

PUBLIC DISCLOSURE

August 10, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Martha's Vineyard Savings Bank
Certificate Number: 90190

78 Main Street
Edgartown, MA 02539

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

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

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INSTITUTION RATING

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

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

The Lending Test is rated High Satisfactory.

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area needs.
- The bank originated a substantial majority of its home mortgage loans by number and dollar volume, within its assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the Assessment Area.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels.
- The bank did not receive any CRA related complaints during the evaluation period.

The Community Development Test is rated Outstanding.

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated October 24, 2016, to the current evaluation dated August 10, 2020. Examiners used the Federal Financial Institutions Examination Council's (FFIEC) Interagency Intermediate-Small Institutions procedures to evaluate Martha's Vineyard Savings Bank's CRA performance. These procedures subject the bank to two tests by which it will be evaluated: the Lending Test and the Community Development Test.

The Lending test was based on home mortgage loans originated by the bank within its assessment area in 2018 and 2019. Examiners used aggregate data and the 2015 American Community Survey (ACS) demographic data to analyze performance under the Lending Test. The Community

Development Test considered the bank's qualified community development activities since the prior examination.

Loan Products Reviewed

Examiners evaluated the bank's home mortgage lending performance from January 1, 2018 to December 31, 2019. Loan data for 2018 and 2019 was obtained from the Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) for the respective periods. The bank reported 204 home mortgage loans totaling \$116.4 million in 2018 and 260 loans totaling \$153.1 million in 2019. This bank's home mortgage lending performance was compared to the 2018 aggregate lending data and 2019 demographic data. Aggregate data for 2019 was not available as of the evaluation date; therefore, 2018 data carried more weight in determining performance conclusions.

Demographic information referenced in this evaluation was obtained using 2015 American Community Survey (ACS) data, D&B, and the U.S. Bureau of Labor Statistics (BLS). Financial data about the bank came from the December 31, 2019 Report of Income and Condition (Call Report). Although the total dollar amounts of loans are discussed, the evaluation focuses on the bank's lending performance by the number of loans originated during the review period.

DESCRIPTION OF INSTITUTION

Background

On November 1, 2007 Dukes County Savings Bank and The Martha's Vineyard Co-operative Bank combined to become Martha's Vineyard Savings Bank. Martha's Vineyard Savings Bank is a state chartered mutual savings bank head quartered in Edgartown, Massachusetts and operates in Dukes and Barnstable County.

The bank's CRA performance was last evaluated by the Division on October 24, 2016, and was rated "High Satisfactory" using the Interagency Intermediate Small Institution Examination Procedures.

Operations

Martha's Vineyard Savings Bank operates nine full service branches, seven remote ATMs and one loan production office in Cataumet, MA. The branches are located in Chilmark, Edgartown (2), Oak Bluffs (2), Vineyard Haven, West Tisbury, Woods Hole, and Falmouth, MA. The remote ATMs are located in Edgartown, Oak Bluffs (2), Vineyard Haven (2) and Woods Hole (2).

The bank is a full-service financial institution offering a wide variety and products and services. The bank's deposit product offering consists of personal checking accounts, money market accounts, savings accounts, and certificates of deposit. The bank also offers business checking accounts, and money market accounts. The bank's lending products include fixed and adjustable rate mortgages, construction loans, first-time homebuyer programs, home equity loans and lines of credit, personal loans, auto loans, secured personal loans and overdraft lines of credit. The bank

also offers business loans and lines of credit, construction loans, commercial mortgages, SBA loans and business credit cards.

