

Putting New Hampshire Dollars to Work in the Granite State: The Critical Role of Banks in New Hampshire on the State's Economy

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Executive Summary

This report uses publicly available data and sophisticated economic models to assess the economic impact that banks located in New Hampshire have on the state's economy. The report first looks at trends in the presence of the banking industry in New Hampshire, and provides data that show how the banking industry in New Hampshire stands out in serving among the highest percentage of household of any state banking industry in the nation, as well as its use of local bank deposits to meet the credit needs of the New Hampshire communities it serves. The report calculates the impact that direct employment and operations of the banking industry in New Hampshire has on creating and supporting thousands of jobs, across all industries and throughout the state. The impact that small business and home mortgage lending by banks in the state have on jobs, population, and labor force in the state are highlighted, as are the impacts of the banking industry and its multiplier, or ripple effects, have on state and local government revenues. The report develops a methodology to allocate lending volumes in New Hampshire among banks according to the location of their headquarters, an important task in determining the volume of lending in New Hampshire by national, regional, and other banks with locations or headquarters in states other than New Hampshire. Because housing and housing affordability are prominent challenges facing the state, the report examines patterns of home mortgage lending by banks located in New Hampshire and credit unions located throughout the country that made home loans in the Granite State. Finally, the report provides insights into the volume of charitable contributions in New Hampshire made by banks located in the state.

Key Study Findings Include:

- The banking industry located in New Hampshire employs 4,496 individuals in New Hampshire and pays over \$500 million in wages, salaries and benefits.
- The secondary and tertiary or multiplier impacts of the banking industry add another 6,749 jobs in New Hampshire and over \$521 million in wages, salaries and benefits, not including any employment impacts that result from bank lending to businesses and individuals.
- New Hampshire has retained a higher percentage of bank branches throughout the state than either the nation or the region, even as the number of banks and bank branches has consolidated nationally and regionally.
- The banking industry in New Hampshire serves a higher percentage of the state's population than neighboring states or the nation, as the state has a lower percentage of "unbanked" or "underbanked" households.
- Bank deposits have grown more in New Hampshire than in neighboring states.
- New Hampshire banks put local deposits to work locally. Banks headquartered in New Hampshire reinvest the deposits they hold in the local economy at higher rates than any state in the nation.

- Banks and the indirect and induced economic impacts produced an estimated \$127.4 million in revenues for state and local governments in New Hampshire in 2024.
- Community banks headquartered in New Hampshire held 27 percent of bank deposits in New Hampshire but made 36 percent of the loans by in the state made by banks with branch locations in the state.
- Lending in New Hampshire by banks with branch locations in the state total an estimated \$40 billion.
- Banks located in New Hampshire originated \$619 million in small business loans in 2023, increasing 2023 small business employment by 918 jobs in that year, and hold an estimated total of over \$2.4 billion of small business loans.
- Bank locations in New Hampshire made 7,820 home mortgage loans in 2023, supporting 5,097 jobs in the state.
- Approved a higher percentage of home purchase loans than credit unions, especially among buyers under the age of 35.
- Banks located in New Hampshire made almost \$15 million in charitable donations in the past fiscal year.
- Combined, bank operations along with one year of small business and mortgage loan originations added 17,260 jobs in New Hampshire, and are responsible for raising the state's population by 9,123 individuals and increasing the state's labor force by 6,166.

I. Introduction

Banks fuel growth of the New Hampshire economy and the prosperity of its businesses and residents by (1) employing thousands of individuals in well-paying jobs; (2) transforming local deposits into mortgages, consumer loans, and business credit; (3) financing community

development (affordable housing, health, and local services); and (4) safeguarding public funds via collateralized deposits while rolling out faster and safer forms of payment. Yet much of the attention of national and state level policymakers is focused on encouraging and supporting nontraditional financial services. Fintech, crypto assets and big-tech payment services receive considerably more attention than the reality that traditional banks continue to perform the vast majority of the critical financial functions that fund growth in the nation and New Hampshire economies.

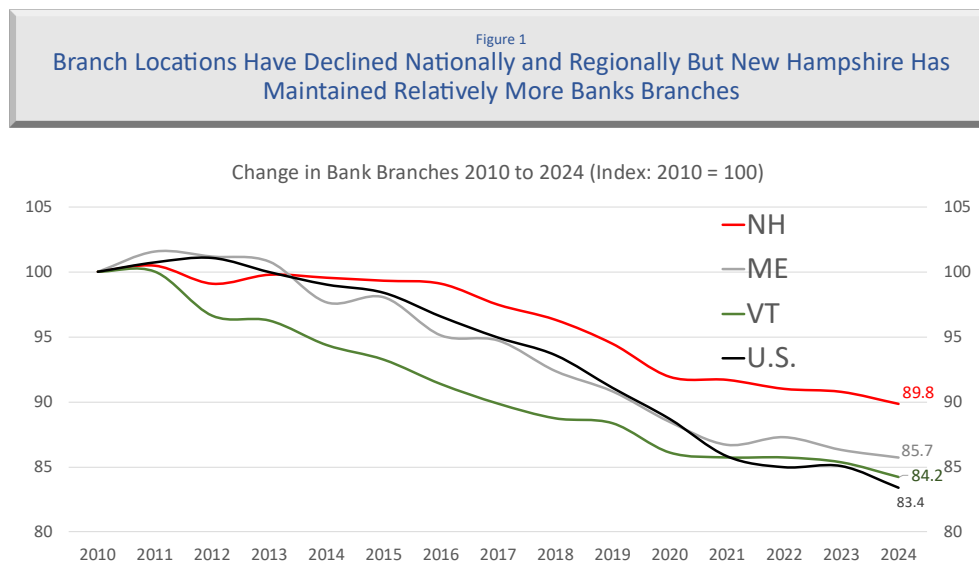
This report documents the critical role that banks in the Granite State play in fostering growth in the state's economy and the prosperity of its citizens. It highlights the most basic impacts the banking industry has on New Hampshire's economy, via its employment of 4,800 New Hampshire residents in well-paying jobs. More importantly, the report documents the critical role banks play in supplying the credit necessary for businesses and the New Hampshire economy to grow. Unless or until machinery can be bought, payroll met, or homes purchased with crypto currency, it is important for policymakers to understand and support the interests and needs of New Hampshire's banking industry. Encouraging innovation in financial services is an important public policy objective. At the same time, failing to support the banking industry risks hindering the industry's ability provide the credit and services that business and households depend on, and which fuels the growth in the Granite State's economy.

Our report uses publicly available data on the banking industry in New Hampshire as well as sophisticated econometric models of the Granite State to calculate the overall impact that the banking industry has on the economy and fiscal health of the state and to document the important role the industry plays in addressing the critical housing and demographic issues facing the state.

II. A Challenging Regulatory and Competitive Environment

Banks face increasing competition in the marketplace for financial services, especially from organizations that are not subject to the same regulatory requirements and constraints as banks. Capital requirements, reporting and compliance rules, restrictions on lines of business, and other regulations both impose additional costs on banks and can limit their ability to innovate and compete with other financial service providers. At the same time, safety and soundness regulations placed on the banking industry are what make it a stabilizing force in the nation and our state's economy. The regulatory environment is especially challenging for smaller banks and is one reason the number of banks has declined in recent decades, as mergers and acquisitions have affected smaller banks and their ability to absorb the rising costs of regulation, enhanced security, and technological innovations that are increasingly required of financial service providers. While banks face increased regulatory oversight, policymakers nationally and in New Hampshire are seeking ways to limit regulation and oversight to unleash innovation and facilitate greater competition for banks from fintech and other non-bank financial service providers. The current environment challenges the profitability of banks and individual bank branches in less densely populated areas, and has contributed to a decline in bank branches nationally. Still

New Hampshire has experienced a smaller decline in bank branches (10%) than has occurred nationally (17%) or in the region, since 2010, indicating the commitment the industry has to competition and its ability to serve New Hampshire businesses and residents throughout the state (Figure 1).



