Conclusions

The Bank's performance under the Investment Test is rated "Satisfactory."

The Bank has an adequate level of qualified CD investments and grants (based on the number and dollar amount), occasionally was in a leadership position, particularly those that are not routinely provided by private investors in the VT Non-MSA.

In October 2013, LSB acquired The Randolph National Bank. The Bank is therefore still new to this geographic AA. LSB made three qualifying investments totaling \$50.5 thousand, and 28 qualifying CD contributions/grants totaling \$67.5 thousand within the VT Non-MSA. These aggregated to approximately \$118 thousand and represent 0.1 percent of allocated Tier 1 Capital. Specific examples of the Bank's qualified CD investments in VT include:

- LSB invested in three qualified state tax credits totaling \$118 thousand for which the primary purposes were to create jobs, and develop and revitalize the Randolph area.
- LSB made a qualified \$15 thousand contribution to a CD organization that provides free transportation to work for residents of the Upper Valley Area without available transportation.
- LSB provided \$2 thousand to a community organization that provides a safe place for children 6 to 18 years old to learn and grow. Snacks and dinner are served nightly, with 90 percent qualifying for the city's free or reduced meals program.

Refer to Table 14 in appendix D for the facts and data used to evaluate the Bank's level of qualified investments.

SERVICE TEST

Service Test performance in VT is rated High Satisfactory. The Bank's performance in the full-scope area is good.

Retail Banking Services

The distribution of LSB's branches within the VT Non-MSA is reasonable. Delivery systems are reasonably accessible to essentially all portions of the Bank's AA. Specifically, the Bank has a full-service branch in the low-income tract in Rochester, VT. LSB consolidated its branch on Merchants Row in Rutland, VT, into the branch on Woodstock Avenue, also in Rutland, VT. LSB also closed a stand-alone ATM located at Rinker's Mobile in Randolph, VT.

LSB's branch hours and services do not vary in a way that inconveniences portions of the AA, particularly in regards to LMI geographies and individuals. Branch hours were comparable across geographic areas.

Alternative Delivery Systems

LSB complements its traditional service delivery methods with certain alternative delivery processes, such as online banking, which includes bill pay and intra-bank transfers, mobile banking, mobile deposit, which allows remote check deposits, automated teller machines, and 24-hour telephone banking. No significant weight was given to these alternative delivery systems, as the Bank did not maintain metrics to determine their effectiveness in helping to meet the credit needs of low- and moderate-income geographies, or low- and moderate-income individuals.

Community Development Services

LSB's performance in providing CD services in the VT Non-MSA was good based on the available opportunities available in the assessment area. The Bank provided a relatively high level of CD services.

CD services focused primarily on those community services targeted at low-to-moderate income individuals. Sixteen LSB employees provided their expertise to 12 different CD organizations, some in leadership roles that benefited low-to-moderate individuals, promoted economic development, and provided affordable housing. They also provided technical assistance on financial and banking related matters to low- and moderate-income persons and families, and small businesses. The following are examples of CD services provided by the Bank:

- A vice president of the Bank serves as a director of the Board of this community organization that provides affordable housing and small business loans to low- and moderate-income individuals.
- A branch manager weekly runs a small bank at the high school and also teaches students about consumer banking and bank operations.

- A branch manager is the treasurer of a community organization that provides social services and financial assistance to low and moderate individuals.
- The Bank also collaborated with the Twin Pines Housing Trust, a nonprofit organization that serves the Upper Valley of the Vermont/New Hampshire area by providing transitional housing support services, as well as affordable housing and mobile homes to low- and moderate-income families. There is a significant demand for properties provided by this organization.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test: (HMDA) January 1, 2012 to December 31, 2014 Lending Test: (Small Business) January 1, 2014 to December 31, 2014 Investment, Service, and CD Loans: August 7, 2012 to June 1, 2015	
Financial Institution	Products Reviewed	
Lake Sunapee Bank, FSB Newport, NH	All HMDA and Small Loans to Businesses	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
New Hampshire Non-MSA Manchester-Nashua NH MSA Vermont Non-MSA	Full-Scope Limited-Scope Full-Scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS		Lake Sunapee Bank, FSB		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Lake Sunapee Bank	High Satisfactory	Outstanding	Outstanding	Outstanding
Multistate Metropolitan Area or State:				
New Hampshire	High Satisfactory	Outstanding	Outstanding	Outstanding
Vermont	High Satisfactory	Satisfactory	High Satisfactory	High Satisfactory

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating

Appendix C: Market Profiles for Full-Scope Areas

State of New Hampshire

NH Non-MSA 99999 (AA1)

(*) The NA category consists of geographies that have not been assigned an income classification.

