



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

July 02, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Federal Savings Bank
Charter Number 703997

633 Central Avenue
Dover, NH 03820

Office of the Comptroller of the Currency

99 Summer Street, 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	3
DEFINITIONS AND COMMON ABBREVIATIONS	4
DESCRIPTION OF INSTITUTION	8
SCOPE OF THE EVALUATION.....	9
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	11
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....	12
LENDING TEST	12
COMMUNITY DEVELOPMENT TEST.....	18
APPENDIX A: SCOPE OF EXAMINATION.....	1
APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS.....	1

Overall CRA Rating: The institution is rated **Satisfactory**.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting the institution's CRA rating include:

- Federal Savings Bank's (FSB or the bank) level of lending, as reflected by its loan-to-deposit (LTD) ratio is more than reasonable.
- The majority of the bank's originated and purchased loans are made within the bank's assessment area (AA).
- The overall borrower distribution of loans reflects reasonable penetration among individuals of different income levels.
- The overall geographic distribution of loans reflects reasonable dispersion in low- and moderate-income geographies.
- The bank demonstrates adequate responsiveness to community development needs in its AA.

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 generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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 conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), 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 five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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 (MD): As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

Federal Savings Bank (FSB) is a federally chartered mutual thrift institution headquartered in Dover, New Hampshire (NH). In addition to its main office, the institution operates four full service branch offices. These branches are located in Barrington, Durham, Portsmouth, and Rochester. Operating hours are reasonable, as all locations are open 9:00am to 5:00pm Monday through Friday, and Saturday from 8:30am to 12:30pm. Drive-up access is available beginning at 8:00am Monday through Friday at the Dover office and at 8:30am at the Barrington, Portsmouth, and Rochester offices with extended hours on Friday to 6:00pm at all locations except Durham, which closes at 5:00pm. All branch locations feature an automated teller machine (ATM) for 24-hour banking access, and the bank operates an additional stand-alone ATM in Portsmouth. No branches were opened or closed during the evaluation period.

FSB is primarily a residential mortgage lender, offering fixed and variable rate loans for the purchase, refinance, and construction of one-to-four family and multi-family homes. The bank also offers home equity loans and lines of credit, commercial loans, and consumer loans. The bank’s website, www.fsbdoover.com, provides a listing and description of its deposit and lending services. Available deposit products include, but are not limited to, passbook savings, statement savings, club accounts, checking and money market accounts, and certificates of deposits. The bank offers electronic banking services through its online banking system, which includes mobile banking, online bill pay function, and person-to-person payments.

As of March 31, 2018, total assets, total deposits, and net tier one capital were \$369 million, \$261 million, and \$32 million, respectively. Aggregate loans of \$313 million represent 85 percent of total assets. The bank continues to be primarily a retail bank with 66 percent of gross loans centered in 1-4 family residential and home equity loans.

The following table provides a full summary of the loan mix:

Loan Portfolio Summary by Loan Product March 31, 2018	
Loan Category	% of Gross Loans and Leases
1-4 Family Residential Mortgage	62%
Commercial Real Estate	18%
Construction and Development	8%
Commercial & Industrial	6%
Home Equity Lines of Credit	4%
Multifamily	2%
Loans to Individuals	< 1%

Source: Federal Deposit Insurance Corporation (FDIC) Call Report

FSB has no financial or legal impediments to meeting the credit needs of the community. The bank was rated “Outstanding” using Small bank procedures at the previous CRA Evaluation dated June 8, 2015.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The bank's CRA performance was evaluated using Intermediate Small bank (ISB) CRA evaluation procedures. The ISB procedures include a lending test and a community development (CD) test. The lending test evaluates the bank's record of performance in meeting the credit needs of its AA during the evaluation period through its record of lending. The CD test evaluates the bank's responsiveness to the community development needs in its AA through qualified community development loans, investments, and services.

The evaluation period for the lending test covers the bank's performance from January 1, 2015 through December 31, 2017. Due to updates made to the demographic information during the evaluation period, the bank's 2015 and 2016 performance was evaluated independently of the 2017 performance metrics. The bank's lending performance between January 1, 2015 and December 31, 2016 was compared to the 2010 U.S. Census Data. The bank's performance for 2017 was compared to the 2015 American Community Survey (ACS) data.

