

PUBLIC DISCLOSURE

October 24, 2016

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 Division of Banks concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **High Satisfactory**. 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 following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated High Satisfactory.

The average loan-to-deposit (LTD) ratio of 99.4 percent is more than reasonable given the institution's size, financial condition, and assessment area credit needs.

The bank made a substantial majority (90.0 percent) of home mortgage and small business loans within the assessment area during the evaluation period.

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. However since the bank's assessment area has no low- or moderate-income census tracts, this performance criterion is not weighted as heavily in the evaluation and in the bank's rating.

The distribution of home mortgage and small business loans to borrowers of various income levels and businesses of different sizes is good.

The institution did not receive any CRA-related complaints during the evaluation period.

The Community Development Test is rated High Satisfactory.

The institution's community development performance demonstrates good responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities throughout the assessment area.

SCOPE OF EVALUATION

General Information

This performance evaluation, conducted by the Massachusetts Division of Banks (Division), covers the period from the prior evaluation, dated October 21, 2013, to the current evaluation dated October 24, 2016. Examiners used Intermediate Small Bank (ISB) Financial Examination Procedures established by the Federal Financial Institutions Examination Council (FFIEC). These procedures include two tests: the Lending Test and the Community Development Test.

The Lending Test evaluates the bank's performance based on the Loan to Deposit Ratio, Lending Inside and Outside of the Assessment Area, Geographic Distribution, Borrowers Characteristics, and Response to CRA Complaints. The Community Development Test considers the number and dollar amount of community development loans, qualified investments, and community development services as well as the bank's responsiveness to the community development needs of the assessment area.

Loan Products Reviewed

Home mortgage and small business lending performance were considered as part of this evaluation. Small farm loans, consumer and other loan types were not considered due to the low volume of originations and the overall small percentage of the loan portfolio represented by these loan types.

Examiners evaluated home mortgage lending data from January 1, 2015 through June 30, 2016, as reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank's 2015 lending performance was compared with aggregate lending data for all HMDA reporting lenders and assessment area demographics. In 2015, the bank originated 208 home mortgage loans totaling \$107.1 million, and originated 165 loans totaling \$93.4 million in 2016.

As an ISB, the bank is not required to collect or report small business lending data; however, the bank elected to collect small business data, but not report during the evaluation period. Small business loans include commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less. As a result, examiners evaluated the collected small business lending data for 2015 and deemed the data accurate. Small business lending data for 2015 is compared with Dun & Bradstreet (D & B) business demographic data. In 2015, the bank originated 31 small business loans totaling \$4.0 million.

The bank's portfolio remains weighted in residential real estate loans, including those secured by 1-4 family and multi-family properties at 61.4 percent. Commercial loans, including commercial real estate, represent 26.4 percent and commercial and industrial loans represent 2.2 percent of the bank's loan portfolio. In addition, examiners considered the number and dollar volume of home mortgage loan originations; however, emphasis is placed on the number of loans. Examiners emphasized the number of loans because it is not influenced by factors including applicant income or housing values, and provides a better overall indicator of the number of individuals served by the institution.

The Community Development Test included an analysis of the bank's qualified community development loans, investments, and services from October 21, 2013 through October 24, 2016. For the purpose of this evaluation, a community development loan is a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the bank for consideration under small business or home mortgage lending (unless it is a multi-family dwelling loan), and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area. A qualified investment is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. A community development service is a service that has community development as its primary purpose and is generally related to the provision of financial services or technical services or assistance.

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, a mutual savings bank headquartered in Edgartown, Massachusetts.

Operations

The bank's main office is located at 78 Main Street in Edgartown. Including the main branch, the bank operates nine full-service branches located in Chilmark, Edgartown (2), Falmouth, Oak Bluffs (2), Vineyard Haven, West Tisbury and Woods Hole. The "Flying Horse" branch located in Oak Bluffs is seasonal and only operates from April to October. In June, 2014, the bank opened a branch located in Falmouth. All branch locations are open Monday through Friday. Seven of the branches are open on Saturday and two branches are only open seasonally on Saturday, (Chilmark and the main office). Each branch has 24-hour automated teller machines (ATMs), and five branches have drive through service. The bank maintains five remote ATMs located at Martha's Vineyard Airport, Martha's Vineyard Hospital, Martha's Vineyard Ice Arena, Oak Bluffs Steamship Authority, and Vineyard Haven Steamship Authority. The bank also operates Martha's Vineyard Financial Group located in West Tisbury. The bank has one subsidiary, DSC Securities Corporation, which holds the bank's investment portfolio.