Ability and Capacity

Martha’s Vineyard Savings Bank assets total approximately \$969.2 million as of June 30, 2020, which included total loans of \$804.0 million and total deposits of \$785.6 million. Since September 30, 2016, total assets increased by 22.3%, total loans increased by 22.5%, and total deposits increased by 23.7%. The bank’s loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 6/30/2020		
Loan Category	\$	%
Construction and Land Development	52,191	6.5
Secured by Farmland	0	0.0
1-4 Family Residential	445,410	55.4
Multi-family (5 or more) Residential	12,647	1.6
Commercial Real Estate	225,630	28.0
Total Real Estate Loans	735,878	91.5
Loans to Depository Institutions	2,915	0.4
Commercial and Industrial	61,992	7.7
Agricultural	0	0.0
Consumer	3,150	0.4
Other	33	0.0
Less: Unearned Income	0	0.0
Total Loans	803,968	100.0
<i>Source: Reports of Income and Condition</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Martha’s Vineyard Savings Bank designated a single assessment area that comprises all of Dukes County and a portion of Barnstable County. The bank’s CRA assessment area is composed of Chilmark, Edgartown, Oak Bluffs, and Tisbury which are all located in Dukes County. The bank also includes Falmouth which is located in Barnstable County. The following sections discuss demographic and economic information for the assessment area.

Economic and Demographic Data

Martha’s Vineyard is an island located off the southern coast of Cape Cod which is known as being a popular summer colony. The island of Martha’s Vineyard is approximately 96 square miles and makes up the majority of Dukes County. A study by the Martha’s Vineyard Commission found that the median home price was 54 percent higher than the state’s, and the average weekly wage was only 71 percent of the state’s average. The study also found that the median single-family home price was \$600,000 in 2013, which makes home ownership difficult for those who are earning at 80 percent of the average median income.

Martha’s Vineyard Savings Bank’s area includes 11 census tracts between Dukes and Barnstable County. The assessment area contains the following income designations:

- 0 low-income tract
- 1 moderate-income tract
- 7 middle-income tracts
- 3 upper income tracts
- 0 tracts with no income designation.

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

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	11	0.0	9.1	63.6	27.3	0.0
Population by Geography	48,598	0.0	8.3	65.5	26.2	0.0
Housing Units by Geography	39,289	0.0	7.7	63.6	28.7	0.0
Owner-Occupied Units by Geography	15,241	0.0	5.7	66.6	27.7	0.0
Occupied Rental Units by Geography	4,404	0.0	10.7	64.2	25.2	0.0
Vacant Units by Geography	19,644	0.0	8.6	61.2	30.2	0.0
Businesses by Geography	4,492	0.0	12.2	59.3	28.4	0.0
Farms by Geography	203	0.0	8.9	67.5	23.6	0.0
Family Distribution by Income Level	12,459	21.0	14.3	21.2	43.5	0.0
Household Distribution by Income Level	19,645	23.5	15.3	15.8	45.4	0.0
Median Family Income MSA - 12700 Barnstable Town, MA MSA		\$80,751	Median Housing Value			\$524,554
Median Family Income Non-MSAs - MA		\$73,868	Median Gross Rent			\$1,222
			Families Below Poverty Level			6.8%
<i>Source: 2015 ACS Census and 2018 D&B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The 2018 and 2019 FFIEC-updated median family income levels are used to analyze home mortgage loans under the borrower income criterion.

The low-, moderate-, middle-, and upper-income categories are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Barnstable Town, MA MSA Median Family Income (12700)				
2018 (\$86,200)	<\$43,100	\$43,100 to <\$68,960	\$68,960 to <\$103,440	≥\$103,440
2019 (\$86,200)	<\$43,100	\$43,100 to <\$68,960	\$68,960 to <\$103,440	≥\$103,440
MA NA Median Family Income (99999)				
2018 (\$80,700)	<\$40,350	\$40,350 to <\$64,560	\$64,560 to <\$96,840	≥\$96,840
2019 (\$80,700)	<\$40,350	\$40,350 to <\$64,560	\$64,560 to <\$96,840	≥\$96,840
<i>Source FFIEC</i>				

Competition

The assessment area is competitive for home mortgage loans among banks, credit unions and non-depository lenders in the area. In 2019, 175 lenders reported 1,540 originated or purchased residential mortgage loans. Martha’s Vineyard Savings Bank ranked second in this group with a 13.8 percent market share by number.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to help assess credit and community development needs. The information obtained helps to determine whether local financial institutions are responsive to these needs and shows what credit and community development opportunities, if any, are available.

