

PUBLIC DISCLOSURE

September 25, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Martha's Vineyard Bank
RSSD # 196800

78 Main Street
Edgartown, Massachusetts 02539

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, 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'S CRA RATING: This institution is rated OUTSTANDING.
The Lending Test is rated: SATISFACTORY
The Community Development Test is rated: OUTSTANDING**

Martha's Vineyard Bank (MVB or the bank) demonstrates an excellent responsiveness to the credit needs of its assessment area based on the following findings:

Lending Test

- A more than reasonable loan-to-deposit ratio (LTD) (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment area, and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments.
- A substantial majority of the bank's loans and, as appropriate, other lending-related activities, are in its assessment area.
- A distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) that is reasonable given the demographics of the bank's assessment area.
- An excellent geographic distribution of loans given the bank's assessment area.
- There have been no complaints regarding the bank's CRA performance since the last CRA evaluation.

Community Development Test

- The bank's community development performance demonstrates excellent responsiveness to community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

SCOPE OF EXAMINATION

MVB's performance review was based on CRA activities conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Intermediate Small Institutions¹. These procedures evaluate banks under two tests: the Lending Test and the Community Development Test. The Lending Test evaluates the bank's lending performance pursuant to the following criteria: LTD ratio, assessment area concentration of loans, geographic distribution of loans, loan distribution according to the income of the borrower, and response to CRA-related complaints. The Community Development Test measures the number and amount of community development loans; the number and amount of qualified investments; the extent to which the institution provides community development services; and the bank's responsiveness through such activities.

The Lending Test was based on home mortgage loans originated from January 1, 2020 to December 31, 2022. Home mortgage data for 2021 and 2022 is presented in the lending tables for the Borrower Profile and Geographic Distribution criteria, although home mortgage data for 2020 was also evaluated. While both the number and dollar volume of the bank's home mortgage loans were reviewed, the number of originations was weighted more heavily than the dollar volume, as the number of loans is more indicative of loan demand. The bank's net LTD ratio was calculated from FFIEC Call Reports as of September 30, 2020 through June 30, 2023. Small business loans were not included in this evaluation.

Home mortgage lending reviewed during the evaluation was obtained from Loan Application Registers (LARs), maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). Changes in HMDA reporting requirements for 2018 included the determination of whether a loan is HMDA-reportable and includes loan types of other purpose and NA purpose. Other purpose loans are for purposes other than home purchase, refinancing, or home improvement. This evaluation does not include analysis of other or NA loans reported on the bank's LARs. The bank's residential loan performance was compared to applicable aggregate data, which was obtained from the Consumer Finance Protection Bureau (CFPB). Aggregate HMDA data consists of lending information from all HMDA reporters that originated or purchased HMDA-reportable loans in the bank's assessment area. Other purpose and NA loans are excluded from the aggregate data. The bank's home mortgage lending performance was compared to demographics from the 2015 and 2020 American Community Survey (ACS).

The Community Development Test included a review of community development loans, investments, and services for the period of August 10, 2020 through September 25, 2023. The Community Development Test is evaluated in the context of community needs and the capacity of the bank.

¹ "Intermediate small institution" means a bank or savings association with assets of at least \$376 million as of December 31 of both of the prior two calendar years and less than \$1.503 billion as of December 31 of either of the prior two calendar years.

DESCRIPTION OF INSTITUTION

MVB is a state-chartered mutual savings bank headquartered at 78 Main Street in Edgartown, Massachusetts. In addition to its headquarters, the bank operates nine full-service branches. The bank operates six branches on the island of Martha's Vineyard, which is in Dukes County. These branches are located in Chilmark, Edgartown, Oak Bluffs (2), Vineyard Haven, and West Tisbury. In addition, the bank operates three branches in Barnstable County. All three branches are in the town of Falmouth on Cape Cod, including a new full-service branch which opened in June 2021. All branch locations have a deposit-taking ATM. In addition, the bank maintains eight remote ATMs. The bank is owned by a mutual holding company, Vineyard Bancorp MHC, which was established on March 30, 2021. MVB has the following five subsidiaries: Martha's Vineyard Investment Advisors, which offers brokerage services, Vineyard Sound Insurance, which offers both home and auto insurance, 84 Main St LLC, DCS Security Corp, and Fintech Collaborative LLC.

As of June 30, 2023, the bank reported total assets of \$1.3 billion. This is an increase from total assets of \$969.3 million, as of June 30, 2020. Additionally, deposits totaled \$1.1 billion, and loans totaled \$1.2 billion as of June 30, 2023. MVB is primarily a home mortgage lender with residential real estate loans, including multifamily loans, totaling 70.5 percent of the loan portfolio. Residential real estate loans mainly consist of 1-4 family closed-end loans secured by first liens. Commercial lending is the bank's second largest business line with commercial real estate, construction and land development, and commercial and industrial loans together totaling \$337.6 million, or 28.7 percent of the loan portfolio. The bank also originates consumer loans and loans to depository institutions. The bank has seen large growth in its residential real estate portfolio, with an 81 percent increase in loan volume since June 30, 2020, primarily as a result of the low interest rate environment driven by the economic conditions during the COVID-19 pandemic. Additionally, the bank has seen growth in its consumer loan portfolio, primarily driven by personal credit card and solar loan growth. The bank's commercial and other loan portfolios have remained stable during the evaluation period. Table 1 shows the loan portfolio composition by dollar volume, as of June 30, 2023.

Loan Type	Dollar Amount \$(000)	Percent of Total Loans (%)
Residential RE	828,763	70.5
Commercial*	337,611	28.7
Consumer	7,779	0.7
Other	2,018	0.2
Agriculture	0	0
Total Loans	1,176,171	100.0

Call Report as of June 30, 2023.