The bank's primary loan products, based on loan originations and purchases during the evaluation period, include HMDA reportable residential loans. Within HMDA reportable residential lending, home purchase and home refinance loans by count represent the majority of all home mortgages, at 62.5 and 24.3 percent, respectively. Therefore, we placed significant emphasis on the bank's record of lending among these loan products when determining lending test conclusions.

The evaluation period for the CD test covers the bank's performance from January 1, 2015 through December 31, 2017. This is the first evaluation of the CD test for FSB given the bank's asset size. Community development loans, investments, and services submitted by management were verified to ensure they met the regulatory definition for community development.

Data Integrity

The bank reports data under the requirements of the HMDA. Prior to the start of this evaluation, we reviewed the accuracy of HMDA data for residential real estate loans originated and/or purchased, and found that the data was reliable. All residential real estate loans originated and/or purchased during the evaluation period were included in our evaluation of the bank's lending. The activities presented for CD consideration by the bank were also reviewed for the purpose of determining whether the activities met the regulatory definitions.

Selection of Areas for Full-Scope Review

The CRA requires a bank to define the AA in which it will be evaluated. FSB's AA consists of continuous portions of the Rockingham-Strafford County, NH Metropolitan Division (MD#40484).

Federal Savings bank assessment area (AA) consists entirely of Strafford County and contiguous adjacent geographies within Rockingham County. The bank's also serves neighboring towns in York County, ME; however, for purposes of our review we did not include York County. While the bank does lend in York County, FSB does not have a physical presence nor deposit taking ATMs within this county. The majority of the bank's lending, deposit, and all of the branch locations are in the Rockingham-Strafford County, NH MD. The AA contains 55 census tracts (geographies), including one low-income, 14 moderate-income, 28 middle-income, and 12 upper-income tracts. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income (LMI) tracts.

Ratings

The bank's overall rating is based primarily on the areas that received a full-scope review. When evaluating the bank's overall lending performance, significant emphasis was placed on loans originated during 2015-2016 timeframe. The bank originated and/or purchased a majority of the home loans during this time period.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the Lending Test is rated Satisfactory. The bank's loan-to-deposit (LTD) ratio is more than reasonable and a majority of the bank's lending was made within the AA. Overall, the bank's distribution of lending among borrowers of different income levels is reasonable. The geographic distribution of loans reflects reasonable dispersion within geographies of different income levels

Loan-to-Deposit Ratio

FSB's loan-to-deposit ratio (LTD) is more than reasonable and exceeds the standard for satisfactory performance. The ratio averaged 114 percent over the past 12 quarters, since the last CRA evaluation. During this period, the LTD ratio ranged from a quarterly low of 107 percent and a quarterly high of 127 percent. The bank's average LTD ratio during this period is significantly higher than the average of the national banks, thrifts, and FDIC-insured institutions within the counties of the bank's AA. These eight institutions range in asset size from \$208 million to \$1.2 billion and had an average LTD ratio of 97 percent during the same period.

Lending in Assessment Area

A majority of the bank's primary loan products were made inside the bank's AA and meet the standard for satisfactory performance. FSB originated 69% by number and 68% by dollar amount of loans in the AA. The percent of home loans made in the AA during 2015-16 is consistent with the percent of home loans made in the AA during 2017.

The following tables detail the distribution of lending inside and outside of the bank's AA.

Loan Category of Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$(000s)	%	\$(000s)	%	\$(000s)
Home Purchase	125	59.52	85	40.48	210	33,782	60.96	21,639	39.04	55,421
Home Refinance	81	81.82	18	18.18	99	18,448	81.94	4,065	18.06	22,513
Home Improvement	35	83.33	7	16.67	42	3,741	92.32	311	7.68	4,052
Totals	241	68.66	110	31.34	351	55,971	68.27	26,015	31.73	81,986

Source: HMDA-reportable originated and/or purchased from 1/1/2015 – 12/31/2016.

Table 2 - Distribution of Loans Inside and Outside of Assessment Area – 2017										
Loan Category of Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$(000s)	%	\$(000s)	%	\$(000s)
Home Purchase	77	63.11	45	36.89	122	25,853	63.77	14,686	36.23	40,539
Home Refinance	24	80.00	6	20.00	30	5,447	83.83	1,051	16.17	6,498
Home Improvement	24	85.71	4	14.29	28	1,954	73.40	708	26.60	2,662
Totals	125	69.44	55	30.56	180	33,254	66.91	16,445	33.09	49,699

Source: HMDA-reportable originated and/or purchased from 1/1/2017 – 12/31/17.