Examiners contacted a representative from a community development corporation which serves the assessment area. The contact identified a lack of affordable housing and financial education as areas with the most concern. The higher priced housing in the community and lack of year round rentals is forcing displacement among LMI individuals. Most homes on the island have been converted from year round rentals to seasonal rentals causing a shortage of permanent housing. The contact indicated that there is a need for more availability of programs catered towards LMI individuals and low-interest construction loans for the development of affordable housing. Overall, the contact did state that local financial institutions were receptive to the lending and community development needs of the assessment area.

A second community contact was conducted with a community service organization which serves the area and provides affordable housing and support services to low-income individuals. The contact identified housing insecurity as the area with most concern on the island. The contact discussed the decreasing number of affordable homes as more homes on the island convert to seasonal rental properties. This causes many LMI individuals to become displaced.

Credit and Community Development Needs and Opportunities

Examiners identified the primary credit needs of the assessment area based on demographic and economic information, discussions with management, and the conversations with the community contact. Examiners determined the primary credit needs of the community to be affordable housing, and financial education.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Martha’s Vineyard Savings Bank demonstrated good performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution’s size, financial condition, and assessment area credit needs. The bank’s LTD ratio, calculated from Call Report data, averaged 113.4 percent over the past 16 calendar quarters from September 30, 2016, to June 30, 2020. The ratio ranged from a low of 102.3 percent as of June 30, 2020, to a high of 124.4 percent as of June 30, 2017. Martha’s Vineyard Savings Bank maintained a ratio higher than comparable institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 6/30/2020 (\$000s)	Average Net LTD Ratio (%)
Martha’s Vineyard Savings Bank	969,258	113.4
Cape Cod Co-Operative Bank	1,083,686	100.3
Seaman’s Bank	441,904	79.6

Source: Reports of Condition and Income 9/30/2016 through 6/30/2020

Assessment Area Concentration

The bank made a substantial majority of home mortgage loans, by number and dollar volume, within its assessment area. See the following table for details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	196	96.1	8	3.9	204	113,773	97.7	2,659	2.3	116,431
2019	236	90.8	24	9.2	260	142,570	93.1	10,612	6.9	153,181
Subtotal	432	93.1	32	6.9	464	256,342	95.1	13,270	4.9	269,612
Total	432	93.1	32	6.9	464	256,342	95.1	13,270	4.9	269,612

Source: Evaluation Period: 1/1/2018 - 12/31/2019 Bank Data

Geographic Distribution

The geographic distribution of loans excellent dispersion throughout the assessment area. The bank’s reasonable home mortgage lending performance primarily supports this conclusion. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. The following table shows the bank’s performance in moderate-income census tracts in 2018 exceeds that of aggregate performance by 4.8 percentage points along with the percentage of owner-occupied housing units by 6.7 percent. In 2019, the bank’s performance increased by 5.6 percentage points, outperforming the aggregate by 10.8 percentage points and total percentage of owner-occupied housing units in moderate-income census tracts by 12.1 percentage points. Market share data supports the bank’s excellent performance in the moderate-income census tract. In 2018, the bank ranked 2nd out of 60 lenders for lending in the moderate-income census tract, with a 12.8 percent market share. In 2019, the bank increased market share in the moderate-income census tract to 19.6 percent, which ranked 1st in market share.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Moderate						
2018	5.7	7.4	24	12.2	12,469	11.0
2019	5.7	7.0	42	17.8	18,623	13.1
Middle						
2018	66.6	66.8	119	60.7	77,396	68.0
2019	75.9	76.7	186	78.8	119,858	84.1
Upper						
2018	27.7	25.8	53	27.0	23,908	21.0
2019	18.4	16.3	8	3.4	4,089	2.9
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2018	100.0	100.0	196	100.0	113,773	100.0
2019	100.0	100.0	236	100.0	142,570	100.0

Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. The bank's performance in home mortgage lending primarily supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers.