**May include construction, land development, and other land loans reported on the HMDA LAR
Total percentages shown may vary by 0.1 percent due to automated rounding differences.*

The bank offers a standard array of retail loan and deposit products. Loan products include fixed- and adjustable-rate residential mortgage loans, home equity loans and lines of credit, home improvement loans, construction loans, consumer overdraft lines of credit, installment loans,

commercial real estate loans, and commercial and industrial loans, including Small Business Administration (SBA) loans. Deposit products include personal and business checking accounts, statement savings and money market accounts, and certificates of deposit. The bank's deposits increased \$302.2 million since the previous CRA evaluation. Deposit growth began in the second quarter of 2020 related to the COVID-19 pandemic due to decreased consumer spending at the onset of the pandemic, an influx of stimulus and unemployment checks as part of the CARES Act, and SBA Paycheck Protection Program (PPP) funds.

The bank's website, www.mvbank.com, provides branch and ATM location information and a listing of loan and deposit services. Along with traditional delivery methods, the bank offers alternative delivery systems, such as online banking, and accepts deposit account applications through its website.

MVB operates in a competitive geographic area where several community banks and credit unions, as well as larger regional and national banks, maintain a branch presence. According to the FDIC Deposit Market Share Report, as of June 30, 2022, there were nine financial institutions offering deposit services within Dukes County and Falmouth. The bank ranked first for deposit market share, at 35.7 percent. The Cape Cod Five Cents Savings Bank, Orleans, MA ranked second, at 14.8 percent, and Rockland Trust Company, Rockland, MA ranked third, at 13.6 percent. Within just the island of Martha's Vineyard, where the bank maintains six of its nine branches, the bank has a majority of the deposit market share, at 66.0 percent, which again is ranked first. Three other institutions maintain a branch presence on the island: Rockland Trust Company, Santander Bank, N.A., and The Cape Cod Five Cents Savings Bank.

The bank also operates in a competitive environment for home mortgage loans. According to HMDA aggregate data, 228 financial institutions originated a HMDA-reportable loan within Dukes County and Falmouth in 2022. MVB ranked second with 233 originations. The Cape Cod Five Cents Savings Bank, a larger regional bank, ranked first with 476 originations. Rockland Trust Company, another larger regional bank, ranked third with 179 originations. The bank also faces strong competition for loans from mortgage companies, notably Rocket Mortgage, LLC., Detroit, MI, and larger national banks, including Citizens Bank, N.A., Providence, RI, and Bank of America, N.A, Charlotte, NC. In 2021, 304 reporters originated or purchased a loan within Dukes County and Falmouth. The bank was ranked second that year with 437 originations. In 2020, 292 reporters originated or purchased a loan within Dukes County and Falmouth. The bank was again ranked second that year with 375 originations.

MVB was last examined by the Federal Reserve Bank of Boston for compliance with the CRA on August 10, 2020, using the FFIEC Examination Procedures for Intermediate Small Institutions. The bank received an overall rating of Outstanding. The Lending Test was rated Satisfactory, and the Community Development Test was rated Outstanding. There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its communities.

DESCRIPTION OF ASSESSMENT AREA

MVB’s assessment area consists of the entirety of Dukes County, which is not located in a Metropolitan Statistical Area (MSA), and the town of Falmouth in Barnstable County, which is located in the Barnstable Town, MA MSA. Dukes County consists of the towns of Aquinnah, Chilmark, Edgartown, Oak Bluffs, Vineyard Haven, and West Tisbury on the island of Martha’s Vineyard, as well as the town of Gosnold on the Elizabeth Islands, the uninhabited island of Nomans Land, and other islets. Martha’s Vineyard is a popular vacation destination known for quaint villages, lighthouses, and sandy beaches. Falmouth is located on southwest Cape Cod, and its village of Woods Hole serves as the main ferry point to Martha’s Vineyard. Seasonal ferry service to Martha’s Vineyard is also available from Hyannis and New Bedford, MA; Quonset Point, RI; New York City, NY; and Highlands, NJ.

Details regarding the bank’s assessment area are provided in Table 2:

Table 2 Assessment Area		
MSA	Counties	Towns
Non-MSA	<i>Dukes</i>	Aquinnah, Chilmark, Edgartown, Gosnold, Oak Bluffs, Vineyard Haven, and West Tisbury
Barnstable Town, MA MSA	<i>Barnstable</i>	Falmouth

Source: Bank Provided

The assessment area consists of 12 census tracts. According to 2015 ACS data, of the 12 census tracts, one is moderate-income, eight are middle-income, two are upper-income, and one is unknown. The one moderate-income census tract is located in Vineyard Haven and the two upper-income census tracts are located in Falmouth. New 2020 ACS data was made available in 2022, and of the 12 census tracts, three are moderate-income, seven are middle-income, one is upper-income, and one is unknown. One of the moderate-income census tracts is located in Vineyard Haven, and the other two moderate-income census tracts are located in Falmouth. The one upper-income census tract is located in Falmouth. The unknown census tract consists of the ocean and has no population or housing units. There are no low-income census tracts in the assessment area. Tables 3 and 4 detail the assessment area demographics.