Martha's Vineyard Savings Bank is a full-service financial institution that offers a wide variety of products and services. The bank offers a variety of residential mortgage loans including fixed, adjustable, jumbo, first time homebuyers purchase program, home equity loans, home equity lines of credit, personal and auto loans. The bank also offers commercial mortgages, business term loans, business lines of credit, construction loans, and Small Business Administration (SBA) (504, 7A and express) loans.

The bank also offers deposit products and services including checking accounts, savings accounts, money market, certificates of deposit, and IRAs. Services for businesses include business checking and savings accounts, and business credit cards. Other services include online banking and bill pay, 24 hour telephone banking, mobile banking and e-Statements. The bank's website, www.mvbank.com, provides branch and ATM location information and a listing and description of all its loan and deposit services, including rates.

Ability and Capacity

As of June 30, 2016, the bank had total assets of \$738.2 million and total deposits of \$560.6 million. Loans totaled \$622.1 million and represented 84.3 percent of total assets. The bank's net loan-to-deposit ratio, as of the same date, was 110.3 percent.

Martha's Vineyard Savings Bank is primarily a residential lender with a majority of the loan portfolio secured by residential properties. As noted in the table below, approximately 61.3 percent of the loans are secured by one-to-four family residential properties, followed by commercial real estate loans at 26.4 percent.

The following table illustrates the current distribution of the bank's loan portfolio.

Loan Portfolio Distribution as June 30, 2016		
Loan Category	\$(000s)	%
Construction and Land Development	59,432	9.6
Secured by farmland	213	0.1
1-4 Family Residential	381,423	61.3
Multi-family (5 or more) Residential	844	0.1
Commercial Real Estate	164,409	26.4
Total Real Estate Loans	606,321	97.5
Commercial and Industrial	13,562	2.2
Consumer Loans	2,134	0.3
Other Loans	77	0.0
Total Loans	622,094	100.0
<i>Source: Reports of Income and Condition</i>		

There are no apparent financial or legal impediments that would limit the bank's ability to help meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

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 in Massachusetts that includes all of Duke County and a portion of Barnstable County. The bank's assessment area consists of the following cities and towns located in Dukes County: Aquinnah, Chilmark, Edgartown, Oaks Bluffs, Tisbury and West Tisbury; and Falmouth located in Barnstable County.

Economic and Demographic Data

Martha's Vineyard is an island located approximately seven miles off the southern coast of Cape Cod and is known for being an affluent summer colony. Often called just the "Vineyard" the island has a land area of 96 square miles and constitutes the bulk of Dukes County. Dukes County also includes the Elizabeth Islands and Nomans Island. Martha's Vineyard is primarily known as a summer colony and is only accessible by boat or air. A study by the Martha's Vineyard Commission found that the cost of living on the island is 60 percent higher than the national average and housing prices are 96 percent higher. A study of housing needs by the commission found that the average weekly wage on Martha's Vineyard was 71 percent of the state average, the median home price was 54 percent above the state's and the median rent exceeded the state's by 17 percent. Falmouth is a town in Barnstable County, a part of Cape Cod, and is also a well-known resort community.

The bank's assessment area includes 11 census tracts that reflect the following income designations according to the 2010 U.S. Census Data. For the last exam (October 2013), Martha's Vineyard was designated as underserved middle-income geographies. On June 1, 2015, Martha's Vineyard middle-income census tracts are no longer considered underserved.

- 0 low-income tracts
- 0 moderate-income tracts
- 9 middle-income tracts
- 2 upper-income tracts

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

Demographic Information of the Assessment Area						
Assessment Area: Martha's Vineyard						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	11	0.0	0.0	81.8	18.2	0.0
Population by Geography	48,066	0.0	0.0	84.2	15.8	0.0
Housing Units by Geography	38,845	0.0	0.0	79.8	20.2	0.0
Owner-Occupied Units by Geography	16,469	0.0	0.0	83.9	16.1	0.0
Occupied Rental Units by Geography	3,636	0.0	0.0	83.4	16.6	0.0
Vacant Units by Geography	18,740	0.0	0.0	75.5	24.5	0.0
Businesses by Geography	4,927	0.0	0.0	75.7	24.3	0.0
Farms by Geography	216	0.0	0.0	71.8	28.2	0.0
Family Distribution by Income Level	12,651	16.6	17.2	22.6	43.7	0.0
Household Distribution by Income Level	20,105	22.2	15.3	19.2	43.4	0.0
Median Family Income MSA - 12700 Barnstable Town, MA MSA	75,056	Median Housing Value				557,508
Median Family Income Non-MSAs - MA	68,821	Median Gross Rent				1,036
		Families Below Poverty Level				4.6%
<i>Source: 2010 U.S. Census and 2015 D&B Data</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The FFIEC median family income level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories for Barnstable and Dukes County 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)				
2015 (\$80,300)	<\$40,150	\$40,150 to <\$64,240	\$64,240 to <\$96,360	≥\$96,360
2016 (\$77,100)	<\$38,550	\$38,550 to <\$61,680	\$61,680 to <\$92,520	≥\$92,520
MA NA Median Family Income (99999)				
2015 (\$73,500)	<\$36,750	\$36,750 to <\$58,800	\$58,800 to <\$88,200	≥\$88,200
2016 (\$77,600)	<\$38,800	\$38,800 to <\$62,080	\$62,080 to <\$93,120	≥\$93,120
<i>Source: FFIEC</i>				