Demographic Information for Full Scope Area: LSB AA1 NH 99999						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	35	0.00	11.43	57.14	31.43	0.00
Population by Geography	149,975	0.00	10.48	54.84	34.67	0.00
Owner-Occupied Housing by Geography	40,813	0.00	7.12	56.84	36.04	0.00
Business by Geography	13,199	0.00	9.54	59.63	30.83	0.00
Farms by Geography	445	0.00	3.37	57.08	39.55	0.00
Family Distribution by Income Level	38,192	16.91	16.79	21.73	44.57	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	12,871	0.00	18.58	59.09	22.33	0.00
Median Family Income		\$66,238	Median Housing Value**		\$237,000	
HUD Adjusted Median Family Income for 2014		\$66,238	Unemployment Rate^		4.2%	
Households Below Poverty Level		10%				

Source: 2010 U.S. Census and 2014 HUD updated MFI; 2014** National Association of Realtors Q1 2015

^Data from U.S. Bureau of Labor Statistics Unemployment Rates for MSAs as of 3/2015 (not seasonally adjusted)

AA1 (defined as NH Non-MSA) includes three counties (Grafton, Merrimack, and Sullivan). AA1 includes 35 census tracts within which LSB operates 15 full service branches and 18 deposit-taking ATMs. There are no low-income and four moderate-income tracts, comprising zero percent and 11 percent, respectively, of all the tracts in AA1. According to the 2010 U.S. Census data, the population of AA1 is approximately 150 thousand and contains 60,154 households and 38,192 families. The 2014 HUD median family income (MFI) was \$66,238. Approximately 17 percent of the families are low-income, 17 percent are moderate-income, 22 percent are middle-income, and 44 percent are upper-income. There are 6,015 (10 percent) households below the poverty level. There are 40,813 housing units in AA1, of which, 58 percent are owner occupied, 27 percent are rentals, and 15 percent are vacant. The median housing value is \$237,000.

LSB operates in a relatively competitive market with competition from local savings banks, large commercial banks, and credit unions. The Federal Deposit Insurance Corporation's (FDIC) Market Share Report for June 30, 2014, identifies 23 financial institutions operating within the Grafton, Merrimack, and Sullivan County NH Non-MSA. LSB's local competitors include, but are not limited to Mascoma Savings Bank, Merrimack County Savings Bank, Bank of New Hampshire, Claremont Savings Bank, and Woodsville Guaranty Savings Bank. Some larger regional commercial institutions include TD Bank, N.A., Bank of America, N.A., and Citizens Bank, N.A.

Economic indicators show that the national recession has affected the NH economy. The NH economy has improved over the last couple of years and has been in-line with the northeast

recovery trend, but lagging behind the national recovery trend. As of March 2015, the unemployment rate was 4.2 percent, faring slightly better than the state unemployment rate of 4.4 percent. According to Moody's Analytics, NH has entered into a self-sustaining expansion thanks to growth in service-providing industries. The unemployment rate has fallen over one percent during the past year and is the lowest in the northeast. Manufacturing will continue to grow, but will top out shy of the prerecession payroll peak.

NH employment is shown to rely heavily on Education and Health Services, Local and State Government, and Retail Trade. The major employers include DeMoulas Super Markets, BAE Systems, Hannaford Brothers, Shaw's Supermarkets, and Elliot Hospital.

House prices have risen sharply in recent months. According to FHFA and Moody Analytics, single-family house prices are up more than nine percent year-over-year in recent months. The NH housing market has recovered positively, and although values are less than the prerecession peak, they have been in-line with the national recovery trend.