Table 3
2020 - 2021 Assessment Area Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,799	22.5
Moderate	1	8.3	815	6.5	121	14.8	1,883	15.1
Middle	8	66.7	9,314	74.8	681	7.3	2,814	22.6
Upper	2	16.7	2,330	18.7	43	1.8	4,963	39.8
Unknown	1	8.3	0	0.0	0	0.0	0	0.0
Total AA	12	100.0	12,459	100.0	845	6.8	12,459	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	3,035	867	5.7	28.6	470	15.5	1,698	55.9
Middle	29,556	11,572	75.9	39.2	3,116	10.5	14,868	50.3
Upper	6,698	2,802	18.4	41.8	818	12.2	3,078	46.0
Total AA	39,289	15,241	100.0	38.8	4,404	11.2	19,644	50.0

Source: 2020 & 2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table 4
2022 Assessment Area Demographics

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,752	22.0
Moderate	3	25.0	3,332	26.6	112	3.4	2,234	17.8
Middle	7	58.3	7,979	63.7	356	4.5	2,589	20.7
Upper	1	8.3	1,211	9.7	15	1.2	4,947	39.5
Unknown	1	8.3	0	0.0	0	0.0	0	0.0
Total AA	12	100.0	12,522	100.0	483	3.9	12,522	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	9,733	4,427	27.6	45.5	1,404	14.4	3,902	40.1
Middle	26,725	10,146	63.2	38.0	3,220	12.0	13,359	50.0
Upper	3,560	1,485	9.2	41.7	188	5.3	1,887	53.0
Total AA	40,018	16,058	100.0	40.1	4,812	12.0	19,148	47.8
<i>Source: 2022 FFIEC Census Data</i>								
<i>2016-2020 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

Housing

There are 40,018 housing units in the assessment area of which a significant majority, 96.2 percent, are 1-4 family housing, 3.7 percent have five or more units, and 0.2 percent are mobile homes. Housing unit statistics show a high vacancy rate due to the number of second homes in the area, which reflects the seasonal nature of the assessment area. Only 40.1 percent of housing units are owner-occupied, while 47.8 percent are vacant and 12.0 percent are rental units. Within Dukes County, the percentage of vacant units is even higher, at 61.8 percent. By comparison, vacant units comprise 9.1 percent of housing units in Massachusetts.

As depicted in Table 4, of the total owner-occupied units in the assessment area, 27.6 percent are located in moderate-income census tracts, 63.2 percent are located within middle-income census tracts, and 9.2 percent are located in upper-income census tracts.

Housing costs are high in the assessment area. Based on the ACS, the median housing value was \$521,144 in the assessment area and \$794,005 in Dukes County, nearly twice the median housing value of \$398,759 in Massachusetts. Recent data obtained from The Warren Group, Boston, MA, indicates that housing prices continue to rise. For calendar year 2022, the average median home sales price in Dukes County was \$1,260,000. The median home sales price for

Falmouth was \$634,500. One of the challenges banks in this area face in meeting low- and moderate-income credit needs is the large number of seasonal property owners. Much of the housing market, particularly in Dukes County, is driven by its desirability as a vacation destination. Property owners are often non-year-round residents and demand has made Martha's Vineyard property costs beyond even the affordability of middle-income year-round residents.

Table 5 illustrates the recent data on the median sales price of single-family homes and condos for Dukes County and the town of Falmouth.

Table 5			
Median Sales Prices			
County/Town	2020	2021	2022
Dukes County	\$ 875,000	\$ 1,107,500	\$ 1,260,000
Falmouth	\$ 497,000	\$ 571,750	\$ 634,500
<i>Source: The Warren Group, Boston, MA</i>			

The average median sales price of single-family homes and condos for Dukes County increased by 44 percent from 2020 to 2022 and the average median sales price of single-family homes and condos for the town of Falmouth increased by 27.7 percent from 2020 to 2022. These high housing costs make it difficult for low- and moderate-income residents to obtain home mortgage financing. An analysis of median home sale prices compared to the median family incomes by year showed the town of Falmouth as the likely best opportunity for banks to originate home mortgage loans to moderate-income borrowers, however it would likely have been more challenging to originate home mortgage loans to low-income borrowers. Based on the high value of single-family homes and condos in Dukes County, it would likely have been challenging to originate home mortgage loans to low-, moderate, and middle-income borrowers.

Population

The assessment area has a population of 53,117 individuals. Based on 2022 data, the population was distributed by geography as follows: 26.2 percent in moderate-income tracts, 65.1 percent in middle-income tracts, and 8.6 percent in upper-income tracts. The assessment area includes 20,870 households, of which 12,522 are families. The majority, 39.5 percent, of families are upper-income. Middle-income families represent 20.7 percent of the assessment area. Moderate- and low-income families represent 17.8 percent and 22.0 percent, respectively, of the assessment area. The percent of assessment area families with incomes below the poverty level is 3.9 percent. Of the total families with incomes below the poverty level, 23.2 percent reside in moderate-income census tracts, 73.7 percent reside in middle income census tracts, and 3.1 percent reside in upper income census tracts. Within the Commonwealth of Massachusetts, 6.6 percent of families have incomes below the poverty level and within the Barnstable Town, MA MSA, 4.3 percent of families have incomes below the poverty level. As there are no low- and only three moderate-income census tracts in the assessment area, low- and moderate-income individuals, who are more than one-third of the population, and families with incomes below the poverty level experience the economic disparity of living in mainly middle- or upper-income census tracts.

Population growth in the assessment area is stable; however, according to the Martha’s Vineyard Commission, the population of the island increases more than threefold in the summer with seasonal residents and visitors. The assessment area also has a larger population of individuals aged 65 and over, at 27.0 percent, relative to Massachusetts, at 16.2 percent, reflective of Martha’s Vineyard being a popular retirement destination.

Income

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. Table 6 displays the MFIs for the assessment area.

Table 6			
Median Family Income			
MSA/MD	2020	2021	2022
Barnstable Town, MA MSA	\$96,600	\$89,300	\$115,600
Non-MSA Massachusetts*	\$109,900	\$111,700	\$119,400
<i>FFIEC median family income estimates</i>			
<i>*Represents non-MSA portions of the state</i>			

The MFI for the Barnstable Town, MA MSA decreased from 2020 to 2021, and then increased from 2021 to 2022. The MFI for non-MSA Massachusetts, which includes Dukes County, increased during the evaluation period with a marked increase in 2022.