Although the assessment area has a year-round population of 48,066, residing in 12,651 families, the area experiences a tourist season each summer. Per the 2010 census data, Martha's Vineyard reported year round population of 16,535 residents, although the summer population can swell to

more than 100,000 people. Of all family households in the area, 16.6 percent are low-income, 17.2 percent are moderate-income, 22.6 percent are middle-income, 43.7 percent are upper-income and 4.6 percent are families below the poverty level. Of the 20,105 households, 4,457 or 22.2 percent are low-income and 3,078 or 15.3 percent are moderate-income and 1,527 or 7.6 percent are households that are below the poverty level. This poverty rate typically indicates a reduced ability to secure a mortgage loan, thereby reducing a financial institution's ability to penetrate these markets through residential loan products.

Of the 38,845 housing units, 16,469 or 42.4 percent are owner-occupied and the median housing in 2010 for the assessment area was \$557,508. Additionally, there are a total 3,636 or 9.4 percent of rental units with a median gross rent of \$1,036. The large percentage of vacant units is mainly due to the fact that many properties are second homes, (63.0 percent of homes belong to seasonal residents), owned primarily for seasonal purposes. Affordable housing is a continual need, as local housing prices are inflated by the higher incomes of non-resident, second homeowners. Affordable rental units are also difficult to find, as rental stock is limited due to the premium placed on high-priced vacation rentals during the summer.

Data obtained from the U. S. Bureau of Labor and Statistics indicated in 2015, the Commonwealth of Massachusetts' unemployment rate was 5.0 percent. In 2015, the unemployment percentage was 6.9 percent for Dukes County and 6.3 percent for Barnstable County. The unemployment rates for the assessment area are considerably higher than the statewide figures. The economy is based largely on tourist services, especially motels and restaurants, and is, therefore, limited and strongly seasonal. This is reflected in the high annual unemployment rates.

According to 2015 D&B data, 4,927 non-farm businesses operated within the assessment area. The analysis of small business loans under the Borrower Profile section of the Lending Test compares the distribution of businesses by gross annual revenue (GAR) level. GARs for businesses in the assessment area are below.

- 79.6 percent have \$1 million or less.
- 4.3 percent have more than \$1 million.
- 16.1 percent did not report revenues.

Service industries represent the largest portion of businesses at 46.8 percent, followed by retail trade at 14.7 percent; and construction at 10.3 percent. In addition, 70.6 percent of businesses in the area employ four or fewer people and 91.0 percent of businesses in the area operate from a single location, another indication of seasonal tourism. Included among the largest employers in the assessment area are: Martha's Vineyard Hospital, Harborview Hotel, Stop & Shop Supermarket and JML Care Center. A majority of the restaurants, hotels, galleries and other small businesses operate from April to late October.

Competition

The bank faces strong competition from other larger financial institutions that originate loans within the assessment area. Competitors of the bank on Martha's Vineyard include Edgartown National Bank, Santander, and Cape Cod Five Cents Savings Bank. Competition in Falmouth

includes Rockland Trust, Bank of America, TD Bank, Eastern Bank, and First Citizens Federal Credit Union.

Aggregate home mortgage lending data for 2015 shows that a total of 292 lenders originated 3,111 home mortgage loans within the bank's assessment area. Martha's Vineyard Savings Bank ranked second with 256 loans for an 8.2 percent market share. Cape Cod Five Cents Savings Bank was number one with 341 loans for an 11.0 percent market share. Loan Depot.Com was third with 138 loans and a market share of 4.4 percent and number four was Wells Fargo Bank with 124 loans and a market share of 4.0 percent.

Community Contact

As part of the evaluation process, third parties active in the assessment area are contacted to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

A community contact was conducted with a local community development corporation that supports a diverse and vital community on the island of Martha's Vineyard by creating and sustaining permanently affordable housing solutions, both rental and ownership. Over the past decade, this organization has provided hope and opportunity to hundreds of low- and moderate-income island families seeking a dignified solution to their affordable housing needs. The contact stated they also provide financial literacy seminars as well as home buyer seminars. The contact did mention that the local financial institutions are very helpful with financing. Overall, the contact was pleased with the responsiveness of the local community banks to the area's credit needs.