III. New Hampshire Banks Serve More Households

A 2023 national survey of unbanked and underbanked households shows how access to banking services in New Hampshire is among the best in the nation. The survey includes New Hampshire households and showed that 90 percent of New Hampshire households are “fully banked.” A household is considered “unbanked” if no one in the household has a checking or savings account, only 1.1 percent of New Hampshire households were estimated to be unbanked in 2023, while 8.7 percent were found to be “underbanked.” Each of these percentages is lower than the nation or neighboring states. To be considered underbanked, someone in the household must have a checking or savings account but one that had not been used in the prior 12 months, but who have used at least one of eight non-bank financial services such as non-bank check cashing services, pawn shops, car title or payday loans and other services. Table 1 compares New Hampshire’s low rates of underbanked and unbanked households to national and regional figures.

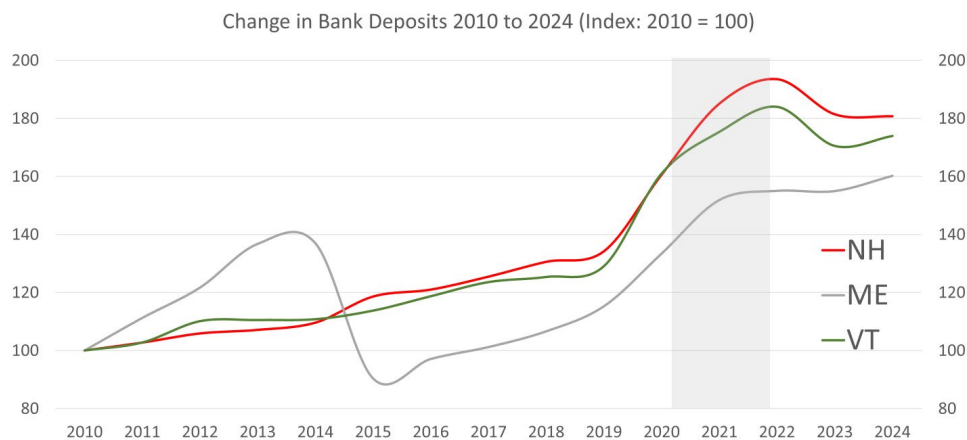
Table 1 Federal Deposit Insurance Corp.'s <i>2023 National Survey of Unbanked and Underbanked Households</i>			
	% Fully Banked	% Underbanked	% Unbanked
NH	90.2%	8.7%	1.1%
ME	83.3%	14.1%	2.6%
MA	84.4%	12.9%	2.8%

VT	88.8%	10.2%	0.9%
U.S.	81.6%	14.2%	4.2%

A. Banks in New Hampshire Show Strong Deposit Growth

New Hampshire's relatively stronger economy, facilitated by the presence of a healthy banking industry and its commitment to using local deposits to support local economies, has supported greater employment and income growth and has allowed deposits at banks operating in New Hampshire to grow more deposits than in neighboring states since 2010. The large gains in 2020 and 2021 reflect COVID19-related deposits from awards to individuals, organizations, and governments.

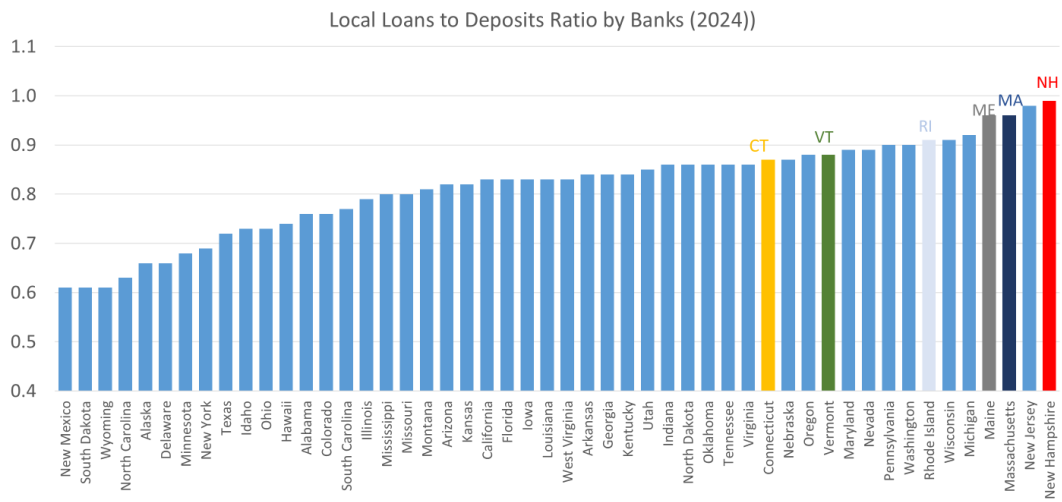
Figure 2
Deposits in New Hampshire Have Grown More Than Most in Northern New England,
But All States Saw Big Gains From Covid-Related Deposits



B. New Hampshire's Bank Deposits Fuel Local Economies

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 and the Gramm-Leach-Bliley Act of 1999 prohibit a bank from establishing or acquiring a branch or branches primarily for the purpose of gathering (harvesting) deposits from a local area for the purpose of using those deposits to fund a bank's assets anywhere in or outside the country. To determine compliance, regulators assess whether a bank is helping to meet the credit needs of the areas where they collect deposits, by comparing the amount of a bank's loans made in an area to the amount of a bank's deposits they have in the same area (the bank's local loan-to-deposit ratio.) Figure 3 shows that in 2024, New Hampshire banks put the highest percentage of deposits they hold in the state to work meeting the credit needs of New Hampshire households, businesses, and not-for-profit organizations, of any state in the nation.

Figure 3
New Hampshire Banks Put the Highest Percentage of the Deposits They Hold to Work by Lending in the Communities They Serve of Any State in the Nation



To date, no other financial service providers have an obligation, nor can they say that they use the income and financial resources of New Hampshire’s households, businesses, and governments to meet the credit needs of local communities to the same degree as banks in New Hampshire.

IV. Banking Industry Jobs and Earnings in New Hampshire

Data from the U.S. Bureau of Labor Statistics “Quarterly Census of Employment and Wages” (QCEW) program, considered the gold standard of employment data, collected from required employment and wage reports submitted by every employer to state unemployment insurance programs, indicates that the banking industry employed an average of 4,496 individuals in New Hampshire in 2024. Figure 4 shows the breakdown of 2024 banking industry data in the state.

Figure 4
The Banking Industry in New Hampshire Employed 4,496 Individuals in 2024