Employment Statistics

The cornerstone of the economy on Martha’s Vineyard is providing services to seasonal residents and visitors. As a result, the unemployment rate experiences seasonal fluctuations, generally rising in the winter and early spring. According to data released by the U.S. Bureau of Labor Statistics, the non-seasonally adjusted unemployment rate for Dukes County during 2022 ranged from a low of 3.0 percent in July and August to a high of 9.4 percent in February. Due to the COVID-19 pandemic, the non-seasonally adjusted unemployment rate for Dukes County rose sharply in 2020 peaking at 25.4 percent in April of 2020. This led to increased food insecurity and homelessness on the island during the review period.

The national non-seasonally adjusted annual unemployment rates for 2021 and 2022 were 5.3 percent and 3.6 percent, respectively. The Massachusetts non-seasonally adjusted annual unemployment rates for 2021 and 2022 were 5.5 percent and 3.8 percent, respectively. The non-seasonally adjusted annual unemployment rates for Dukes County were 6.3 percent in 2021 and 5.2 percent in 2022 and the non-seasonally adjusted annual unemployment rates for Falmouth were 6.5 percent in 2021 and 4.6 percent in 2022.

Community Contact

As part of the evaluation process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available.

One community contact was conducted as part of the evaluation. The contact is an executive of an organization that provides affordable housing in Dukes County. The contact has extensive experience developing affordable housing and promoting housing security. Specific activities of the organization include obtaining land, developing housing, and providing deed-restricted affordable homes for low- and moderate-income individuals to rent or purchase. The contact noted a strong need for permanent affordable housing on Martha's Vineyard. With the high median housing costs on the island, many low-, moderate-, and middle-income residents are not able to purchase a home due to the lack of affordable housing. Housing prices continue to rise as year-round housing units are increasingly becoming seasonal or vacation homes, resulting in a shrinking housing stock for residents. The COVID-19 pandemic accelerated this trend, as telecommuting spurred demand for seasonal homes. Facing a shrinking housing stock, many residents are displaced or resort to substandard rentals, particularly during the summer months when demand for seasonal rentals is highest. One of the dire consequences of this lack of housing security on the island is the continuing spike in homelessness, prompting a need for shelters and food assistance. According to the contact, obtaining and retaining year-round and seasonal employees for the island has become one of the largest issues on Martha's Vineyard due to the lack of affordable housing for those looking to either rent or buy.

During the conversation with the contact, the performance of local financial institutions was discussed. MVB was specifically mentioned as an active community partner, including their Home Partnership Loan Program and first time home buyers and financial literacy workshops. Overall, the contact felt the local banks were helping to solve the affordable housing issue by financing the purchase of land and assisting in the construction of affordable housing. However, demand for affordable housing is still strong, so it is important that financial institutions continue to look for ways to provide financing to convert land or properties into affordable housing. The contact noted that an area for opportunity for banks would be to create their own first time home buyer loan programs that provide down payment and closing cost assistance. The contact noted that first time home buyer and financial literacy seminars for both home buyers and renters continue to be an area for opportunity for banks on Martha's Vineyard.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

MVB's performance under the Lending Test is rated Satisfactory.

The following information further details the data compiled and reviewed, as well as conclusions on the bank's performance.

Loan-to-Deposit Ratio

This performance criterion determines the percentage of the bank's deposit base that is reinvested in the form of loans and evaluates its appropriateness. The bank demonstrates a more than reasonable LTD (considering seasonal variations) given the bank's size, financial condition, the credit needs of its assessment area, and taking into account, as appropriate, other lending-related activities such as loan originations for sale to the secondary markets and community development loans and qualified investments.

The bank's net LTD figures are calculated from the bank's quarterly FFIEC Call Reports. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits.

The average LTD ratio during the 12 quarters under evaluation was 99.7 percent. The bank's quarterly LTD ratio ranged from a low of 94.1 percent, as of September 30, 2021, to a high of 107.3 percent, as of June 30, 2023, the most recent quarter of the evaluation period. The dip in 2021 can be partially attributed to increased deposit growth due to the COVID-19 pandemic. The bank's LTD ratio is bolstered by stable loan demand and borrowings from the Federal Home Loan Bank.

Table 7 provides a comparison of the bank's average LTD over the past 12 quarters under evaluation to similarly sized institutions operating within the assessment area. The bank's average LTD ratio of 99.7 percent is higher than that of similarly situated institutions.

Table 7 Loan-to-Deposit Ratio Comparison		
Institutions	Total Assets* \$(000)	Average LTD Ratio** (%)
Martha's Vineyard Bank	1,340,291	99.7
Cape Cod Co-operative Bank	1,524,090	87.1
Fall River Five Cents Savings Bank	1,779,328	92.5
Seamens Bank	453,393	57.8

*Call Report as of June 30, 2023

**Call Reports from September 30, 2020 to June 30, 2023.

Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment area. As shown below, a substantial majority of its loans and, as appropriate, other lending-related activities, are in its assessment area. Table 8 presents the bank's levels of lending inside and outside the assessment area for the entire evaluation period.

Table 8 Lending Inside and Outside the Assessment Area								
Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	48	98	\$27,056	99.3	1	2	\$200	0.7
Home Purchase - Conventional	318	88.1	\$315,032	92.9	43	11.9	\$24,161	7.1
Multi-Family Housing	4	13.3	\$4,332	13.8	26	86.7	\$27,124	86.2
Refinancing	640	91	\$357,147	92.9	63	9	\$27,279	7.1
TOTAL LOANS	1,010	88.4	\$703,567	89.9	133	11.6	\$78,764	10.1

HMDA data for 2020, 2021, & 2022.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

During the evaluation period, the bank originated 1,143 home mortgage loans, of which 1,010, or 88.4 percent, were inside the assessment area. Lending inside the assessment area decreased during the evaluation period. In 2020, the bank originated 405 home mortgage loans, of which 369, or 91.1 percent, were inside the assessment area. In 2021, the bank originated 477 home mortgage loans, of which 424, or 88.9 percent, were inside the assessment area. In 2022, the bank originated 261 home mortgage loans, of which 217, or 83.1 percent, were inside the assessment area. The concentration of loans across loan types was generally consistent during the evaluation period, with home improvement loans most heavily concentrated within the assessment area. Loans outside the assessment area were primarily originated in the towns bordering Falmouth and in the Cape Cod region.