Credit and Community Development Needs and Opportunities

Examiners considered information gathered from the community contact, the bank, and available economic data to determine the primary credit needs of the assessment area. The bank and the community contact indicated generally strong or improving economic conditions within the assessment area; however, a need for affordable housing is still an issue. Economic data for the assessment area supports this assessment of credit and community development needs in the assessment area. Median housing values within the assessment area of more than \$557,508 make homeownership difficult for low-and moderate-income borrowers.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Martha's Vineyard Savings Bank demonstrated good performance under the Lending Test. The bank's geographic distribution and borrower profile performance provide primary support for 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 99.4 percent over the past 12 calendar quarters from September 30, 2013 to June 30, 2016. This ratio is based on loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. The ratio ranged from a low of 86.0 percent as of September 30, 2014, to a high of 110.3 percent as of June 30, 2013. During this time period, net loans have increased 56.6 percent and deposits have increased 12.1 percent. Examiners selected comparable institutions based on their asset size and geographic location, as detailed in the table below. Per bank management, the increase in loans was due to the opening of the Falmouth branch and the hiring of an experienced, local loan originator with relationships and ties to the community. Also, a large, major bank closed on the island, and as a result the bank received an increase in deposits.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of June 30, 2016 \$ (000s)	Average Net LTD Ratio (%)
The Cooperative Bank of Cape Cod	833,687	111.4
Martha's Vineyard Savings Bank	738,211	99.4
Seamens Bank	342,860	74.0

Source: Reports of Income and Condition March 31, 2013 - June 30, 2016

Martha's Vineyard Savings Bank is a member of the Federal Home Loan Bank system and borrows funds to support additional loan commitments. During the evaluation period, the bank sold 142 loans totaling \$116.3 million to the secondary market since the previous evaluation. These loans are not included in the LTD ratio. Based on the above information and the bank's capacity to lend, the capacity of other similarly situated banks, the types of loans offered by the bank, and the lending opportunities available, the bank's LTD ratio is more than reasonable.

Assessment Area Concentration

As indicated in the table below, the bank made a substantial majority of home mortgage and small business loans, by number and dollar volume, within its assessment area.

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										
2015	208	90.8	21	9.2	229	107,183	92.1	9,225	7.9	116,408
*2016	165	87.8	23	12.2	188	93,411	90.7	9,616	9.3	103,027
Subtotal	373	89.4	44	10.6	417	200,594	91.4	18,841	8.6	219,435
Small Business										
2015	31	96.9	1	3.1	32	3,960	90.8	400	9.2	4,360
Total	404	90.0	45	10.0	449	204,554	91.4	19,241	8.6	223,795
<i>Source: 2015 and 2016 HMDA and small business bank records</i> <i>*2016 data includes January 1, 2016 – June 30, 2016</i>										

Geographic Distribution

This criterion evaluates the distribution of the bank's loans within the assessment area by census tract income level, with the emphasis on the low- and moderate-income census tracts. As the bank's assessment area does not include any low- or moderate-income census tracts, the bank's performance pursuant to this criterion was considered to weigh little in the overall rating of this examination.

Home Mortgage Loans

The table below represents the distribution of home mortgage loans by income category of the census tracts for 2015 and 2016, and provides information about the 2015 aggregate market data and the percentage of owner-occupied housing units within each census tract category in the bank's assessment area.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Martha's Vineyard						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Middle						
2015	83.9	84.1	155	74.5	70,453	65.7
2016	83.9	--	118	71.5	64,067	68.6
Upper						
2015	16.1	15.9	53	25.5	36,730	34.3
2016	16.1	--	47	28.5	29,344	31.4
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	--	0	0.0	0	0.0
Totals						
2015	100.0	100.0	208	100.0	107,183	100.0
2016	100.0	--	165	100.0	93,411	100.0
<i>Source: 2010 U.S. Census; 1/1/2015 - 6/30/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.</i>						

Small Business Loans

As mentioned above, the bank's assessment area does not contain any low or moderate-income census tracts. The bank's small business loans by census tract income level is compared to demographic information, as noted below.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Middle					
2015	75.8	26	83.9	3,680	93.0
Upper					
2015	24.2	5	16.1	280	7.0
Total					
2015	100.0	31	100.0	3,960	100.0
<i>Source: 2015 D&B Data, 2015 small business bank records</i>					

Borrower Profile

This performance criterion evaluates the distribution of the bank's residential loans based on borrower characteristics and emphasis is placed on loans to low- and moderate-income borrowers. Based on the review of the HMDA LARs, the bank has achieved a good penetration of loans among individuals of different income levels.