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels is reasonable. According to 2018 and 2019 data, the bank was in line with the aggregate performance in lending to low- and moderate-income borrowers.

Market share data supports the bank's performance. In 2018, the bank ranked 2nd of 18 lenders in lending to low-income borrowers with a market share of 18.4 percent. The bank also ranked 2nd in lending to moderate-income borrowers with a market share of 17.2 percent. In 2019, the bank ranked 2nd of 14 lenders in lending to low-income borrowers with a 14.0% market share and 2nd to moderate-income borrowers with a 13.8% market share.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	21.0	4.6	8	4.1	1,835	1.6
2019	21.0	4.2	10	4.2	1,119	0.8
Moderate						
2018	14.3	10.9	20	10.2	5,055	4.4
2019	14.3	12.3	24	10.2	4,840	3.4
Middle						
2018	21.2	16.5	31	15.8	7,773	6.8
2019	21.2	17.5	53	22.5	18,634	13.1
Upper						
2018	43.5	57.9	125	63.8	87,162	76.6
2019	43.5	52.4	134	56.8	103,663	72.7
Not Available						
2018	0.0	10.1	12	6.1	11,948	10.5
2019	0.0	13.6	15	6.4	14,314	10.0
Totals						
2018	100.0	100.0	196	100.0	113,773	100.0
2019	100.0	100.0	236	100.0	142,569	100.0

Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available.

Response to Complaints

Martha's Vineyard Savings Bank has not received any CRA-related complaints since the previous examination. Therefore, this criterion did not affect the bank's Lending Test rating.

Fair Lending Policies and Procedures

The Division provides comments regarding an institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106, the Division's Community Reinvestment and Fair lending Policy. Based upon a review of the bank's public comment file and compliance with applicable fair lending laws and regulations, examiners did not identify any violations of those laws or regulations.

Minority Application Flow

Examiners reviewed the bank's 2018 and 2019 HMDA LARs to determine if the bank's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2015 ACS U.S. Census data, the bank's assessment area contains a population of 48,598 individuals, of which 10.5 percent are minorities. The assessment area's minority population is 3.8 percent Black/African American, 2.1 percent Asian, 0.4 percent American Indian, 1.4 percent Hispanic or Latino, and 2.8 percent Other.

In 2018, the bank received 246 HMDA-reportable loan applications from within its assessment area. Of these applications, the bank received 21, or 8.5 percent, from minority applicants, 17 of which were originated. Compared to aggregate data, which indicates 6.0 percent of applications received were from minority applicants. For the same period, seven applications representing 2.8 percent of total applications was received from ethnic groups of Hispanic origin within the assessment area, five of which were approved, whereas aggregate data indicates 2.5 percent of total applications were received from this ethnic group in the assessment area.

In 2019, the bank received 274 HMDA-reportable loan applications from within its assessment area. Of these, the bank received 16, or 5.8 percent, from minority applicants, 13 of which were originated. Compared to aggregate data, which indicates 6.8 percent of applications received were from minority applicants. For the same period, the bank received five applications, or 1.9 percent, from ethnic groups of Hispanic origin within its assessment area, of which four were approved. Aggregate data indicates 2.8 percent of total applications were received from this ethnic group in the assessment area.