Table 3 - Distribution of Loans Inside and Outside of Assessment Area Total 2015 – 2017										
Loan Category of Type	Number of Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$(000s)	%	\$(000s)	%	\$(000s)
Home Purchase	202	60.84	130	39.16	332	59,635	62.15	36,325	37.85	95,960
Home Refinance	105	81.40	24	18.60	129	23,895	82.37	5,116	17.63	29,011
Home Improvement	59	84.29	11	15.71	70	5,695	84.82	1,019	15.18	6,714
Totals	366	68.93	165	31.07	531	89,225	67.76	42,460	32.24	131,685

Source: HMDA-reportable originated and/or purchased from 1/1/2015 – 12/31/17.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of home loans reflects reasonable penetration among borrowers of different income levels given significant competition and demographic factors.

Home Loans 2015-2016

The overall distribution of home loans during 2015-2016 reflects reasonable penetration among borrowers of different income levels. Home purchase loans comprise the majority of the bank's originations during this period. The percent of home purchase loans made to low-income borrowers falls within a reasonable range below the aggregate peer lending data. The percent of home purchase loans made to moderate-income borrowers is below the aggregate peer lending data.

The percent of home refinance loans made to low-income borrowers exceeds the aggregate peer lending data. The percent of home refinance loans to moderate-income borrowers fall within a reasonable range below the percent of peer aggregate data. The percent of home improvement loans to low- and moderate-income borrowers significantly exceeds the percent of aggregate lending data.

The bank’s performance is reasonable given competition in the AA and demographic factors. Based on 2016 Peer Mortgage Market Share Data, for home purchase loans made to low-income borrowers, the bank ranks 33rd among 72 lenders with approximately 0.69 percent market share. Within this market, the top 10 lenders account for 56 percent of the total market, and all lenders outside of the top 12 maintain less than two percent market share. Based on the same market share data, for home purchase lending to moderate-income borrowers, FSB is ranked 26th among 116 lenders with less than one percent market share. The top 10 lenders account for 52 percent of the market.

During 2016, the median housing value was \$289,722 while the FFIEC adjusted median family income was \$87,900. This means a low-income borrower would earn \$43,949 or less, and a moderate-income borrower would earn between \$43,949 and \$70,311. Low- and moderate-income borrowers may encounter difficulty qualifying for a mortgage.

The following table illustrates the distribution of home loans to borrowers of different income levels within the AA during 2015 – 2016:

Table 4 - Borrower Distribution of Residential Real Estate Loans in the bank’s AA – 2015-2016								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Lending Data	% of bank Loans						
Home Purchase	6.72	5.83	22.08	15.00	27.52	30.83	43.69	48.33
Home Improvement	7.47	12.12	16.86	24.24	27.39	21.21	48.28	42.42
Home Refinance	4.63	6.67	15.76	14.67	28.30	30.67	51.30	48.00

Source: HMDA-reportable loans originated and/or purchased during 2015 – 2016; 2016 Peer Mortgage Data.

Home Loans 2017

The overall distribution of home loans during 2017 reflects reasonable penetration among borrowers of different income levels. Home purchase loans again comprised the majority of home loans made during 2017. The percent of home purchase loans made to low-income borrowers falls within a reasonable range below the peer aggregate

lending data. The percent of home purchase loans made to moderate-income borrowers is lower than the peer aggregate lending data.

The percent of home refinance loans made to low- and moderate-income borrowers falls within a reasonable range below the percent of aggregate peer lending data. The percent of home improvement loans to low- and moderate income borrowers exceeds the aggregate peer lending data.

The bank’s performance is reasonable given competition in the AA. According to the 2017 Peer Mortgage Market Data, for home purchase lending to low-income borrowers, the bank is ranked 26th among 76 lenders with 1.07 percent market share. The top ten lenders account for 50 percent of the market. For home refinance lending, the bank is ranked 47th among 56 lenders with 0.55 percent market share representing one instance of lending to low-income borrowers. The market for home refinance loans is competitive as well, with the top ten lenders in this area accounting for approximately 60 percent of the market.

According to the 2017 Peer Mortgage Market Data, for home purchase lending to moderate-income borrowers, FSB is ranked 24th among 122 lenders, representing 1.07 percent market share. Similarly, for home refinance loans within the same market, the bank is ranked 36th among 106 lenders with 0.58 percent market share representing three instances of lending to moderate-income borrowers.