Home Mortgage Loans

As reflected in the table below, the bank's distribution of loans to low-income borrowers, at 3.4 percent, is higher than the aggregate of 2.2 percent. It is noted that lending to low-income borrowers was lower than the percentage of low-income families (16.6 percent) in the area. For a significant portion of these low-income families qualifying for home mortgage loans is difficult, considering the average income for a low-income family in Dukes County is less than \$36,750 and less than \$40,150 for Barnstable County, plus the assessment area faces high unemployment during the off season, indicating the borrowers would most likely not qualify for a mortgage. However, in 2015, market share data shows a total 103 loan applications were originated to low-income applicants and Martha's Vineyard Savings Bank ranked number one by originating seven applications with a market share of 11.7 percent followed by Cape Cod Five Cents Savings Bank and Bank of America each originating seven loans with a market share of 6.8 percent, and Santander Bank with a 5.8 percent market share. This is another indication of the bank's strong commitment to meeting the credit needs of low-income individuals within the assessment area.

In 2015, the bank originated 8.7 percent of total loans to moderate-income borrowers, which was lower than both the aggregate (9.8 percent) and moderate-income families (17.2 percent). However, market share data for 2015 shows that Martha's Vineyard Savings Bank ranked second

with a market share of 6.5 percent. Cape Cod Five Cents Savings Bank was number one with a market share of 10.2 percent.

As of June 30, 2016, the bank is consistent with the volume of lending and continues to originate loans to low- and moderate-income borrowers. The bank originated 5 or 3.0 percent of loans to low-income borrowers and 18 or 10.9 percent to moderate-income borrowers.

Discussions with bank management and the community contact indicated that there are very few affordable housing units within the assessment area for low- and moderate-income borrowers, yet the bank continues to lead in lending to low- and moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Martha's Vineyard						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	16.6	2.2	7	3.4	1,215	1.1
2016	16.6	--	5	3.0	575	0.6
Moderate						
2015	17.2	9.8	18	8.7	3,063	2.9
2016	17.2	--	18	10.9	3,671	3.9
Middle						
2015	22.6	15.6	36	17.3	9,257	8.6
2016	22.6	--	31	18.8	8,685	9.3
Upper						
2015	43.7	58.9	139	66.8	89,958	83.9
2016	43.7	--	110	66.7	80,370	86.0
Not Available						
2015	0.0	13.5	8	3.8	3,690	3.4
2016	0.0	--	1	0.6	110	0.1
Totals						
2015	100.0	100.0	208	100.0	107,183	100.0
2016	100.0	--	165	100.0	93,411	100.0
<i>Source: 2010 U.S. Census; 1/1/2015 - 6/30/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available.</i>						

Small Business Loans

The distribution of small business loans reflects adequate penetration of loans to businesses with GARs of \$1 million or less. As shown in the following table, the percentage of loans to businesses with GARs of \$1 million or less is considerably less than the percentage of businesses with GARs of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000					
2015	79.6	31	58.5	3,960	49.0
> \$1,000,000					
2015	4.3	22	41.5	4,128	51.0
Revenue Not Available					
2015	16.1	0	0.0	0	0.0
Total					
2015	100.0	53	100.0	8,088	100.0
<i>Source: 2015 D&B Data, 2015 small business bank records</i>					

Response to Complaints

The bank did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not impact the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

The Community Development Test evaluates the bank's responsiveness to the community development needs of its assessment area through the provision of community development loans, qualified investments, and community development services as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area. The bank's community development performance demonstrates a good responsiveness to the community development needs of its assessment area.

Community Development Loans

During the evaluation period the bank originated 12 community development loans totaling \$3.5 million. During the previous evaluation the bank originated nine community development loans totaling \$1.5 million. The table below summarizes the community development activity during the evaluation period.

Community Development Lending												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services		Economic Development		Revitalization or Stabilization		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
2014	0	0	2	1,381	4	1,032	0	0	0	0	6	2,413
2015	2	500	1	250	1	90	0	0	0	0	4	840
*2016	0	0	1	250	1	30	0	0	0	0	2	280
Total	2	500	4	1,881	6	1,152	0	0	0	0	12	3,533

*Source: Bank Records - *From January 1, 2016 through October 24, 2016.*

Listed below are a sample of the qualified community development loans made during the evaluation period.