The bank's level of lending was compared with that of the aggregate's lending performance level for 2018. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority residential loan applicants. Refer to the table below for information on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	Bank 2018 HMDA		2018 Aggregate Data	Bank 2019 HMDA		2019 Aggregate Data
	#	%	%	%	%	%
American Indian/ Alaska Native	1	0.4	0.5	0	0.0	0.2
Asian	2	0.8	0.8	2	0.7	0.7
Black/ African American	13	5.3	3.7	9	3.3	4.1
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.2
2 or more Minority	0	0.0	0.1	1	0.4	0.2
Joint Race (White/Minority)	5	2.0	0.9	4	1.5	1.4
Total Racial Minority	21	8.5	6.0	16	5.8	6.8
White	177	72.0	74.3	215	78.5	72.9
Race Not Available	48	19.5	19.6	43	15.7	20.3
Total	246	100.0	100.0	274	100.0	100.0
ETHNICITY						
Hispanic or Latino	4	1.6	1.8	4	1.5	2.1
Joint (Hisp/Lat /Not Hisp/Lat)	3	1.2	0.7	1	0.4	0.7
Total Ethnic Minority	7	2.8	2.5	5	1.9	2.8
Not Hispanic or Latino	189	76.8	77.00	222	81.0	75.8
Ethnicity Not Available	50	20.3	20.6	47	17.2	21.4
Total	246	100.0	100.0	274	100.0	100.0

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2018 and 2019, the bank’s minority application flow is reasonable.

COMMUNITY DEVELOPMENT TEST

Martha’s Vineyard Savings Bank demonstrates excellent responsiveness to the assessment area’s community development needs through qualified community development loans, qualified donations and community development services. Examiner’s considered the institution’s capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

The bank originated 14 community development loans totaling approximately \$9.6 million during the evaluation period. The majority of community development loans promoted affordable housing within the assessment area. The following table illustrates community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
10/24/2016-12/31/2016	0	0	0	0	0	0	0	0	0	0
2017	1	525	2	750	1	30	0	0	4	1,305
2018	0	0	0	0	1	30	0	0	1	30
2019	5	6,274	0	0	1	25	0	0	6	6,299
YTD 2020	1	671	0	0	2	1,260	0	0	3	1,931
Total	7	7,470	2	750	5	1,345	0	0	14	9,565

Source: Bank Records

Below are notable examples of the bank’s qualified community development loan activities:

- In 2017, the bank provided a \$400,000 loan for the purchase of a low-cost transitional sober housing facility. The facility provides daily meals and regular testing to those living in the home.
- In 2019, the bank provided a \$1.5 million loan for the construction of affordable housing units in a moderate-income census tract in the assessment area. The loan provided funding for the construction of three duplex style homes creating six affordable units.
- In 2019, the bank provided a \$2.0 million loan for the construction of affordable housing units in a middle-income census tract. The loan provided funding for 20 affordable housing units all of which are deed restricted.
- In 2020, the bank provided a \$671,000 loan for the construction of affordable housing units. The construction project will result in the creation of seven affordable housing units located in a moderate-income census tract.

Paycheck Protection Program Loans

In response to the COVID-19 pandemic in 2020, the bank originated 744 Paycheck Protection Program (PPP) loans totaling \$47.4 million. These loans were administered by the SBA as part of the Coronavirus Aid, Relief, and Economic Security Act. The PPP loans help businesses retain workers and staff during the economic crisis due to the pandemic. The SBA will forgive loans if the borrower meets the employee retention and eligible expenses criterion. These loans impacted the bank’s assessment area as well as a larger statewide area.

Of the 744 PPP loans the bank originated, of which 648 loans were located within the bank’s assessment area. Of the 648 loans, 239 loans for \$12.2 million were originated to businesses in a moderate-income census tract. These PPP loans are particularly responsive as they provide funding to businesses in order to retain jobs in low- and moderate-income areas during the pandemic.

Qualified Investments

Martha’s Vineyard Savings Bank made 189 qualified donations totaling \$687,000. These qualified donations demonstrate the bank’s responsiveness to the needs of the low- and moderate-income geographies within the assessment area. The following table illustrates community development donations by year and purpose.