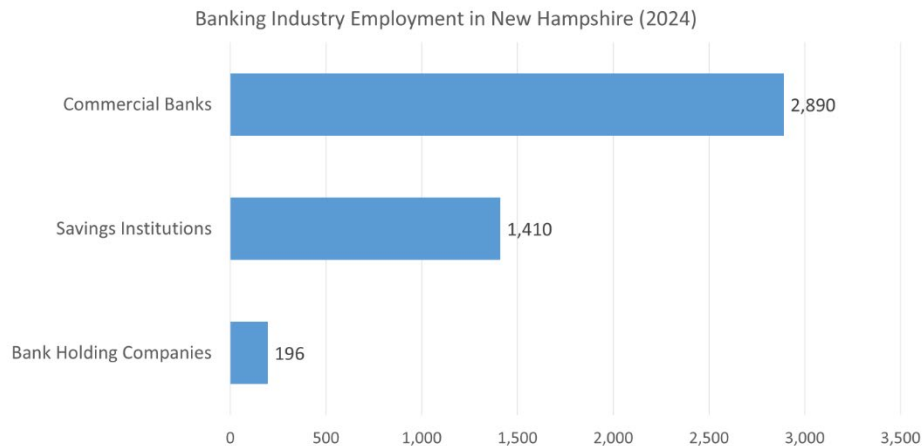
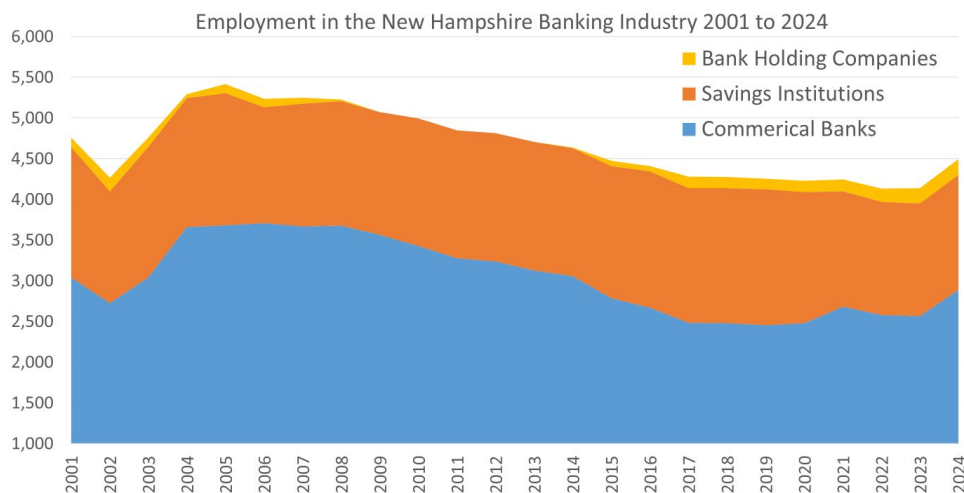


Figure 5 shows that employment in the banking industry has declined over the past two decades as the industry has consolidated with mergers and acquisitions and as digital technologies and productivity increases have reduced the demand for labor in the industry. Still, the banking industry in New Hampshire experienced a modest increase in employment since prior to the pandemic.

Figure 5
Industry Employment Has Grown Modestly Since the Pandemic



The banking industry in New Hampshire directly employs approximately 4,500 workers, paying over \$500 million in employee compensation and benefits. Banks also stimulate the economy through annual spending on business operations via their purchases of goods and services from other businesses on such things as supplies, maintenance, legal services, marketing, utilities, real estate and subcontracts, etc. The income earned by workers in the banking industry, as well as the income earned in other industries as a result of the banking industry's purchase of goods and services in New Hampshire supports additional spending on goods and services in the state. The total impact of the banking industry on employment and

earnings¹ from the banking industry, including “multiplier” impacts, is presented in Table 2. In addition, commercial and savings banks, and bank holding companies in New Hampshire (the banking industry), directly produced \$1,236,696,887 in gross domestic product (GDP) in New Hampshire in 2024, not including their contributions they make indirectly through lending activities that allow organizations and households to produce goods and services that increase GDP. Lending activities that facilitate the production of goods and services by organizations in the state are orders of magnitude larger than are the industry’s direct GDP impacts.

Table 2 Employment and Earnings Impacts From the New Hampshire Banking Industry (2024)		
Impact Type	Employment	Earnings
Direct (Banking Industry)	4,496	\$503,318,436
Indirect (Business to Business Spending by Banks)	2,268	\$190,098,657
Induced (Spending as a result of earned income from direct, indirect and induced employment)	4,481	\$331,124,809
Total Effect	11,245	\$1,024,541,902

Table 2 shows that the business operations of the banking industry, not including the impact of bank lending, circulate and reverberate through the New Hampshire economy, creating additional impacts on the economy that supports an additional 6,749 jobs in New Hampshire, for a total of 11,245 jobs, paying wages, salaries, and benefits of over \$1.02 billion.

A. Population and Labor Force Impacts

Banking industry employment and earnings and the secondary and tertiary impacts it creates, have important implications for population and labor force issues that significantly challenge for the ability of New Hampshire’s economy to grow. New Hampshire now has more deaths than births on an annual basis, indicating that without net movement into the state, either from other states (domestic migration) or from other countries (international migration), the state would see its population decline each year. Both domestic and international migration are primarily economic phenomena. That is, individuals move to locations in order to maximize their economic opportunities (jobs and income). We estimate the banking industry’s impact on

¹ Earnings are comprised of wages and salaries and proprietors income, as well as supplements which are employer contributions to benefit plans and social insurance programs such as social security and unemployment insurance

population and income using an econometric model of the New Hampshire economy and creating a counterfactual scenario where all jobs in the banking industry were subtracted from the state's economy. The inverse of the negative impacts of this scenario indicate the positive population and labor force impacts attributable to New Hampshire's banking industry.

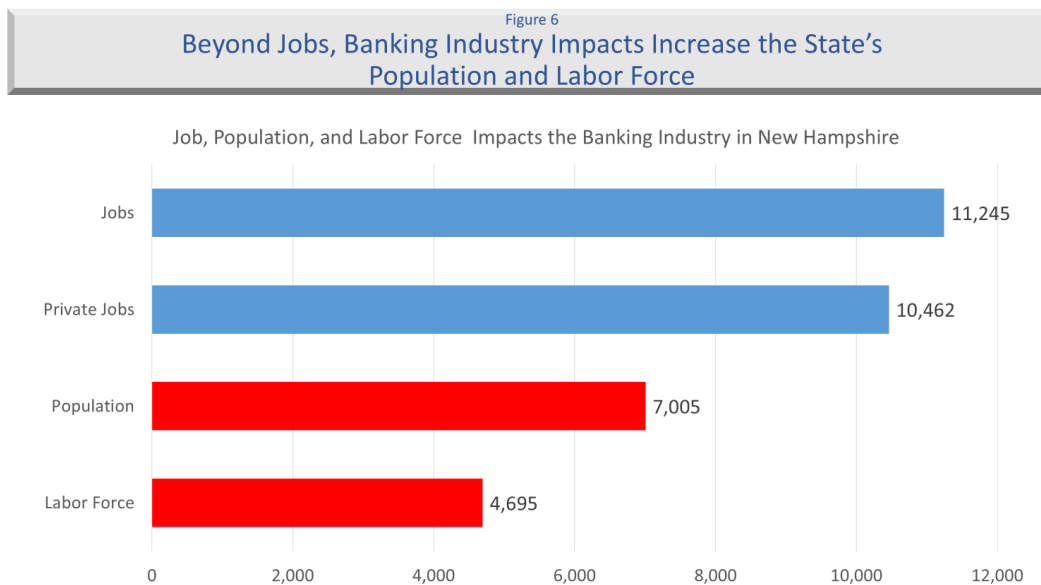


Figure 6 shows that the employment impacts from the banking industry's operations (employment and spending not including its lending activities) increases the state's population by 7,005 individuals and increases the labor force by 4,695. It is important to note that these demographic impacts greatly underestimate the overall demographic impacts of the banking industry because they do not include the dramatic impacts that bank lending have on jobs and income in the state.

V. Impact on State and Local Revenue

Banks in New Hampshire pay millions of dollars in state, local and federal taxes annually. Our estimates of the state and local revenue impacts include impacts from the direct (from the banking industry directly), indirect (from the business to business purchases by the banking industry), and induced impacts of banking industry operations. In total, the operations of the banking industry and resulting indirect and induced economic impacts result in an estimated \$127 million of state and local tax revenue in New Hampshire. Total revenue impacts were estimated using the IMPLAN input/output model of the New Hampshire economy. Tax laws and rates change, as do the sources of state and local revenue and it is not possible to say with certainty how the projected revenues resulting from banking industry operations are distributed among specific sources of state and local revenue, and it is not possible to specify the exact timing of when the tax revenue from indirect and induced economic impacts will occur.

Rather, the estimates in Table 3 represent the tax revenue that ultimately result from one year (2024) of the economic impact of the banking industry. Table 3 uses five years of historical distributions of New Hampshire state and local own source revenue to allocate the projected revenue increases derived from the IMPLAN model to specific revenue sources.