- In January 2014, the bank originated an SBA 504 project in the form of two loans for \$990,000. The loans were originated to purchase a commercial property within the assessment area. As a structured SBA 504 loan, the project qualifies under CRA as a form of economic development, generating job creation or improvement within the assessment area.
- In December 2014, the bank originated two loans, for a total of \$1.9 million to a local non-profit organization. This organization provides high quality social services to vulnerable segments of the population, including people with disabilities, low-income families, and individuals displaced by domestic violence. Some of the services provided are employment assistance, early childcare support, a thrift store, and transportation to and from their facilities. One loan, for \$250,000 was geared toward working capital. This loan was subsequently modified in 2015 and 2016 to \$500,000 and \$750,000, respectively. The other loan, for \$1.1 million, was for the refinance and consolidation of

prior debts to increase the efficiency of operations.

- In December 2015, the bank originated two loans for a total of \$2 million for the construction of a 40-B development project. The project is comprised of 16 condominium units, and will include four affordable units. The two loans include a \$1.5 million line of credit for construction of the condominiums, and \$500,000 loan for the demolition of the structure previously located on the subject land. The total community development qualified portion of this project amounts to \$500,000.

Charitable Contributions

The bank makes donations through the Martha’s Vineyard Endowment Fund and directly through the bank. The Martha’s Vineyard Endowment Fund was founded in 1982, and their mission is to build permanent assets that will benefit and improve the quality of life across the Island by providing financial resources to Island causes, nonprofits and students, while building and prudently stewarding an endowment to serve as a source of funding for the Island’s future needs. The endowment is funded entirely by private donations.

During the evaluation period the bank and the Endowment Fund donated \$334,034 of which \$138,952 or 41.6 percent qualified for CRA purposes.

As noted in the table below, the bank and the Endowment Fund made 68 community development donations in the bank’s assessment area totaling \$138,952. The \$138,932 in qualified CRA donations by the bank and the Endowment Fund represents a decrease since the last evaluation period, when the qualified donations totaled \$383,741. The following table illustrates the bank and the Endowment Fund activity by year and by fund.

Qualified Grants and Donations					
	*2013	2014	2015	**2016	Total
Martha’s Vineyard Savings Bank	\$1,764	\$34,866	\$35,454	\$39,848	\$111,932
Martha’s Vineyard Endowment Fund	\$8,250	\$9,470	\$5,000	\$4,300	\$27,020
Total Donations	\$10,014	\$44,336	\$40,454	\$44,148	\$138,952
Number of Organizations Benefiting from Donations	11	22	20	15	68

*Source: Bank Records- *From October 21, 2013 through December 31, 2013. **From January 1, 2016 through October 24, 2016.*

The bank and the Endowment Fund donate to numerous organizations throughout the assessment area that provide community services for individuals such as, youth programs, homeless centers, soup kitchens, battered women’s centers, provide funding to build or repair facilities that provide affordable housing, business and economic development, and not-for-profit organizations serving low- and moderate-income housing or other community development needs such as, counseling for credit, homeownership, home maintenance, and other financial literacy programs targeted specifically to low and/or moderate-income individuals.

During the evaluation period, the bank’s Endowment Fund donated \$143,592 of which \$27,020 or 18.8 percent qualified as CRA purposes. The table below details the Endowment Fund’s

qualified donations by category within the assessment area.

Martha's Vineyard Endowment Fund Qualified Grants and Donations Activity By Year												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services		Economic Development		Revitalization or Stabilization		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
*2013	0	0	4	6,250	1	2,000	0	0	0	0	5	8,250
2014	0	0	4	5,970	2	3,500	0	0	0	0	6	9,470
2015	0	0	4	5,000	0	0	0	0	0	0	4	5,000
**2016	0	0	1	2,500	1	1,800	0	0	0	0	2	4,300
Total	0	0	13	19,720	4	7,300	0	0	0	0	17	27,020

*Source: Bank Records - *From October 21, 2013 through December 31, 2013. **From January 1, 2016 through October 24, 2016.*

The bank made 51 qualified donations totaling \$111,932 or 58.8 percent of the total donations of \$190,442 during the examination period. The table below details the bank's qualified donations by category within the assessment area.

Martha's Vineyard Savings Bank Qualified Grants and Donations Activity By Year												
Activity Year	Qualifying Category										Totals	
	Affordable Housing		Community Services		Economic Development		Revitalization or Stabilization		Neighborhood Stabilization Projects			
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
*2013	0	0	6	1,764	0	0	0	0	0	0	6	1,764
2014	2	1,000	14	33,866	0	0	0	0	0	0	16	34,866
2015	1	500	15	34,954	0	0	0	0	0	0	16	35,454
**2016	2	750	11	39,098	0	0	0	0	0	0	13	41,348
Total	5	2,250	46	109,682	0	0	0	0	0	0	51	111,932

*Source: Bank Records - *From October 21, 2013 through December 31, 2013. **From January 1, 2016 through October 24, 2016.*

Samples of the organizations receiving donations are listed below:

- **Cape Cod Center for Women** – At this shelter, families are provided with access to medical and mental health care as they work to rebuild their lives. Services like food, clothing, personal care items and toys for children are available. They also provide moral support and guidance, one on one counseling, transportation for clients in emergencies or doctors appointments, job interviews or educational classes.
- **Red Stocking Fund** - Started in 1938 by a few women who knit stockings at Christmas for Island children in need, the Red Stocking Fund now supports more than 300 children every year around the holiday season. Volunteers use donations to purchase warm clothes, pajamas, books and art supplies, and community members donate toys.