Qualified Donations										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
10/24/2016-12/31/2016	1	5	8	3	1	3	0	0	10	11
2017	4	21	37	66	1	2	0	0	42	89
2018	5	4	48	55	1	1	0	0	54	60
2019	2	3	31	80	2	2	0	0	35	85
YTD 2020	1	3	46	437	1	2	0	0	48	442
Total	13	36	170	641	6	10	0	0	189	687

Source: Bank Records

Below are notable examples of the bank’s donation activity:

- **Martha’s Vineyard Fisherman’s Preservation Trust** – The bank made a donation of to the Martha’s Vineyard Fisherman’s Preservation Trust. The Trust works to support the island’s small-boat, owner-operated fishing fleets and their sustainably harvested catch.
- **Island Food Pantry** – The Island Food Pantry is dedicated towards cultivating a healthy, hunger-free community on Martha’s Vineyard by supplying a source of wholesome food to those in a time of need. The bank made multiple donations to the Island Food Pantry during the examination period.
- **Vineyard House** – The Vineyard House provides housing for Island men and women in need of a safe structured living environment while they are in the early stages of recovery from alcohol and drug addiction. MVSB made multiple donations throughout the examination period.
- **Island Healthcare** – In 2020, the bank made a donation to Island which ensures that all islanders have access to high quality healthcare, regardless of income.
- **Falmouth Service Center** – In 2018 and 2020, the bank made donations to the Falmouth Service Center. The goal of Falmouth Service Center is to ease stress, reduce hunger, and improve the quality of life for those in need.

Community Development Services

Martha's Vineyard Savings Bank provides numerous community development services in the form of employee involvement, educational seminars, and other services. The following list is a sample of the bank's involvement in community development services during the evaluation period.

Employee Involvement

- **Big Brothers Big Sister of Cape Cod & the Islands** – The mission of Big Brothers Big Sisters is to partner with under resourced families to provide their children with adult mentors in order to help them achieve their full potential. A director of the bank serves on the advisory board.
- **Falmouth Housing Trust** – The mission of the Falmouth Housing Trust is to enhance the community of Falmouth by developing and maintaining sustainable, affordable workforce housing. A senior residential lender for the bank serves on the organization's board of directors.
- **Island Food Pantry** – The Island Food Pantry is dedicated towards cultivating a healthy, hunger-free community on Martha's Vineyard by supplying a source of wholesome food to those in a time of need. A bank employee serves on the food pantry's board.

Educational Seminars

- **Southeastern Economic Development (SEED) Corporation** – SEED is focused on promoting economic development in the region and improving the quality of life for residents of Massachusetts and Rhode Island. The bank partnered with SEED in 2018 for a series of entrepreneurial workshops to local business owners.
- **Dukes County Regional Housing Authority & Island Housing Trust** – In 2018 and 2020, the bank partnered with the Dukes County Regional Housing Authority and Island Housing Trust to host workshops on "Pre-Qualification Home Buying Process" to assist lower income families with home ownership.
- **The Resource Group, Inc. (TRI)** – TRI is a non-profit, community development corporation dedicated towards actively and innovatively impacting housing and economic development in Southeastern Massachusetts, Cape Cod, and the Islands. In 2018, the bank partnered with TRI to hold a workshop on providing housing rehabilitation funding for home owners of low- or moderate-income.

Other Services

- **Lift Certificate Program** - In direct response to the COVID-19 pandemic, the bank created a program to assist local businesses impacted by the loss of business. The bank created the Lift Certificate program in which consumers may purchase gift certificates to local businesses through the bank's website and MVSb will match the discount of the issuing business, up to 10 percent and assumes the cost of setting up and operating the program. The program has over 100 local businesses signed up and has raised over \$400,000 for those local businesses.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan

funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or

- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and

rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

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

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

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

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

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a

population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Reserve Bank of Boston, at 180 Haven Street, Reading, Massachusetts 01867."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.