Table 3 Distribution of Estimated 2024 State and Local Revenue From Banking Industry Operations in New Hampshire	
State Tax Revenue	2024
Business Taxes	\$29,106,053
Meals and Rentals Tax	\$7,366,106
Insurance Tax	\$3,625,251
Communications Tax	\$647,366
Real Estate Transfer Tax	\$4,751,209
State Property Tax	\$6,082,928
All Other Revenue Sources	\$9,985,626
Total State Revenues	\$61,564,538
Local Tax Revenue	2024
Property Tax	\$65,858,822
Total Tax Revenue	\$127,423,360

The State of New Hampshire does not report business tax payments with industry detail, the most recent data is from 2022 and aggregates revenue for the entire financial services industry. However, PolEcon estimates that banks paid between \$15 and \$17 million of the estimated \$29 million in business taxes presented in Table 3 and resulting from the economic impact of the banking industry's operations in New Hampshire.

VI. Impact of Bank Lending on the New Hampshire Economy

The economic impact of New Hampshire's banking industry on jobs, income, and GDP, in the state, as large and important as they are, do not distinguish the New Hampshire's banking industry from other industries in the state. The unique economic value of the industry, and what makes it especially important to the state's economy, is the industry's role in providing loans to support business growth and investment, and in meeting the credit needs of households in New Hampshire.

Estimating the impact of bank lending in a state faces several challenges and PolEcon is not aware of a study that provides a methodology for allocating loans made by multi-state and national banks among the states where they lend. The primary challenge of isolating the

economic impacts of banking lending in New Hampshire is that banks report all loan data based on the state where the bank is headquartered, not where any bank's loans are made. With 44 banks operating branches in New Hampshire in 2024, and just 19 of them headquartered in New Hampshire, determining the total volume of lending by that occurs within New Hampshire by banks headquartered outside but with branches in New Hampshire is problematic. Another challenge is that most loan volume reported by banks does not have a temporal context, that is we cannot apply any level of lending to a particular year.

Figure 7
A Majority of Bank Branches in Banks Deposits Belong to Banks Headquartered in a State Other Than New Hampshire

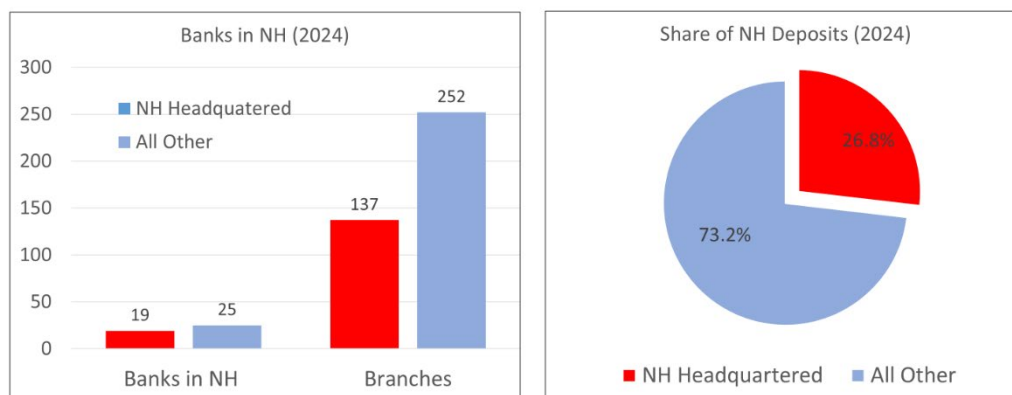
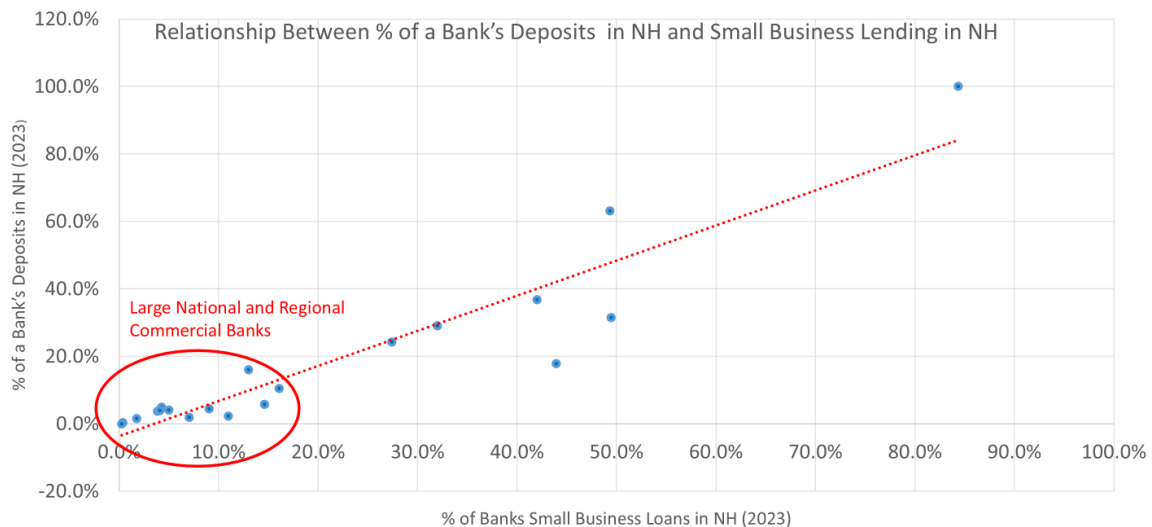


Figure 7 shows the distribution of banks, bank branches, and deposits between banks headquartered (domiciled in banking regulation terms) in New Hampshire and banks headquartered in another state. Some lending by individual banks is reported on the basis of where a loan is made, rather than where the bank is headquartered. Banks subject to CRA reporting requirements, or who choose to report CRA data, report small business loans on the basis of loan location, and banks subject to Home Mortgage Disclosure Act (HMDA) reporting requirements, report mortgage lending by where the loan was made. In addition, these two data sources report the volume of loans originated on an annual basis. Small business and home mortgage lending represent just a portion of overall bank lending in the state, but because of their unique location and temporal data attributes, we use these two data sources to develop a methodology to estimate the total volume of bank lending by banks with branch locations in New Hampshire.

To estimate the total volume of lending in New Hampshire we analyzed the relationship between bank deposits held by banks located in New Hampshire and small business and home mortgage loans in the state for all banks reporting CRA small business loans in 2023, and mortgage loans in the state for HMDA reporting banks. Figure 8 shows that there is a strong statistical relationship between a bank's 2023 deposits in New Hampshire and the volume of

small business loans it made in New Hampshire. The relationship is especially strong for large, national and regional banks that make a large portion of loans in the state.

Figure 8
There is a Strong Statistical Relationship Between the Percentage of a Multi-State Not-NH-Headquartered Bank and The Percentage of Their Lending in NH (Especially Among Larger Banks).



Although some banks do more of one type of lending than another, for the most part retail banks have a similar pattern of lending in the state and the aggregated estimates presented here are likely to reflect overall lending patterns even if they do not match the patterns of any individual bank. We averaged bank loan-to-deposit ratios over a five-year period, for all New Hampshire banks, and for each category of loan. We then applied these ratios to the deposits held in New Hampshire by out-of-state headquartered banks to allocate the volume of their loans to their New Hampshire branches. Again, although the relationship may not hold for each individual bank, based on the strong relationship between deposits and small business and mortgage loans evidenced among multi-state and national or regional banks, in the aggregate this method of allocation should closely approximate the volume of loans in New Hampshire made by out-of-state banks. Figure 9 shows the total volume of loans allocated to New Hampshire according to the amount made by in-state and out-of-state domiciled banks.