The following table illustrates the distribution of home loans to borrowers of different income levels within the AA during 2017:

Table 5 - Borrower Distribution of Residential Real Estate Loans in the bank’s AA – 2017								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Aggregate Lending Data	% of bank Loans						
Home Purchase	8.09	5.71	24.21	17.14	27.08	27.14	40.62	50.00
Home Improvement	8.76	13.04	20.80	21.74	25.73	17.39	44.71	47.83
Home Refinance	7.71	6.25	21.73	18.75	29.14	12.50	41.42	62.50

Source: HMDA-reportable loans originated and/or purchased during 2017; 2016 Peer Mortgage Data.

Geographic Distribution of Loans

The bank’s overall lending among geographies of different incomes is reasonable. The geographic distribution of home loans reflects reasonable dispersion given significant market competition within the AA. Home purchase loans, which account for

approximately 55 percent of all home mortgage loans during the evaluation period, were given the most weight. Within the bank's AA, there is one low-income census tract and 15 moderate-income census tracts, which represents 1.8 and 27.3 percent of total census tracts, respectively.

Home Loans 2015-2016

The overall distribution of home loans during 2015-2016 reflects reasonable dispersion among geographies of different income levels given significant competition.

The bank did not make any home purchase loans in low-income geographies. The percent of owner-occupied units within the low-income geography is limited at only 0.74 percent. Additionally, market competition for home purchase loans is significant within the bank's AA as indicated by the 2016 Peer Mortgage Data Market Share report. The top 13 lenders accounted for nearly 50 percent of the market share. The percent of home purchase loans in moderate-income geographies exceeds the percent of peer aggregate lending data.

The bank did not make any home refinance loans in low-income geographies. The percent of home refinance loans in moderate-income geographies falls within a reasonable range below peer aggregate lending data. The percent of home improvement loans in low-income geographies exceeds peer aggregate lending data. The percent of home improvement loans in moderate-income geographies is significantly lower than the percent of peer lending data.

Competition for home refinance and home improvement loans remains significant. As indicated by 2016 Peer Mortgage Market Share Data report, for home improvement loans in moderate-income geographies, the bank ranked seventh among 39 lenders with approximately three percent market share. The top five lenders accounted for nearly 61 percent of the market share. Similarly, during 2016, there were 146 home refinance lenders within the AA, the bank ranked 34th with less than one percent market share. The top 10 lenders accounted for approximately 44 percent of the market share.

The following table illustrates the distribution of home loans among geographies of different income levels within the AA during 2015-2016:

Table 6 – Geographic Distribution of Residential Real Estate Loans in the bank’s AA – 2015-2016								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of bank Loans						
Home Purchase	1.76	0.00	27.87	28.00	53.44	60.80	16.94	11.20
Home Improvement	1.62	2.86	23.56	11.43	57.19	71.43	17.63	14.29
Home Refinance	0.93	0.00	21.87	13.92	59.21	70.89	18.00	15.19

Source: HMDA-reportable loans originated and/or purchased during 2015 – 2016; 2016 Peer Mortgage Data.

Home Loans 2017

The overall distribution of home loans during 2017 reflects reasonable dispersion among geographies of different income levels given performance context. Home purchase loans were given the most weight when drawing conclusions as home purchase loans accounted for the majority of the home loans made during 2017.

The percent of home purchase loans in low- and moderate-income geographies falls within a reasonable range below peer aggregate lending data. The percent of home improvement loans in low-income geographies significantly exceeds peer aggregate lending data. The percent of home improvement loans in moderate-income geographies exceeds peer aggregate lending data. The percent of home refinance loans in low-income geographies exceeds peer aggregate lending data. The percent of home refinance loans in moderate-income geographies significantly exceeds peer aggregate lending data.

The following table illustrates the distribution of home loans among geographies of different income levels with the AA during 2017:

Table 7 – Geographic Distribution of Residential Real Estate Loans in the bank’s AA – 2017								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of Aggregate Lending Data	% of bank Loans						
Home Purchase	3.26	1.33	29.68	29.33	50.93	56.00	16.13	13.33
Home Improvement	1.59	8.33	28.09	29.17	53.18	58.33	17.14	4.17
Home Refinance	1.73	4.35	24.99	39.13	55.62	39.13	17.66	17.39

Source: HMDA-reportable loans originated and/or purchased during 2017; 2016 Peer Mortgage Data.

Responses to Complaints

There were no CRA related complaints received by the bank or the OCC during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD test is rated Satisfactory. Federal Savings Bank’s community development performance demonstrates adequate responsiveness to the community development needs in its assessment area through CD loans, investments, and services.