State of New Hampshire

Manchester-Nashua NH MSA 31700 (AA2)

(*) The NA category consists of geographies that have not been assigned an income classification.

Demographic Information for Limited Scope Area: LSB AA2 NH 31700						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	45	4.44	17.78	53.33	24.44	0.00
Population by Geography	225,299	4.06	15.62	51.68	28.64	0.00
Owner-Occupied Housing by Geography	63,504	1.10	12.73	53.09	33.08	0.00
Business by Geography	17,632	6.43	14.79	52.85	25.94	0.00
Farms by Geography	560	1.61	10.89	56.43	31.07	0.00
Family Distribution by Income Level	60,151	16.27	18.43	23.51	41.79	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	20,871	6.21	21.63	52.60	19.56	0.00
Median Family Income		\$81,794	Median Housing Value**		\$249,000	
HUD Adjusted Median Family Income for 2014		\$81,794	Unemployment Rate^		4.0%	
Households Below Poverty Level		6%				

Source: 2010 U.S. Census and 2014 HUD updated MFI; 2014** National Association of Realtors Q1 2015;

^Data from U.S. Bureau of Labor Statistics Unemployment Rates for MSAs as of 3/2015 (not seasonally adjusted)

AA2 (defined as Manchester-Nashua NH MSA) includes Hillsborough County. AA2 includes 45 census tracts within which LSB operates five full service branches and five deposit taking ATMs. There are two low-income and eight moderate-income tracts, comprising 4 percent and 18 percent, respectively, of all the tracts in AA2. According to 2010 U.S. Census data, the population of AA2 is approximately 225 thousand and contains 85,465 households and 60,151 families. The HUD MFI was \$81,794. Approximately 16 percent of families are low-income, 18 percent are moderate-income, 24 percent are middle-income, and 42 percent are upper-income. There are 5,128 (six percent) households below the poverty level. There are 91,802 housing units in AA2, of which 69 percent are owner occupied, 24 percent are rental, and seven percent are vacant. The median housing value is \$249,900.

LSB operates in a relatively competitive market with competition from local savings banks and large commercial banks. The FDIC's Market Share Report for June 30, 2014, identifies 16 financial institutions operating within Hillsborough County. LSB's local competitors include, but are not limited to Merrimack County Savings Bank, Bank of New Hampshire, Centrix Bank & Trust, and Bank of New England. Some larger regional commercial institutions include TD Bank, N.A., Bank of America, N.A., Santander Bank N.A., and Citizens Bank, N.A.

Economic indicators show that the national recession has affected the Manchester-Nashua NH MSA (M-N) economy. The M-N economy has improved over the last couple of years in-line with the State of NH, but lagging behind the national recovery trend. As of March 2015, the unemployment rate was four percent, faring better than the state unemployment rate of 4.4 percent. According to Moody's Analytics, the M-N recovery is ongoing as goods-producing

jobs increase. The unemployment rate is well below the average for the Northeast. Public sector payrolls have stabilized and housing construction is beginning to accelerate. Single- and multi-family starts have reached post-recession highs to close out 2014. A large overhang of foreclosure inventories has muted price gains.

M-N area employment relies on aspects of the manufacturing industry. Factory employment will increase in the near term. BAE Systems continues to win large-scale defense contracts. The manufacturing growth has led to spillovers for transportation. FedEx and UPS are building specialized warehouses in M-N to handle shipments for high-tech manufacturing firms in the area. Transportation and warehousing payrolls are expected to reach 15-year highs by mid-2015. The build-out of a commuter rail line from M-N to Boston metro area received a strong recommendation from the NH Rail Transit Authority. This is in the preliminary stages but an upward revision to the forecast is probable. The impact would be substantial to the area, supporting thousands of permanent jobs and significantly raising home values along the route.

NH employment is shown to rely heavily on Education and Health Services, Professional and Business Services, Manufacturing, Local and State Government, and Retail Trade. The major employers include DeMoulas Super Markets, Hannaford Brothers, BAE Systems, Elliot Hospital, and Southern NH Medical Center.