Figure 9
New Hampshire Headquartered Banks Hold 27% of Deposits in the State But Own an Estimated 36% of Net Loans Made by Banks in the State

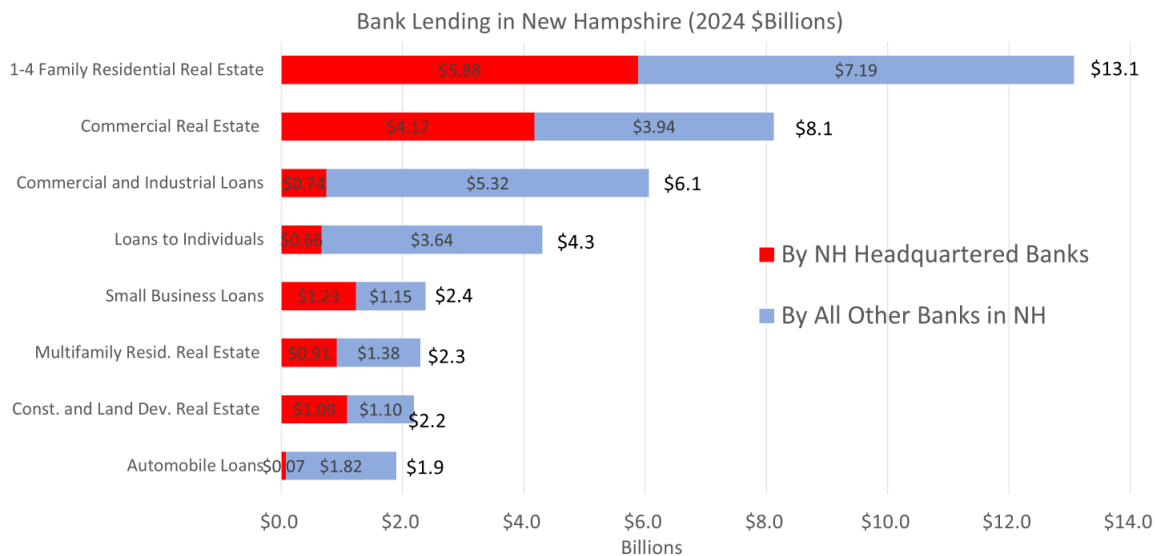


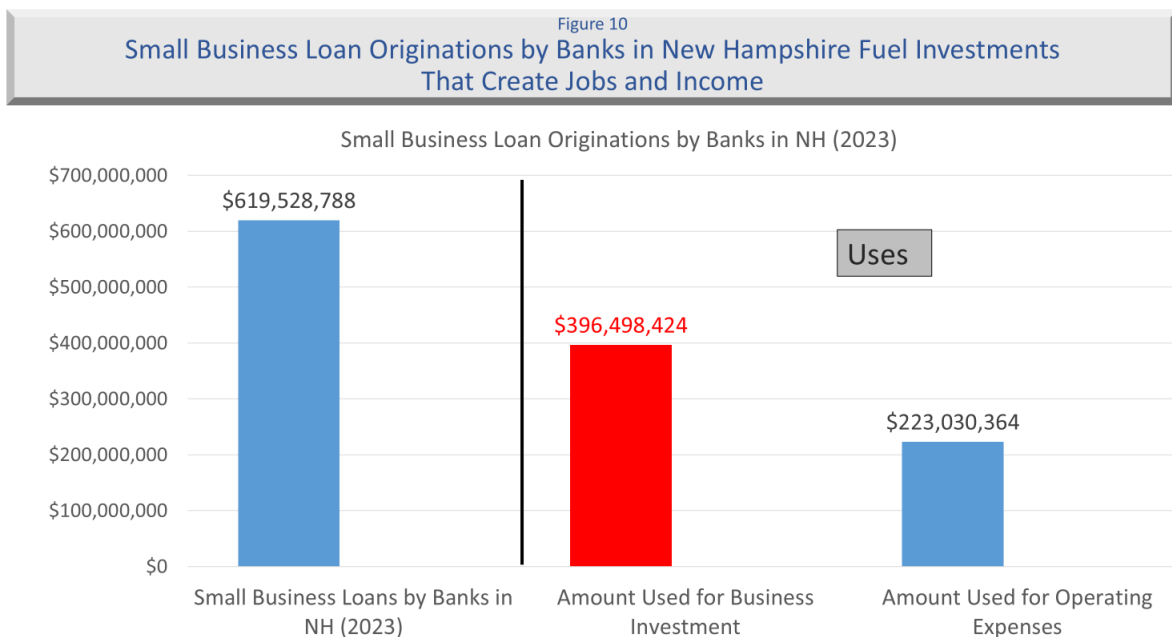
Figure 7 showed that banks headquartered or “domiciled” in New Hampshire hold 27 percent of deposits in the state. Figure 9 suggests that these same banks are responsible for \$14.7 of the \$40.3 billion or 36 percent of the loans held by banks in New Hampshire. Data on New Hampshire headquartered banks use of local deposits for local lending presented in Figure 3 supports this finding. Table 4 shows that New Hampshire headquartered banks provide an outsized share of small business, and real estate and construction loans, compared to the volume of their deposits in the state, and a smaller share of automobile, commercial and industrial loans, and loans to individuals relative to their share of deposits.

Table 4 Estimated Percentage of Bank Loans Made by New Hampshire Headquartered Banks	
Automobile Loans	3.8%
Commercial and Industrial Loans	12.2%
Loans to Individuals	15.4%
Multifamily Resid. Real Estate	39.7%
1-4 Family Residential Real Estate	45.0%
Const. and Land Dev. Real Estate	49.7%
Commercial Real Estate	51.4%
Small Business Loans	51.5%

VII. Impact of Small Business Lending in 2023

Community Reinvestment Act (CRA) data from 2023 (the latest available), reveal that banks located in New Hampshire originated \$620 million dollars in small business loans in in the state during the year. Banks with no branch locations in the state also provide loans but our

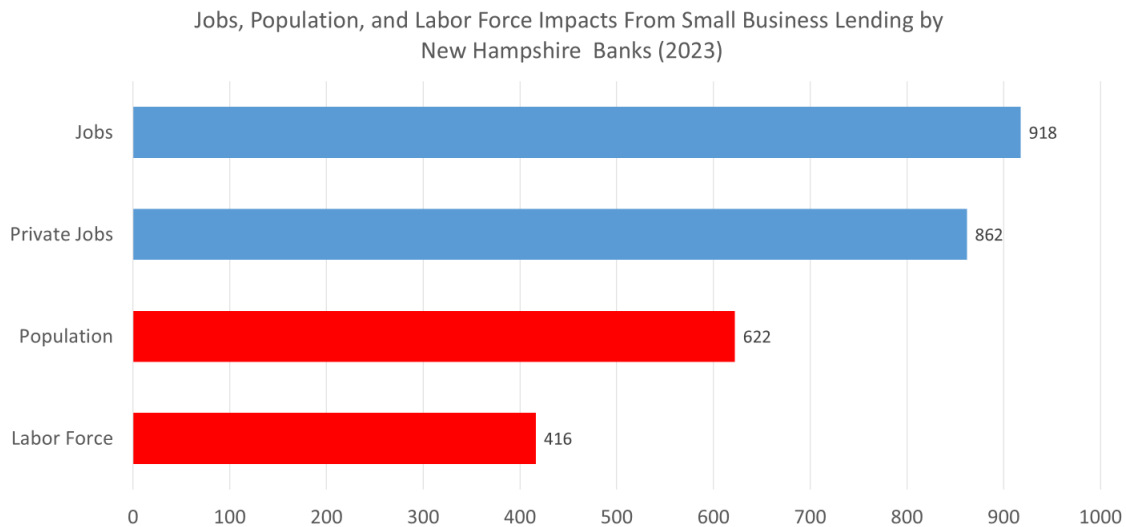
analysis of small business loan originations considers only loans made by banks with branch locations in New Hampshire. The \$620 million of small business loan originations represent only loan originations in a single year (2023) and does not include the total volume of small business loans currently held by banks in New Hampshire.