Borrower Profile

This criterion analyzes the distribution of loans to borrowers of different income levels. The bank demonstrates a distribution of loans to and, as appropriate, other lending-related activities for individuals of different income levels (including low- and moderate-income individuals) that is reasonable given the demographics of the bank's assessment area.

Table 9 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The table further outlines the bank's performance by loan type in comparison to the aggregate group. The bank's performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is reasonable.

Table 9
Distribution of 2021 and 2022 Home Mortgage Lending By Borrower Income Level

Borrower Income Level	Bank And Aggregate Loans By Year													
	2021							2022						
	Bank		Agg	Bank		Agg	Families by Family Income %	Bank		Agg	Bank		Agg	Families by Family Income %
	#	%	%	\$(000)	\$%	\$%		#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans														
Low	3	2.8	1.6	740	0.6	0.6	22.5	1	1.0	2.4	100	0.1	0.8	22.0
Moderate	4	3.7	7.0	1,203	1.0	3.1	15.1	7	6.9	8.1	1,783	1.6	3.5	17.8
Middle	7	6.4	13.3	3,825	3.3	7.6	22.6	9	8.9	13.6	3,828	3.5	7.2	20.7
Upper	85	78.0	66.2	103,298	89.8	76.3	39.8	75	74.3	64.1	98,096	88.7	73.3	39.5
Unknown	10	9.2	11.9	6,026	5.2	12.4	0.0	9	8.9	11.8	6,767	6.1	15.1	0.0
Total	109	100.0	100.0	115,092	100.0	100.0	100.0	101	100.0	100.0	110,574	100.0	100.0	100.0
Refinance Loans														
Low	11	3.7	4.2	2,439	1.5	2.9	22.5	5	5.4	10.1	793	1.4	3.8	22.0
Moderate	44	14.8	13.3	12,029	7.4	7.9	15.1	13	14.0	16.2	3,401	5.9	7.5	17.8
Middle	55	18.5	18.2	21,220	13.1	13.2	22.6	26	28.0	19.6	10,789	18.7	10.6	20.7
Upper	173	58.2	52.7	121,816	75.1	62.9	39.8	47	50.5	44.7	42,135	73.2	57.2	39.5
Unknown	14	4.7	11.5	4,800	3.0	13.1	0.0	2	2.2	9.4	455	0.8	20.8	0.0
Total	297	100.0	100.0	162,304	100.0	100.0	100.0	93	100.0	100.0	57,573	100.0	100.0	100.0
Home Improvement Loans														
Low	0	0.0	4.3	0	0.0	1.8	22.5	1	4.8	10.2	192	1.8	5.5	22.0
Moderate	2	11.8	12.1	500	5.0	6.0	15.1	4	19.0	16.6	243	2.2	8.0	17.8
Middle	2	11.8	16.3	1,050	10.5	10.0	22.6	3	14.3	14.9	305	2.8	6.8	20.7
Upper	12	70.6	63.5	8,200	82.0	76.5	39.8	13	61.9	56.8	10,087	93.2	72.6	39.5
Unknown	1	5.9	3.9	250	2.5	5.6	0.0	0	0.0	1.5	0	0.0	7.1	0.0
Total	17	100.0	100.0	10,000	100.0	100.0	100.0	21	100.0	100.0	10,827	100.0	100.0	100.0
Total Home Mortgage Loans														
Low	14	3.3	3.6	3,179	1.1	2.0	22.5	7	3.3	7.1	1,085	0.6	2.3	22.0
Moderate	50	11.8	11.5	13,732	4.8	5.8	15.1	24	11.2	13.4	5,427	3.0	5.3	17.8
Middle	64	15.1	16.7	26,095	9.1	10.6	22.6	38	17.7	16.5	14,922	8.3	8.1	20.7
Upper	270	63.8	57.1	233,314	81.2	67.9	39.8	135	62.8	54.2	150,318	84.0	65.9	39.5
Unknown	25	5.9	11.2	11,076	3.9	13.7	0.0	11	5.1	8.9	7,222	4.0	18.4	0.0
Total	423	100.0	100.0	287,396	100.0	100.0	100.0	215	100.0	100.0	178,974	100.0	100.0	100.0

Source: 2021 & 2022 FFIEC Census Data

2011-2015 & 2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Multifamily loans are not included in the borrower distribution analysis.

In 2021, the bank originated 14 home mortgage loans, or 3.3 percent, to low-income borrowers, which was in line with the aggregate of 3.6 percent. In 2022, the bank originated 7 home mortgage loans, or 3.3 percent, to low-income borrowers, which lagged the aggregate of 7.1 percent. Lending to low-income borrowers exceeded the aggregate in 2020, with 21 home mortgage loans, or 5.7 percent, compared to the aggregate of 3.9 percent.

In 2021, the bank originated 50 home mortgage loans, or 11.8 percent, to moderate-income

borrowers, which was slightly above the aggregate of 11.5 percent. In 2022, the bank originated 24 home mortgage loans, or 11.2 percent, to moderate-income borrowers, which was below the aggregate of 13.4 percent. In 2020, the bank originated 41 home mortgage loans, or 11.1 percent, to moderate-income borrowers, which was again below the aggregate of 12.5 percent.

In all years, for low- and moderate-income borrowers, the bank lagged the demographic indicator; however, the bank may not meet the percentage distribution of low- and moderate-income families as families with low- and moderate-income levels may not qualify for a home mortgage loan. This is particularly evident on the island of Martha's Vineyard where, according to a community contact, high housing costs make it challenging for many low- and moderate-income residents to afford housing and obtain home mortgage financing. Additionally, as previously noted, based on an analysis of median home sale prices compared to the MFIs by year and the high value of single-family homes and condos in Dukes County, it would likely have been challenging to originate home mortgage loans to low-, moderate, and middle-income borrowers.