State of Vermont

Vermont Non-MSA 99999

Demographic Information for Full Scope Area: LSB AA VT 99999						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	36	2.78	5.56	77.78	13.89	0.00
Population by Geography	116,641	0.26	5.64	81.60	12.50	0.00
Owner-Occupied Housing by Geography	34,745	0.15	3.72	82.13	13.99	0.00
Business by Geography	10,810	0.52	6.60	77.60	15.27	0.00
Farms by Geography	557	0.00	1.26	81.69	17.06	0.00
Family Distribution by Income Level	31,130	18.37	18.46	21.27	41.90	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	11,465	0.42	8.06	83.35	8.17	0.00
Median Family Income		\$60,519	Median Housing Value**		\$276,300	
HUD Adjusted Median Family Income for 2014		\$60,519	Unemployment Rate^		3.9%	
Households Below Poverty Level		11%				

VT AA (defined as VT Non-MSA) includes the counties of Addison, Orange, Rutland, and Windsor. This AA includes 36 census tracts within which LSB operates 14 full service branches and two deposit taking ATMs. There are one low-income and two moderate-income tracts, comprising three percent and six percent, respectively, of all the tracts in this AA. According to 2010 U.S. Census data, the population of the AA is approximately 117 thousand and contains 49,422 households and 31,130 families. The HUD MFI was \$60,519. Approximately 18 percent of families are low-income, 19 percent are moderate-income, 21 percent are middle-income, and 42 percent are upper-income. There are 3,424 (11 percent) households below the poverty level. There are 62,046 housing units in the AA, of which 56 percent are owner occupied, 24 percent are rental, and 20 percent are vacant. The median housing value is \$276,300.

LSB operates in a relatively competitive VT market with competition from local savings banks and large commercial banks. The FDIC's Market Share Report for June 30, 2014, identifies 15 financial institutions operating within the Bank's VT AA, which includes the counties of Addison, Orange, Rutland, and Windsor. LSB's local competitors include, but are not limited to Merchant's Bank, Mascoma Savings Bank, National Bank of Middlebury, Berkshire Bank, and Wells River Bank. Some larger regional commercial institutions include TD Bank, N.A., People's United Bank, and Citizens Bank, N.A.

Economic indicators show that the national recession has affected the Vermont economy. The VT economy has improved over the last couple of years, but recovery has been lagging behind the Northeast and the national recovery trends. As of March 2015, the unemployment rate was 4.7 percent. The state has entered into a self-sustaining expansion since around the turn of the year. Job growth has strengthened over the last few months due to the increase in the leisure/hospitality sector boost related to strength of winter tourism. According to Moody's Analytics, the VT recovery is mixed. In the goods-producing arena, manufacturing is

performing better, with factory production rising more quickly and industry payrolls hovering near a one-year high. The improving labor market has kept unemployment rate among New England's lowest. On the down side, the public sector has weakened over the past couple of years and homebuilding remains subdued. Home sales have picked up over the past year, leading to faster price appreciate in the market.

VT employment is shown to rely heavily on Education and Health Services, Retail Trade, Leisure and Hospitality Services, and Local and State Government. Top employers include Fletcher Allen Health Care, IBM Corporation, University of Vermont, Green Mountain Coffee Roasters, and Shaw's Supermarkets.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “Bank” include activities of any affiliates that the Bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the Bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and percent Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the Bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the Bank, if applicable, over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the Bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the

bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the Bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the Bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the Bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the Bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the Bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the Bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the Bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the

table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the Bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the Bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding, and tracked and recorded by the Bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the Bank's assessment area. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the Bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Tables of Performance Data

Table 1. Lending Volume

LENDING VOLUME		Geography: LSB 2014 FULL AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014						
Assessment Area (2014):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
LSA AA VT 99999	24.05	684	119,501	99	9,070	0	0	3	5,000	786	133,571	26.04
LSB AA1 NH 99999	56.46	1,740	368,092	101	17,303	0	0	4	6,588	1,845	391,983	60.85
Limited Review:												
LSB AA2 NH 31700	19.49	560	98,889	69	15,401	1	10	7	12,378	637	126,678	13.11

* Loan Data as of December 31, 2014. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from August 06, 2012 to June 01, 2015.