The Federal Reserve Board's 2023 Small Business Credit Survey indicates that, on average, 64 percent of small business loans are used for business capital investment, expansion, or hiring, while 36 percent is used for operating expenses, debt payments, or cash flow stability (Figure 10).

To estimate the impact that small business loans originated by banks in New Hampshire in 2023 had on the New Hampshire economy, we entered the \$396.5 portion of small business loans originated in 2023 that are expected to be used for investment or expansion as an increase in non-residential fixed investment in a proprietary model of the New Hampshire economy. Results indicate that the investment portion of the small business loans originated by banks in New Hampshire in the single year, 2023, increased jobs in the state by 918, population by 622 and the state's labor force by 416 (Figure 11). This implies that a similar volume of small business originations over a five-year period would add almost 5,000 jobs and 3,000 individuals to New Hampshire's economy.

Figure 11
Small Business Lending by New Hampshire Banks in 2023, and the Investment it Supported, Increased Jobs, Population and Labor Force in the State

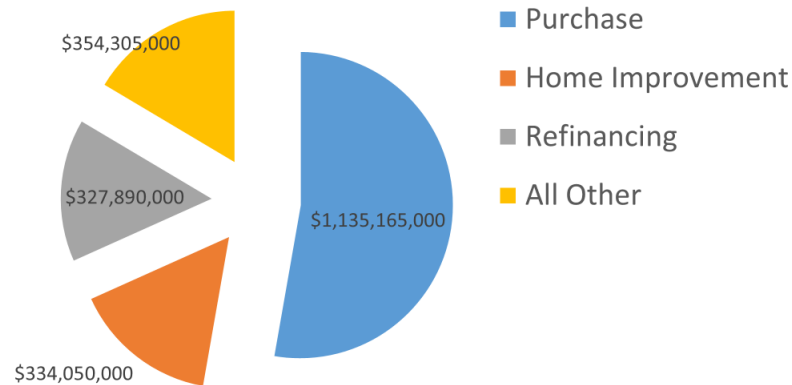


VIII. Impacts From Residential Mortgage Lending

Banks in New Hampshire made \$2.15 billion in home mortgage loans in 2023 according to Home Mortgage Disclosure Act data. Banks are required to provide detailed information about every mortgage application for HMDA reporting purposes including demographic, income, and loan purpose among. Figure 12 shows the breakdown of mortgage loans made in New Hampshire, by loan purpose, for all loans originated by banks in New Hampshire.

Figure 12
Mortgage Lending by Banks in New Hampshire Totaled Over
\$2.15 Billion in 2023

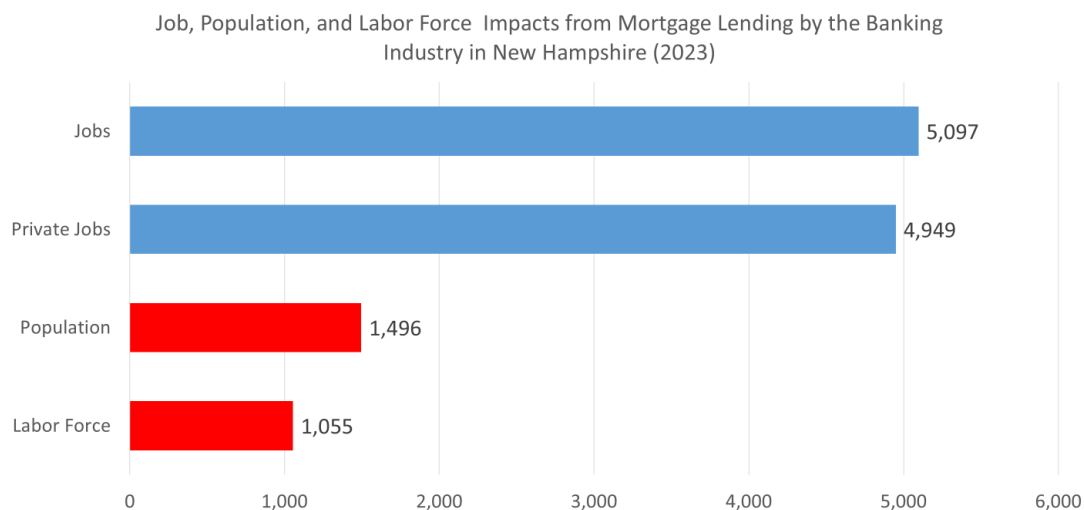
Dollar Volume of Mortgage Lending by Banks in NH (2023)



To estimate the economic impact of home mortgage lending by banks in New Hampshire we consider only the portion of mortgage lending that goes for investment in new home construction or renovations to existing homes. National estimates suggest that approximately 10 percent of home purchases are for new construction but because new homes have a higher price, we assume that 13.5 percent of home purchase loan volume is for construction purposes. The \$334 million in home improvement loans made by banks in New Hampshire also supports construction and related building activity and we assume that 90 percent of that amount is used for residential investment.

Combined, we modeled the economic impacts of home mortgage lending by entering \$453.9 million dollars of new residential investment in 2023 into a proprietary econometric model of the State of New Hampshire. Results indicate that 2023 home mortgage lending by banks located in New Hampshire supported 5,097 jobs in the state and increased both the population and labor force by approximately 1,500 and 1,000 individuals respectively (Figure 13).

Figure 13
Home Purchase Mortgage Loans For Newly Built Homes Along With Home Improvement Loans Boost Residential Investment That Supports Thousands of Jobs in New Hampshire



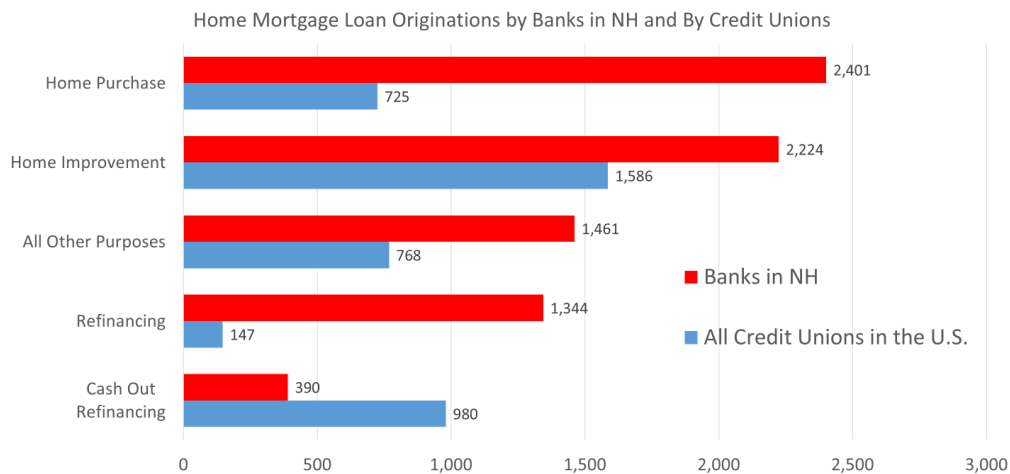
IX. Characteristics of Bank's Home Mortgage Lending

Housing, affordability, supply, and the difficulties individuals wanting to purchase a home in New Hampshire confront are important issues with ramifications for the long-term demographic and economic prospects of the state. Home Mortgage Disclosure Act data allow for insight into lending patterns that inform the important role banks in New Hampshire play in addressing important housing issues in the state.

Banks With Branches in New Hampshire Made the Bulk of Home Purchase Loans

In this analysis we compare mortgage lending by the two primary type of depository institutions in the state; banks located in New Hampshire and credit unions. For this analysis we examined mortgage lending in New Hampshire by credit unions regardless of whether the credit union is located in New Hampshire or elsewhere in the country. According to HMDA data, banks located in New Hampshire made 2,401 home purchase loans in the state in 2023, credit unions located anywhere in the country made 725. Banks located in New Hampshire made 7,820 or 65 percent of the 12,026 home mortgage loans made in New Hampshire by banks located in New Hampshire or credit unions located anywhere in the country (Figure 14).