Number and Amount of Community Development Loans

Federal Savings Bank originated a high level of CD loans during the evaluation period. The bank originated 13 loans totaling \$8.2 million during the evaluation period that qualified as CD loans. The CD loans made by the bank provided financing for organizations that provide affordable housing, promote economic development and/or revitalize low- or moderate-income geographies, and provide services targeted towards low- and moderate-income individuals. The bank also made loans under the Small Business Administration’s (SBA) 504 loan program. SBA’s certified development company/504 Loan Program was created to promote economic development and create/retain jobs. The program helps banks attract and serve small business borrowers that need financing and may not meet conventional underwriting criteria.

The highlights of the bank’s CD loans are as follows:

- A \$3.3 million loan made to construct a building for a business within the bank’s AA, which was financed under the SBA 504 loan program.
- A \$1.5 million loan made to a hospital that provides health service needs to patients who are at or below poverty guidelines within the bank’s AA.

- A \$1.9 million loan made in conjunction with the Federal Home Loan Bank of Boston's Job for New England program for the purpose of retaining approximately 30 jobs within the bank's AA.
- A \$300 thousand loan to a business with annual revenues less than \$1 million with the funds being used to purchase a property within a low- to moderate-income geography for the borrower to employ individuals at this location.
- A \$250 thousand loan SBA loan with the funds being used for retaining jobs located in a low- to moderate-income geography within the bank's AA.

Number and Amount of Qualified Investments

The bank's level of CD investments and donations is satisfactory considering the bank's capacity, significant market competition, and the availability of community development opportunities. Federal Savings Bank's investments and donations during the assessment period totaled approximately \$1.7 million. This comprises of one CD investment and 61 grants/donations/tax credits to 35 community development organizations within the bank's AA.

The highlights of the bank's CD Investments are as follows:

- A CD investment in one Fannie Mae mortgage-backed security totaling \$1.6 million. The loans were to low- or moderate-income borrowers within the bank's AA.
- A sponsorship to an organization that provides economic development to revitalize and sustain the downtown of a city in which the bank has a branch location.
- A sponsorship to an organization that provides affordable housing and food services to low- and moderate-income individuals within the bank's AA.

Extent to Which the Bank Provides Community Development Services

The bank's level of community development services is satisfactory. During the evaluation period, the bank had two employees provide financial expertise to two organizations. One organization provides affordable housing services to low- and moderate-income individuals within the bank's AA. A bank employee provided financial education to first-time home buyers during the organization's program, which a significant portion were low- and moderate-income individuals. The other employee presented and moderated a financial literacy class to students at a local high school within the bank's AA. These classes provided financial education information to students within a high school located in a low-income census tract.

Responsiveness to Community Development Needs

Considering the bank's capacity, community needs, and the availability of CD opportunities, the bank's CD performance, through CD loans, investments, and services demonstrates appropriate responsiveness to the needs of the AA.

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 (excludes CD loans): (01/01/2015 to 12/31/2017) Investment and Service Tests and CD Loans: (01/01/2015 to 12/31/2017)	
Financial Institution	Products Reviewed	
Federal Savings Bank Dover, NH	Residential loans including home purchase, home refinance, and home improvement loans.	
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
FSB Dover AA	Full-Scope	<ul style="list-style-type: none"> • Rockingham-Strafford County, NH Metropolitan Division (MD#40484) <ul style="list-style-type: none"> ○ Strafford County ○ Rockingham Country <ul style="list-style-type: none"> ➤ Portsmouth, Brentwood, East Kingston, Epping, Exeter, Greenland, Hampton, Hampton Falls, Kensington, New Castle, Newfields, Newington, Newmarket, North Hampton, Rye, Stratham

Appendix B: Community Profiles for Full-Scope Areas

Due to changes to demographic characteristics of census tract data as a result of the update provided by the 2015 American Community Survey (ACS) when compared to the data collected during the 2010 US Census, our analysis of the bank's lending performance was divided into two evaluation periods: 2015-2016 and 2017. Our review of the bank's 2015-2016 Home Mortgage Disclosure Act (HMDA) data was compared to the demographic data collected during the 2010 US Census. Our review of 2017 HMDA data was compared to the demographic data collected during the 2015 ACS.