*** Deposit Data as of June 30, 2014. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: LSB 2014 FULL AA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014				Aggregate HMDA Lending (%) by Tract Income*			
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies					
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
LSA AA VT 99999	243	21.95	0.15	0.00	3.72	1.65	82.13	74.07	13.99	24.28	0.43	3.67	77.89	18.02
LSB AA1 NH 99999	659	59.53	0.00	0.00	7.12	1.97	56.84	52.50	36.04	45.52	0.00	5.77	55.86	38.37
Limited Review:														
LSB AA2 NH 31700	205	18.52	1.10	0.98	12.73	13.17	53.09	69.76	33.08	16.10	1.30	12.40	50.03	36.28

* Based on 2013 Peer Mortgage Data -- US and PR

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT														Geography: LSB 2014 FULL AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014			
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*										
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp							
Full Review:																					
LSA AA VT 99999	107	26.75	0.15	0.00	3.72	1.87	82.13	76.64	13.99	21.50	0.00	2.74	87.67	9.59							
LSB AA1 NH 99999	246	61.50	0.00	0.00	7.12	3.66	56.84	56.10	36.04	40.24	0.00	6.67	53.33	40.00							
Limited Review:																					
LSB AA2 NH 31700	47	11.75	1.10	4.26	12.73	12.77	53.09	61.70	33.08	21.28	1.02	10.43	49.36	39.19							

* Based on 2013 Peer Mortgage Data -- US and PR

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

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: LSB 2014 FULL AA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
LSA AA VT 99999	327	22.44	0.15	0.00	3.72	0.92	82.13	75.84	13.99	23.24	0.27	3.11	77.67	18.95
LSB AA1 NH 99999	831	57.04	0.00	0.00	7.12	1.56	56.84	52.83	36.04	45.61	0.00	5.85	55.12	39.03
Limited Review:														
LSB AA2 NH 31700	299	20.52	1.10	0.67	12.73	13.71	53.09	71.91	33.08	13.71	1.03	10.98	50.74	37.25

* Based on 2013 Peer Mortgage Data -- US and PR

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: LSB 2014 FULL AA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income ¹			
	#	% of Total ^{**}	% of MF Units ^{***}	% BANK Loans ^{****}	% MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans	% MF Units ^{***}	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
LSA AA VT 99999	7	35.00	0.41	0.00	11.04	14.29	66.91	85.71	21.65	0.00	0.00	0.00	83.33	16.67
LSB AA1 NH 99999	4	20.00	0.00	0.00	26.48	0.00	55.43	100.00	18.10	0.00	0.00	0.00	71.43	28.57
Limited Review:														
LSB AA2 NH 31700	9	45.00	12.02	0.00	26.98	77.78	51.86	22.22	9.14	0.00	22.22	55.56	22.22	0.00

* Based on 2013 Peer Mortgage Data -- US and PR

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multi family housing units in the area based on 2010 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES														Geography: LSB 2014 FULL AA		Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014									
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*														
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans	Low	Mod	Mid	Upp											
Full Review:																									
LSA AA VT 99999	99	36.80	0.52	0.00	6.60	0.00	77.60	82.83	15.27	17.17	0.23	5.15	80.22	14.40											
LSB AA1 NH 99999	101	37.55	0.00	0.00	9.54	3.96	59.63	60.40	30.83	35.64	0.00	11.67	59.90	28.43											
Limited Review:																									
LSB AA2 NH 31700	69	25.65	6.43	10.14	14.79	20.29	52.85	59.42	25.94	10.14	10.55	13.05	50.16	26.23											

* Based on 2013 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2014).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE														Geography: LSB 2014 FULL AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014			
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data *										
	#	% of Total**	% Families***	% BANK Loans****	% Families2	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp							
Full Review:																					
LSA AA VT 99999	243	21.95	18.37	4.64	18.46	18.14	21.27	24.89	41.90	52.32	3.92	19.60	28.32	48.17							
LSB AA1 NH 99999	659	59.53	16.91	2.29	16.79	13.30	21.73	20.64	44.57	63.76	4.42	23.65	26.57	45.37							
Limited Review:																					
LSB AA2 NH 31700	205	18.52	16.27	14.72	18.43	20.30	23.51	16.75	41.79	48.22	7.85	26.02	30.20	35.93							

* Based on 2013 Peer Mortgage Data -- US and PR

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

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 1.7% of loans originated and purchased by BANK.