The community contact indicated that due to the high housing costs on the island, middle-income residents also struggle to afford housing. In 2021, the bank originated 64 home mortgage loans, or 15.1 percent, to middle-income borrowers, which was below the aggregate of 16.7 percent. In 2022, the bank originated 38 home mortgage loans, or 17.7 percent, to middle-income borrowers, which was above the aggregate of 16.5 percent. In 2020, the bank originated 60 home mortgage loans, or 16.3 percent, to middle-income borrowers, which was slightly below the aggregate of 16.6 percent.

The bank has been expanding home mortgage products to address housing affordability in the assessment area. For example, in July 2020 the bank introduced a Home Partnership Loan Program, which is an employee workforce housing loan program, that coordinates with the borrower's employer to assist with the down payment. MVB underwrites a mortgage for an employee of up to 90 percent of the purchase price of the home. The bank then underwrites a second loan for the employer to offer to their employee for up to seven percent of the purchase price. The employee provides a down payment for the remaining three percent of the purchase price. There is one closing for both loans and both are serviced by MVB. The bank originated two Home Partnership Loans during the review period. These types of loan programs demonstrate the bank's commitment to meeting the credit needs of the community. Additionally, the community contact indicated that down payment assistance was a community need, and this program assists borrowers in that area.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of loans to census tracts of all income levels. The bank demonstrates an excellent geographic distribution of loans given the bank's assessment area.

Table 10 provides a comparison of the bank's lending by census tract income level to the aggregate lending data and demographics of the assessment area.

Table 10
Distribution of 2021 and 2022 Home Mortgage Lending By Income Level of Geography

Geographic Income Level	Bank And Aggregate Loans By Year													
	2021							2022						
	Bank		Agg	Bank		Agg	Owner Occupied Units %	Bank		Agg	Bank		Agg	Owner Occupied Units %
	#	%	%	\$(000)	\$%	\$%		#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans														
Low	0	0.0	0.0	0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	18	16.5	7.5	18,941	16.5	9.1	5.7	20	19.8	28.2	13,375	12.1	20.1	27.6
Middle	89	81.7	78.2	95,441	82.9	78.7	75.9	81	80.2	63.8	97,199	87.9	73.4	63.2
Upper	2	1.8	14.3	710	0.6	12.3	18.4	0	0.0	8.0	0	0.0	6.5	9.2
Total	109	100.0	100.0	115,092	100.0	100.0	100.0	101	100.0	100.0	110,574	100.0	100.0	100.0
Refinance Loans														
Low	0	0.0	0.0	0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	37	12.5	8.4	15,573	9.6	9.6	5.7	20	21.5	25.2	12,904	22.4	16.4	27.6
Middle	240	80.8	76.2	138,138	85.1	76.0	75.9	72	77.4	66.5	43,869	76.2	75.4	63.2
Upper	20	6.7	15.4	8,593	5.3	14.3	18.4	1	1.1	8.3	800	1.4	8.2	9.2
Total	297	100.0	100.0	162,304	100.0	100.0	100.0	93	100.0	100.0	57,573	100.0	100.0	100.0
Home Improvement Loans														
Low	0	0.0	0.0	0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	5.9	5.3	500	5.0	5.7	5.7	3	14.3	25.1	223	2.1	16.8	27.6
Middle	14	82.4	75.2	8,400	84.0	72.9	75.9	17	81.0	62.5	10,304	95.2	73.9	63.2
Upper	2	11.8	19.5	1,100	11.0	21.3	18.4	1	4.8	12.4	300	2.8	9.3	9.2
Total	17	100.0	100.0	10,000	100.0	100.0	100.0	21	100.0	100.0	10,827	100.0	100.0	100.0
Multifamily Loans													Multi-family Units %	
Low	0	0.0	0.0	0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	7.6	1	50.0	60.0	1,275	43.6	26.3	10.6
Middle	1	100.0	50.0	750	100.0	11.1	68.7	1	50.0	40.0	1,649	56.4	73.7	83.5
Upper	0	0.0	50.0	0	0.0	88.9	23.8	0	0.0	0.0	0	0.0	0.0	5.9
Total	1	100.0	100.0	750	100.0	100.0	100.0	2	100.0	100.0	2,924	100.0	100.0	100.0
Total Home Mortgage Loans													Owner Occupied Units %	
Low	0	0.0	0.0	0	0.0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	56	13.2	7.9	35,014	12.2	9.1	5.7	44	20.3	25.9	27,777	15.3	17.1	27.6
Middle	344	81.1	76.6	242,729	84.2	76.9	75.9	171	78.8	65.0	153,021	84.1	75.9	63.2
Upper	24	5.7	15.5	10,403	3.6	14.0	18.4	2	0.9	9.1	1,100	0.6	7.0	9.2
Total	424	100.0	100.0	288,146	100.0	100.0	100.0	217	100.0	100.0	181,898	100.0	100.0	100.0

Source: 2021 & 2022 FFIEC Census Data
2011-2015 & 2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Prior to 2022, the assessment area contained one moderate-income census tract, located in Vineyard Haven. New ACS data was made available in 2022, which added two additional moderate-income census tracts to the assessment area, both of which are located in Falmouth. As

a result of this change, the demographic indicator increased from 5.7 percent to 27.6 percent for owner occupied units. The assessment area contains no low-income census tracts.