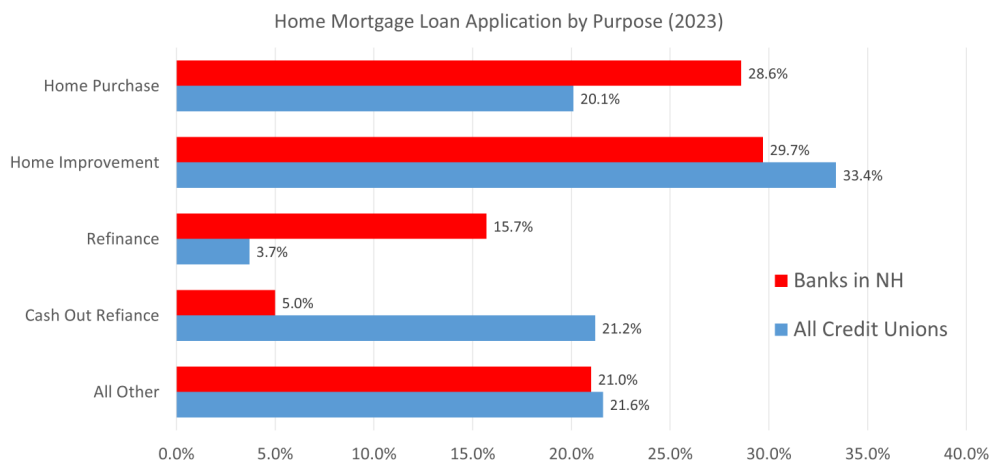
Figure 14
Banks With Branches in New Hampshire Made 7,820 Home Mortgage Loans in New Hampshire in 2023. Credit Unions Located Anywhere in the U.S. Made 4,206 Loans in NH



More of Bank's 2023 Mortgage Lending Was for Home Purchases

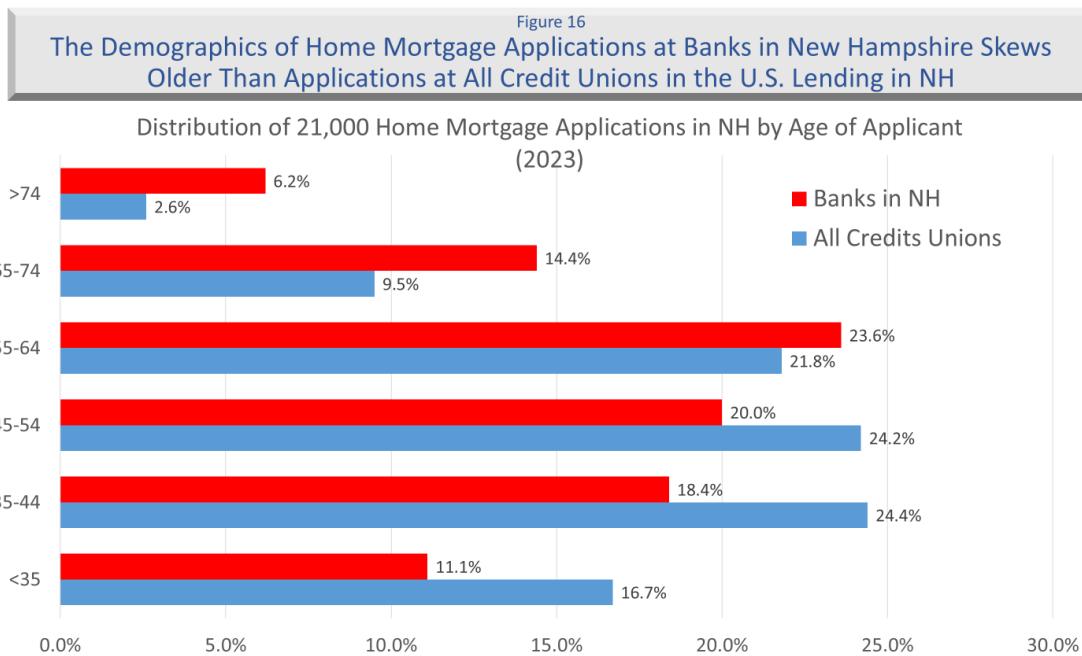
HMDA mortgage data presented in Figure 14 show that a higher percentage of home mortgage lending in 2023 by banks located in New Hampshire was for home purchases and refinancing of existing loans compared to mortgage lending in New Hampshire by credit unions. The distribution of mortgage loans made by credit unions was much more heavily weighted to cash out refinancing and a somewhat higher percentage for home improvement than banks (Figure 15).

Figure 15
More of the Mortgage Lending in New Hampshire by Banks in the State is for Home Purchases and Mortgage Refinancing Than is Mortgage Lending by Credit Unions



Mortgage Applicants Skew Older at Banks in New Hampshire

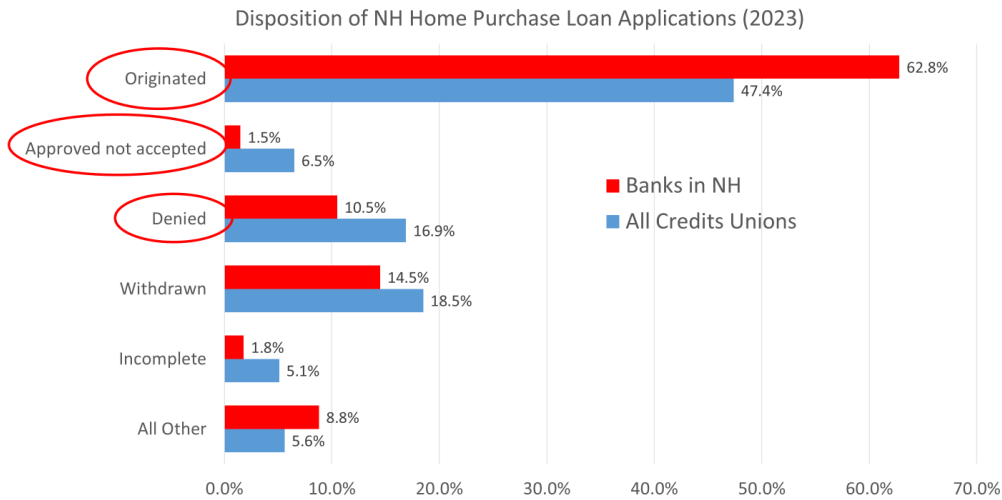
Examining 21,000 mortgage applications in New Hampshire at banks in New Hampshire and New Hampshire applications at all credit unions regardless of location shows that banks receive a lower percentage of their applications from younger demographics than credit unions. This is somewhat surprising, as banks have generally lead credit unions in the adoption of technologies (digital etc.) that appeal to younger borrowers. It may be that the mortgage application process has adapted less to the technological advances that most appeal to younger demographics. Regardless, while the differences are not extreme, the data do hint that banks in the state could do more to appeal to younger demographics in their mortgage lending.



Banks Approve a Higher Percentage of Mortgage Applications

Examining 2023 HMDA data the disposition of home purchase applications for loans in New Hampshire and submitted to banks located in the state, and to credit unions regardless of their location, indicates that banks approved 64.3 percent of applications compared to 53.9 percent of applications at credit unions. Banks also denied a smaller percentage of applications (10.5%) compared to denial (16.9%) by credit unions (Figure 17).