2 Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: LSB 2014 FULL AA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014				Aggregate Lending Data *			
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Low	Mod	Mid	Upp
	#	% of Total**	% Families***	% BANK Loans****	% Families ³	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****				
Full Review:														
LSA AA VT 99999	107	26.75	18.37	1.94	18.46	13.59	21.27	19.42	41.90	65.05	6.16	16.59	21.33	55.92
LSB AA1 NH 99999	246	61.50	16.91	5.76	16.79	15.23	21.73	20.16	44.57	58.85	7.41	17.59	23.61	51.39
Limited Review:														
LSB AA2 NH 31700	47	11.75	16.27	9.09	18.43	22.73	23.51	27.27	41.79	40.91	7.20	18.13	32.00	42.67

* Based on 2013 Peer Mortgage Data -- US and PR

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

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 2.5% of loans originated and purchased by BANK.

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: LSB 2014 FULL AA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data *			
	#	% of Total**	% Families*	% BANK Loans****	% Families ⁴	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
LSA AA VT 99999	327	22.44	18.37	3.76	18.46	14.42	21.27	20.69	41.90	61.13	7.89	14.24	23.84	54.03
LSB AA1 NH 99999	831	57.04	16.91	4.37	16.79	13.37	21.73	19.68	44.57	62.58	4.37	14.23	24.08	57.32
Limited Review:														
LSB AA2 NH 31700	299	20.52	16.27	9.97	18.43	18.56	23.51	26.80	41.79	44.67	8.12	19.22	26.33	46.33

* Based on 2013 Peer Mortgage Data -- US and PR

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 1.6% of loans originated and purchased by BANK.

⁴ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES									
Geography: LSB 2014 FULL AA					Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data *	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
LSA AA VT 99999	99	36.80	72.26	73.74	73.74	18.18	8.08	0	0
LSB AA1 NH 99999	101	37.55	70.44	66.34	59.41	18.81	21.78	0	0
Limited Review:									
LSB AA2 NH 31700	69	25.65	74.31	69.57	44.93	27.54	27.54	0	0

* Based on 2013 Peer Small Business Data -- US and PR

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2014).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.37% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: LSB 2014 FULL AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)	
Full Review:										
LSA AA VT 99999	3	183	3	51	6	234	9.56	0	0	
LSB AA1 NH 99999	0	0	3	1,294	3	1,294	52.86	0	0	
Limited Review:										
LSB AA2 NH 31700	1	650	5	270	6	920	37.58	0	0	

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

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: LSB 2014 FULL AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014					
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
LSA AA VT 99999	26.04	14	41.18	7.14	0.00	78.57	14.29	0	0	0	0	0	0	0.26	5.64	81.60	12.50
LSB AA1 NH 99999	60.85	15	44.12	0.00	6.67	60.00	33.33	0	0	0	0	0	0	0.00	10.48	54.84	34.67
Limited Review:																	
LSB AA2 NH 31700	13.11	5	14.71	20.00	20.00	60.00	0.00	0	0	0	0	1	0	4.06	15.62	51.68	28.64

Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH and ATM DELIVERY SYSTEM				Geography: LSB 2014 FULL AA				Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2014									
Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total Bank Deposits	# of BANK Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	# of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
LSA AA VT 99999	26.04	14	41.18	7	0	79	14	16	41.03	1	0	13	2	0.26	5.64	81.60	12.50
LSB AA1 NH 99999	60.85	15	44.12	0	7	60	33	18	46.15	0	1	11	6	0.00	10.48	54.84	34.67
Limited Review:																	
LSB AA2 NH 31700	13.11	5	14.71	20	20	60	0	5	12.82	1	1	3	0	4.06	15.62	51.68	28.64