- **Island Housing Trust** – The Island Housing Trust supports a diverse and vital community on Martha’s Vineyard by creating and sustaining permanently affordable housing solutions, both rental and ownership. Over the past decade, they have provided hope and opportunity to hundreds of low- and moderate-income island families seeking a dignified solution to their affordable housing needs.
- **Island Elderly Housing, Inc. (EHI)** – Since 1977, with the help of state and federal funding, EHI has been offering affordable rental housing on Martha’s Vineyard for the island’s elderly and disabled.
- **Big Brothers and Big Sisters** – All of the funding for this organization is through fundraising events and local donations on the Island and stays on the Island. A mentor provides an increased sense of belonging by reinforcing communication skills, teamwork, community service and relationship building. The goals are to help facilitate participants’ completion of their high school diploma or GED, help them learn to make good decisions based on exploration of consequences and to realize their potential to become productive adults in the community.
- **Vineyard House** - The objective of this corporation is to provide a temporary home or homes for alcohol and/or drug dependent persons primarily from the Martha's Vineyard community who need a sober, stable and mutually supportive transitional environment in which to find health and independence.

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 lists a sample of the bank’s involvement in community development services during the evaluation period.

Employee Involvement

Falmouth Housing Trust – Falmouth Housing Trust is a Community Development Corporation, who aims to maintain affordable housing for low- and moderate-income residents. The organization fulfills their mission in Falmouth and surrounding neighborhoods through small strategic projects developed expressly for affordable housing. The organization also provides monitoring, advocacy, and educational services for affordable housing projects and prospective residents. A Senior Residential Loan Officer is the Acting President. In addition to board duties, the bank employee provides individual counseling to potential applicants to ease their transition into an affordable housing property and increase their chance of financial success.

Martha’s Vineyard (MV) Community Services – The mission of this social services nonprofit organization is to enhance the lives of island residents by meeting area needs with comprehensive services. The organization’s programs include domestic violence prevention, early childhood programs, low-cost transportation, and a thrift shop. The Community Relations Coordinator serves as a Board Member.

Oak Bluffs Affordable Housing Committee – This municipal committee was created to work toward the goal of designating 10 percent of year-round housing as HUD-defined affordable housing. The committee is overseen by three individuals who meet monthly to review the current pipeline of affordable housing developments and create strategic plans to further the mission of the board. A branch manager is a Committee member.

Martha’s Vineyard Mediation – Located in Vineyard Haven, the mission of the court-approved mediation program is to settle disputes between individuals that are not able to afford traditional legal routes. The services are provided on a sliding-scale fee basis, and include the areas of family dispute, neighborhood tenancy, elder affairs, and workplace conflict. A Lending Officer is an approved mediator.

Big Brothers/Big Sisters Cape Cod and the Islands – This one-on-one mentoring program was founded due to the large population of at-risk children living on Cape Cod and Martha’s Vineyard. The CFO and Treasurer are Board Members and provide input on the strategic plan and future endeavors.

Educational Seminars

South Eastern Economic Development (SEED) Corporation – The bank coordinated with this nonprofit corporation focused on small business development to provide several educational seminars during the evaluation period. Each seminar included two sessions for startup businesses: the first session includes business preparation and financing, and the second session includes basic information on managing and evaluating a business through one’s financial statements. The bank offered one seminar in 2014 and 2016.

Falmouth Housing Trust – A bank representative led four informational sessions between 2015 and 2016 for First Time Homebuyers. Topics included: information on the application and lottery process involved with purchasing deed-restricted housing; prequalification information; general steps in the mortgage process; and specifics regarding the affordable housing lottery.

Martha’s Vineyard Affordable Housing Lotteries – In 2014, a bank representative performed informational counseling regarding the lottery and application processes for properties in Chilmark and West Tisbury. The information was essential in guiding these qualified applicants toward the pursuit of an affordable home.

Real Estate Technical Assistance – In 2015, the bank provided technical assistance to small businesses through sponsoring certification and refresher trainings on various aspects of real estate transactions. Topics included Dodd-Frank mortgage disclosure changes and the impact on the real estate closing process. Bank employees provided answers to frequently asked questions.