The bank's lending performance in these moderate-income census tracts is strong. In 2021, the bank originated 56 home mortgage loans, or 13.2 percent, in the moderate-income census tract which was well above the aggregate of 7.9 percent. In 2020, the bank originated 60 home mortgage loans, or 16.3 percent, in the moderate-income census tract which was again well above the aggregate of 7.6 percent. By loan type for 2020 and 2021, home purchase loans exceeded the aggregate by the greatest margin. For both 2020 and 2021, the bank was well above the demographic indicator of 5.7 percent.

In 2022, the bank originated 44 home mortgage loans, or 20.3 percent, to the moderate-income census tracts, which was below the aggregate of 25.9 percent. The lending performance for both the bank and aggregate increased significantly percentage-wise due to the additional two moderate-income census tracts; however, both trailed the demographic indicator of 27.6 percent. The bank's performance in the moderate-income census tracts for 2022 is significant as there is greater competition for lending in Falmouth, which is part of Cape Cod. Competition in this area includes larger national banks and mortgage companies.

The bank's performance is noteworthy, as according to ACS data, almost three quarters of housing units in the moderate-income census tract were non-owner-occupied for 2020 and 2021, when the bank's sole moderate-income census tract was in Vineyard Haven. While that number moved to 54.5 percent for 2022 with the addition of the two moderate-income census tracts in Falmouth, more than half of the housing units in the moderate-income census tracts were non-owner occupied. The bank's efforts to lend in moderate-income census tracts are creating more opportunities for owner-occupied units, which is important, as the community contact indicated how year-round housing for residents is a community credit need.

The evaluation did not identify any conspicuous gaps in the geographic distribution of home mortgage loans in the assessment area. As discussed, the bank is actively lending in the moderate-income census tracts.

Response to Complaints

There have been no complaints regarding the bank's CRA performance since the previous CRA evaluation.

CONCLUSIONS: LENDING TEST

The bank's performance in meeting the credit needs of its assessment area is demonstrated by a more than reasonable LTD ratio; substantial majority of loans inside the assessment area; and excellent dispersion of loans throughout the assessment area. The bank has also demonstrated reasonable performance lending to borrowers of different incomes, including low- and moderate-income borrowers. This performance criterion was given greatest weight in arriving at the Lending Test rating of Satisfactory.

COMMUNITY DEVELOPMENT TEST

MVB's performance under the Community Development Test is rated Outstanding.

Community Development Loans

MVB originated 23 community development loans, totaling \$23.4 million, during the evaluation period. Of that total, 17 community development loans, totaling \$13.2 million, were originated in the bank's assessment area. The remaining 6 community development loans, totaling \$10.2 million, were all originated on Cape Cod, which is the community bordering the bank's assessment area. Community development lending increased from the prior evaluation in 2020, when the bank had 14 community development loans, totaling \$9.6 million. The majority of the bank's community development loans promoted economic development and affordable housing within the assessment area. The community contact interview indicated that promoting affordable housing is particularly responsive to the needs of low- and moderate-income individuals given the limited housing stock and high housing costs in the assessment area. The following are notable examples of the bank's qualified community development loan activity during the evaluation period:

- The bank made 7 SBA 504 loans, totaling \$12.1 million. The 504 Loan Program provides long-term, fixed-rate financing of up to \$5.5 million for major fixed assets that promote business growth and job creation. SBA 504 loans are available through Certified Development Companies, SBA's community-based partners who regulate nonprofits and promote economic development within their communities. Certified Development Companies are certified and regulated by the SBA.
- The bank made 6 SBA 7a loans, totaling \$170,000. The 7a Loan Program provides small businesses with access to working capital, debt refinancing, and purchase of furniture, fixtures, and supplies, up to \$5 million.
- In 2021, the bank provided a \$2.1 million loan for the construction of affordable housing units in a moderate-income census tract. The loan provided funding for 20 affordable housing units all of which are deed restricted.
- In 2021, the bank provided a \$750,000 loan for the purchase of a property in a middle-income census tract that will be used to provide temporary housing for homeless women on Martha's Vineyard.

- In 2022, the bank provided a \$2 million loan for the purchase of a property in a middle-income census tract that will serve as the permanent location of a food pantry on Martha's Vineyard.

In response to the COVID-19 pandemic, MVB originated loans under the PPP. These loans are designed to 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 criteria. PPP loans were originated within the bank's assessment area, as well as the broader statewide and New England region. The previous CRA evaluation captured the bank's first round of PPP lending, 744 loans totaling \$47.1 million, and the current CRA evaluation captures the bank's second round of PPP lending.

During the review period, MVB originated 421 PPP loans, totaling \$30.4 million. The bank extended 144 PPP loans, totaling \$6.9 million, in low- and moderate-income census tracts, contributing to the stabilization of those tracts during the crisis, and 277 PPP loans, totaling \$23.4 million, that promoted economic development by financing small businesses and supporting job retention for low- or moderate-income persons. The vast majority of PPP loans, 373 loans, or 88.6 percent, totaling \$26 million, were located within the assessment area. The bank originated 48 loans outside the assessment area, but within the broader statewide and New England region, totaling \$4.4 million. Combining both the first and second round of PPP lending, MVB was ranked first for Dukes County and tenth for Barnstable County.

PPP loans were particularly responsive to community needs, as they provided funding to businesses to retain jobs in low- and moderate-income areas and helped to revitalize and stabilize low- and moderate-income geographies.

Qualified Investments

MVB's qualified community development investments consist of donations to organizations that focus on providing affordable housing, increasing economic development and revitalization efforts, and offering community services that benefit low- and moderate-income individuals. During the evaluation period, the bank made 293 qualified donations, totaling \$2.1 million, which is a 212 percent increase from the total of \$686,265 at the prior evaluation.