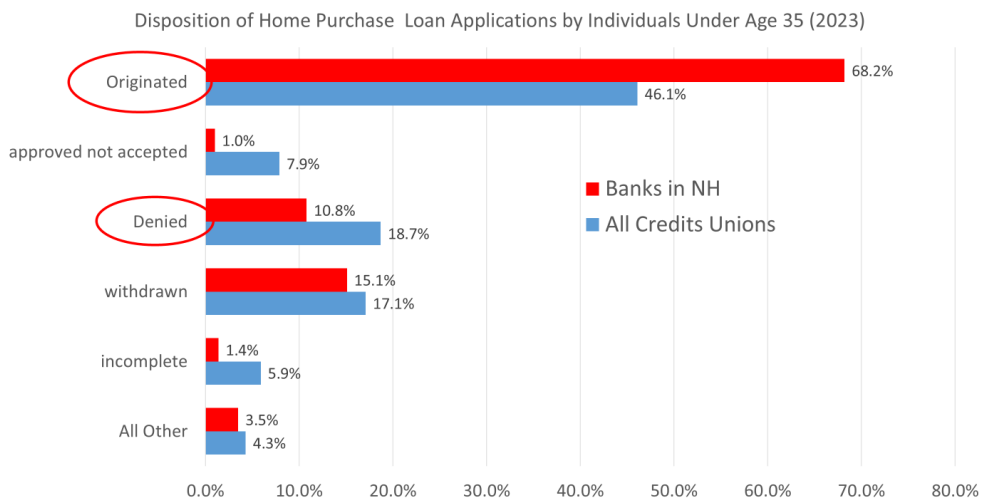
Figure 17
Banks in New Hampshire Approved a Higher Percentage of New Hampshire Home Purchase Loan Applications



Banks Approve a Much Higher Percentage of Applications From Younger Individuals

Despite receiving a lower percentage of their mortgage loan application from younger demographics, banks located in New Hampshire have significantly higher approval rates on home purchase loan applications by individuals under the age of 35 than credit unions, 69.2 percent approval to 54.0 percent. (Figure 18).

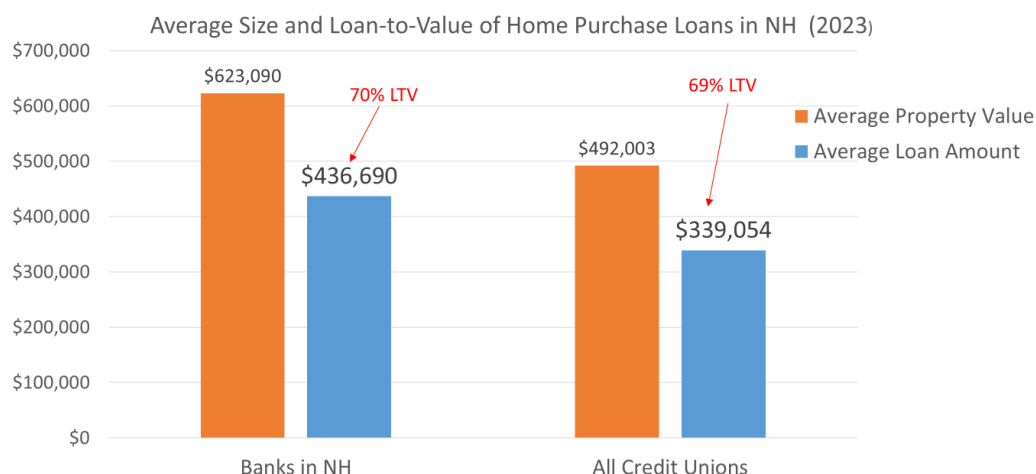
Figure 18
Approvals for Home Purchases Loans are Even Higher at Banks Located in New Hampshire For Applications by Persons Under the Age of 35



Although banks cannot control factors affecting the availability and affordability of homes for younger individuals in the state, they are demonstrating a strong willingness to supply

credit to those who apply for loans. Examining the average size of approved home purchase loans and average loan-to-value ratios for approved loans at banks located in New Hampshire and credit unions suggests that higher approval rates are not related to lower lending standards by banks. Figure 19 shows that loan to value ratios are essentially the same for loans made by banks and credit unions, even as the size of loans originated by banks is substantially larger. The lower average size of home purchase loans at credit unions may reflect the fact that a higher percentage of loan applications at credit unions are from younger individuals and thus may include more first-time home buyers. Additional research using HMDA data can provide more insight into how demographics are influencing lending and approval patterns between banks and credit unions.

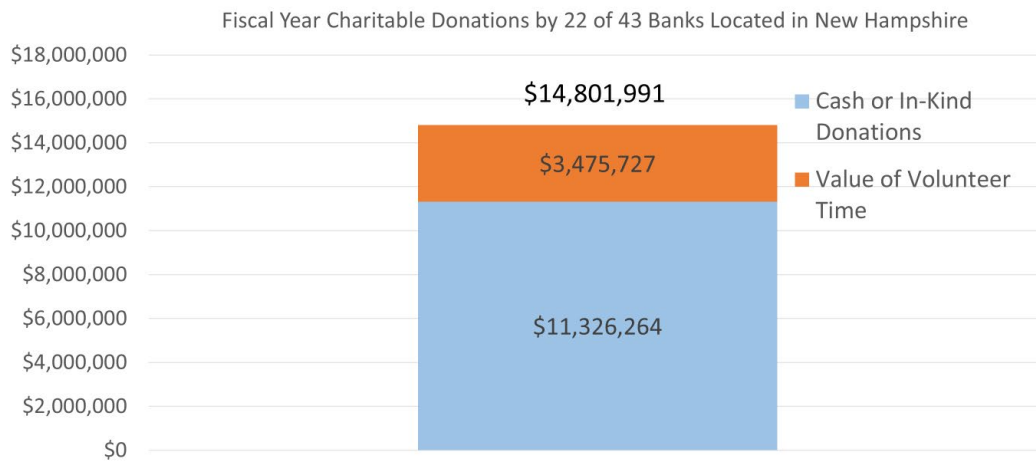
Figure 19
Banks Make Larger Home Purchase Loans in 2023, But With the Same
Loan-to-Value (LTV) Ratios as Credit Union Loans



X. Charitable Donations by Banks

In 2025 the New Hampshire Bankers Association surveyed banking institutions with locations in the state on the nature and volume of their charitable donations in New Hampshire. Responses were received from 22 institutions, representing a response rate of 51 percent. Although not a complete census of New Hampshire's banking institutions, results highlight the industry's commitment to supporting local and state organizations and activities and enhancing the quality of life for New Hampshire citizens and its communities. Combined, survey respondents made cash, in-kind donations, or sponsorships with a value of \$11,326,264 in New Hampshire, and donated 91,467 hours of paid staff time during the past fiscal year. Assuming an hourly rate for workers in the banking industry of \$38, representing a median annual salary of employees volunteering time of \$79,858, the donation of bank employee time is valued at \$3,475,727. Combined, the charitable contributions of 22 of 43 banking institutions in New Hampshire totaled \$14,801,991 in the past fiscal year (Figure 20).

Figure 20
A Survey of Just One-Half of Banking Institutions in New Hampshire Shows They Made \$14.8 Million in Charitable Donations in the Past Fiscal Year



XI. Conclusions

Combining the analysis of impacts from bank branch operations in New Hampshire and just two forms of lending by banks located in the state (annual small business loan originations and annual home mortgage loans), banks with branch locations in New Hampshire are responsible for over 17,266 jobs in the Granite State. Despite banks significance employment in the Granite State, the numbers presented in this report do not adequately capture the outsized role banks play in the New Hampshire economy. Credit is the fuel that allows the New Hampshire economy to grow, and banks located in New Hampshire are the primary supplier of that fuel in the state. None of the data in this report includes lending or job related numbers for cryptocurrency, fintech, or alternative financial service providers. That is because no data exists to assess the role these financial assets and services play in the New Hampshire economy. Until New Hampshire manufacturers, retailers, and service companies can rely on crypto assets or alternative and fintech financial service providers, policymakers in the state can best assist the state's economy by attending to the well-being of the banking industry in the state.