Federal Savings Bank operates in a competitive market area with competition from a variety of financial institutions. Market competitors include large national institutions, commercial banks, local savings banks, and credit unions. As of June 30, 2017, the Federal Deposit Insurance Corporation's Institution Deposit Market Share report indicates that 27 financial institutions operate branches within the bank's AA. Although FSB ranks eighth, the deposit market share accounts for only 2.8 percent, as the top three financial institutions make up more than 50 percent of the market share. Local deposit competitors within the bank's AA include: Bank of New England, Optima Bank & Trust Company, Enterprise Bank & Trust Company, The Provident Bank, and Salem Co-operative Bank. Larger financial institutions such as TD bank, National Association, Citizens Bank, National Association, Bank of America, National Association, and People's United Bank, National Association provide further competition as market share leaders.

Competition for mortgage loans within the bank's AA is high as several nationwide lenders and mortgage companies operate within the bank's market. According to 2016 Peer Mortgage Data, there are 314 lenders in the AA. The top 10 lenders account for approximately 38 percent of the market share. Top lenders include Wells Fargo Bank, National Association, FBC Mortgage, LLC, Regency Mortgage Corporation, and Quicken Loans. The peer mortgage data for 2017 is consistent with 2016 data.

As of May 2018, the most recent economic indicators highlight that the Rockingham County-Strafford County metropolitan division is one of the fastest growing economies in the region in terms of year-over-year job growth. The unemployment rate is near a record low and has remained this way since 2016. As of April 2018, the Bureau of Labor Statistics average unemployment rate for the region is 2.7 percent compared to the national unemployment rate of 3.9 percent. Technology and finance have contributed to the economic growth in the region. The economy has also benefitted from a large retirement population. The housing market continues to appreciate as the region is located between the Boston metropolitan statistical area (MSA) and Manchester, NH MSA.

Major employers within the Rockingham County-Strafford County region include Genesis Healthcare, Liberty Mutual Insurance, and Wentworth Douglass Hospital.

To better understand the credit needs of the community, we contacted two local organizations in the bank's AA. The first organization provides quality, affordable housing and services to low- and moderate-income families, seniors, and residents within the bank's AA. The contact indicated that affordable housing opportunities are limited; however, local financial institutions are supportive of the credit and community development needs. In addition to affordable housing, the contact identified transportation needs for low- and moderate-income families and individuals as a major need within the community.

The purpose of the second local community organization we contacted is to educate entrepreneurs and help small businesses start, grow, and develop. The contact indicated that financial education programs and workshops for individuals are a primary need within the community to help revitalize and promote economic development. The contact indicated that local institutions in the area have been responsive to the needs of the community.

Demographic information for the AA is further detailed in the table below:

2015-2016

Demographic Information for Full Scope Area: FSB AA 2015 - 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	55	1.82	27.27	49.09	21.82	0
Population by Geography	242,545	0.71	30.53	50.34	18.43	0
Owner-Occupied Housing by Geography	67,450	0.74	29.73	51.87	17.66	0
Business by Geography	18,755	0.94	24.41	56.56	18.10	0
Farms by Geography	573	0.70	17.80	55.50	26.00	0
Family Distribution by Income Level	61,623	20.30	20.44	24.16	35.10	0
Distribution of Low and Moderate Income Families throughout AA Geographies	25,104	1.70	43.20	46.03	9.07	0
Median Family Income		\$81,802	Median Housing Value		\$289,722	
FFIEC Adjusted Median Family Income for 2016		\$87,900	State Unemployment Rate (BLS - May 2018)		2.5%	
Households Below Poverty Level		8.88%				

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

2017

Demographic Information for Full Scope Area: FSB AA 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	55	1.82	29.09	47.27	21.82	0
Population by Geography	246,252	2.44	29.67	49.28	18.61	0
Owner-Occupied Housing by Geography	67,366	1.97	26.87	52.05	19.11	0
Business by Geography	19,075	2.58	23.97	50.57	22.88	0
Farms by Geography	601	0.83	20.13	50.58	28.45	0
Family Distribution by Income Level	63,151	21.35	18.93	22.01	37.71	0
Distribution of Low and Moderate Income Families throughout AA Geographies	25,440	3.57	42.08	44.25	10.10	0
Median Family Income		\$88,858	Median Housing Value		\$275,555	
FFIEC Adjusted Median Family Income for 2017		\$93,800	State Unemployment Rate (BLS - May 2018)		2.5%	
Households Below Poverty Level		8.49%				

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2015 ACS US Census and 2017 FFIEC updated MFI