MVB identifies food insecurity, homelessness, and affordable housing as the greatest needs within the assessment area, and, accordingly, the bank targeted donations to organizations that provide food to the hungry, shelter to the homeless, and organizations that aid in affordable housing. As noted by the community contact conducted as a part of this review, Martha's Vineyard faces a dire need for affordable housing. This is a result of increased housing costs on the island and a shortage of year-round rentals, which has forced many residents to become displaced or resort to illegal or substandard rentals, particularly during the summer months when short-term rentals are in demand. These needs were heightened during the COVID-19 pandemic, as the cost of housing continued to increase, and supply continued to be limited. In addition, the bank continued to make a large number of donations with the community development purpose of community services, which are particularly impactful to low- and moderate-income individuals within the bank's assessment area. The following are examples of organizations the

bank donated to during the evaluation period:

- Island Housing Trust: This organization creates permanent affordable housing for the rental and ownership markets for low- or moderate-income individuals or families. The organization lowers the initial cost of homeownership by eliminating the land cost and a portion of the construction costs through grants and donations. In exchange, the homeowners agree to a permanent deed restriction on their homes in the form of a Ground Lease. If the homeowners sell their home, they sell it to another low- or moderate-income family at an affordable price. MVB provided a grant in 2022 to help build four affordable units on Martha's Vineyard.
- Island Grown Initiative (IGI): The IGI provides nutritious food to food-insecure locals all year long, which is particularly important as incomes can be dependent on the summer season. MVB makes multiple annual donations to the IGI. In 2020 and 2022, the bank made several significant donations to assist with the increased need for food assistance following the economic downturn caused by the COVID-19 pandemic, as well as donations for initiatives IGI is undertaking to continue to support island residents.
- Martha's Vineyard Fishermen's Preservation Trust: This organization established a permit bank, which purchases fishing permits and then leases the affiliated quotas (the right to catch fish) to local small-scale fishermen, to offset the high cost of fishing permits. This allows small-scale fishermen to compete with large commercial fishing organizations. In addition, this organization runs a Seafood Donation Program and partners with IGI to provide fresh caught fish to the food pantry. MVB made several large donations to this organization to support their Seafood Donation program, including a large grant in 2023 for the purchase of a new flash freezer, which the organization uses to flash-freeze locally caught fish for the food pantry.
- Red Stocking Fund: The Red Stocking Fund is a local organization that provides warm winter clothing and other necessities to children and families in need during the winter holiday season. MVB makes multiple annual donations to the Red Stocking Fund.
- Belonging to Each Other (BTEO): This organization provides transitional housing for adults experiencing homelessness in Falmouth during the cold weather months. In addition to housing, BTEO provides transportation to work; access to internet, food, and computers; assistance with sobriety, creating savings plans, transitioning to permanent housing; and post-housing assistance to provide stability for up to two years. MVB makes annual donations to this organization.

Community Development Services

Bank employees engaged in community development services through participation on boards of community organizations, conducting first time home buyer seminars, and other community development services benefiting low-and moderate-income individuals. The following list provides a sample of the bank's involvement during the review period:

- 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.
- YMCA of Martha's Vineyard: This organization is dedicated to improving the quality of life for children, individuals, families, and the island community. This organization provides a free afterschool space for all Martha's Vineyard teens, provides financial assistance based on need (all donations made to the YMCA support kids, adults, and families in need), and partners with IGI to provide free and healthy meals to children on the island that are a part of the YMCA of Martha's Vineyard programming. A senior retail banking officer serves on the organization's board of directors.
- Wings for Falmouth Families: This organization provides an immediate safety net of financial assistance during a time of medical crisis or tragic event to local families with minor children and a financial hardship. A senior residential lender for the bank serves on the organization's board of directors.

Bank employees also participated in financial literacy events to support community development services, affordable housing, and economic development. The following table shows the workshops and seminars that bank employees participated in during the review period:

Table 11 Seminars and Workshops		
Workshop/Seminar/Class	Purpose/Topic	Number of Classes Taught
Affordable Housing Lottery	First Time Home Buyer Workshop	8
Affordable Housing Seminar	First Time Home Buyer Workshop	2
Basic Banking	Financial Literacy	1
Community Impact Grant Informational Session	How to apply for MVB grant for island organizations	1
Fighting Elder Abuse	Financial Literacy	2
Five C's of Credit	Financial Literacy	2
Martha's Vineyard Regional High School Financial Education	Financial Literacy	17
Home Partnership Program	First Time Home Buyer Workshop	5
Importance of Budgeting	Financial Literacy	2
Maximizing Social Security	Financial Literacy	1
PPP Forgiveness Informational	Session for PPP borrowers on loan forgiveness requirements	1
Realtor Education	First Time Home Buyer Workshop	4
School Banking	Financial Literacy	5

Source: Bank Provided

In addition to these community development services, in April 2020 MVB created a “Lift Certificate” program to assist local businesses impacted by the economic hardship of the COVID-19 pandemic. As part of the “Lift Certificate” program, consumers purchase gift certificates to local businesses through the bank’s website and MVB matches the discount of the issuing business, up to 10 percent, and assumes the cost of setting up and operating the program. Since the prior CRA evaluation, the program has over 100 local businesses signed up and has raised over \$200,000 for those local businesses. This program was particularly responsive to the needs of small businesses on the island who depend on seasonal tourism affected by the COVID-19 pandemic. In 2023, the bank expanded the “Lift Certificate” program to non-profit organizations to help fundraise for local organizations.

CONCLUSIONS: COMMUNITY DEVELOPMENT TEST

The bank’s community development performance demonstrates an excellent responsiveness to the community development needs of its assessment area through community development loans that support economic development and affordable housing; qualified investments that support community development services and affordable housing; and community development services that help support low- and moderate-income individuals and families. The bank was particularly

responsive to the needs of the assessment area in response to the COVID-19 pandemic and resulting economic hardship. Overall, the Community Development Test is rated Outstanding.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX

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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

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

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

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

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the FDIC have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

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

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan 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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

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

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

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

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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

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

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

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

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

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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

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

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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

Rated area: A rated area is a state or 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.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate 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.

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12