Other Services

The bank has provided additional operational support to Martha’s Vineyard Community Services for their fundraising activities. In addition to providing in-branch advertising for the upcoming

fundraising events and other services, the bank provided technical assistance during the “Possible Dreams” auction. The bank also provided staffing and resources to provide bookkeeping and accounting services each year during the evaluation period.

The bank offers its branch locations to several CRA-qualified organizations for meetings and event planning. Organizations include the Island Housing Trust, Martha’s Vineyard Community Services, Falmouth Housing Trust, and Dukes County Housing Authority.

The bank provides loan servicing for the local Habitat for Humanity chapter. The servicing is offered at no-charge to the non-profit affordable housing construction and mortgage company.

The bank participates in the Interest on Lawyers’ Trust Accounts (IOLTA). Lawyers place large client deposits, such as escrow accounts, in interest bearing accounts, with the interest to be paid to the client. Deposits that would individually be too small or too short-term to generate interest are pooled into IOLTA accounts. Interest earned on the account is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients.

The bank participates in the Massachusetts Community and Banking Council’s (MCBC) Basic Banking in Massachusetts program. This statewide program is designed to offer low cost checking and savings accounts to low- and moderate-income individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution’s overall CRA rating.

APPENDIX A

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

MINORITY APPLICATION FLOW

The bank's HMDA LARs for 2015 and 2016 were reviewed to determine if the application flow from the different racial groups within the bank's assessment area was reflective of the assessment area's demographics.

According to the 2010 U.S. Census Data, the bank's assessment area contained a total population of 48,066 individuals of which 10.8 percent are minorities. The assessment area's minority and ethnic population is 2.2 percent Black/African American, 1.1 percent Asian, 0.7 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 2.0 percent Hispanic or Latino and 4.8 percent other.

In 2015, the bank received 252 HMDA reportable loan applications from within its assessment area. Of these applications, 16 or 6.4 percent were received from minority applicants, of which 13 or 81.3 percent resulted in originations. The aggregate received 3,111 HMDA reportable loan applications of which 158 or 5.1 percent were received from minority applicants and 92 or 58.2 percent were originated. For the same time period, the bank also received 2 or 0.8 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 1 or 50.0 percent were originated versus the aggregate that received 71 applications or 2.3 percent of which 44 or 62.0 percent were originated.

For 2016, the bank received 178 HMDA reportable loan applications from within its assessment area. Of these applications, 14 or 7.9 percent were received from minority applicants, of which 12 or 85.7 percent resulted in originations. For the same time period, the bank received 6 or 3.4 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 5 or 83.3 percent were originated.

The bank's level of lending was compared with that of the aggregate's lending performance level for the most recent year that data was available, the year 2015. 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 2015		2015 Aggregate Data	Bank 2016	
	#	%	%	#	%
American Indian/ Alaska Native	1	0.4	0.2	1	0.55
Asian	3	1.2	0.9	1	0.55
Black/ African American	5	2.0	2.4	4	2.3
Hawaiian/Pacific Islander	0	0.0	0.0	0	0.0
2 or more Minority	0	0.0	0.3	0	0.0
Joint Race (White/Minority)	7	2.8	1.3	8	4.5
Total Minority	16	6.4	5.1	14	7.9
White	209	82.9	75.0	151	84.8
Race Not Available	27	10.7	19.9	13	7.3
Total	252	100.0	100.0	178	100.0
ETHNICITY					
Hispanic or Latino	2	0.8	0.8	2	1.1
Not Hispanic or Latino	220	87.3	77.4	157	88.2
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	1.5	4	2.3
Ethnicity Not Available	30	11.9	20.3	15	8.4
Total	252	100.0	100.0	178	100.0

Source: US Census 2010, HMDA LAR Data 2015 and 2016

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2015, the bank's minority application flow is reasonable.

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 non-metropolitan 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. Census tract boundaries normally follow visible features, but they may follow governmental unit boundaries and other non-visible features in some instances. They always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous for population characteristics, economic status, and living conditions to allow for statistical comparisons.

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 non-metropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or 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 bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

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

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

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).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and non-metropolitan 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: Performance under the applicable tests is analyzed considering performance context, quantitative factors (geographic loan distribution, borrower profile loan distribution, and total number and dollar amount of investments), and qualitative factors (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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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: Performance under the applicable tests is analyzed using only quantitative factors (for example, geographic loan distribution, borrower profile loan 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.

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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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.

Non-metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan 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 non-metropolitan 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent 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 78 Main Street, Edgartown, MA 02539.

[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.