

# **PUBLIC DISCLOSURE**

October 14, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Seamen's Bank  
Certificate Number: 90268

221 Commercial Street  
Provincetown, Massachusetts 02657

Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118

Federal Deposit Insurance Corporation  
350 Fifth Avenue, Suite 1200  
New York, New York 10118

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 or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Outstanding**. An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Outstanding.**

- The average net loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The institution made a substantial majority of its home mortgage and small business loans in the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

**The Community Development Test is rated High Satisfactory by the Division of Banks and Satisfactory by the FDIC.**

- The institution demonstrated good responsiveness to the community development needs of 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 for community development in the assessment area.

## **DESCRIPTION OF INSTITUTION**

### **Background**

Seamen's Bank is a state-chartered mutual savings bank headquartered in Provincetown, Massachusetts (MA). The Federal Deposit Insurance Corporation (FDIC) and the Massachusetts Division of Banks (Division) conducted the prior CRA evaluation as of May 10, 2021, using the Federal Financial Institutions Examination Council's (FFIEC) Interagency Intermediate Small Institution (ISI) Examination Procedures, at which time the institution received an overall rating of Outstanding with ratings of Outstanding for the Lending Test and High Satisfactory for the Community Development Test.

### **Operations**

Seamen's Bank operates five full-service branches, including the main office, in the towns of Eastham, Provincetown (2), Truro, and Wellfleet. The bank did not open or close any branches and there has been no merger or acquisition activity since the prior evaluation.

Seamen's Bank offers home mortgage, consumer, and commercial loans with a continued primary focus on residential and commercial lending. Additionally, the bank offers First Time Home Buyer loans, Accessory Dwelling Unit loans, Small Business Administration (SBA) loans, and small business loans under the Massachusetts Small Business Capital Access Program. In addition to standard personal and business deposit products, the bank offers alternative banking services including internet and mobile banking, ATMs, and telephone banking services. The bank also funds the Long Point Charitable Foundation, through which it provides community development grants and donations.

### **Ability and Capacity**

As of June 30, 2024, assets totaled approximately \$440.2 million and deposits totaled approximately \$387.8 million. The bank's loans totaled approximately \$331.4 million, representing 75.3 percent of total assets. Total assets decreased by approximately 14.1 percent and total loans increased by 15.8 percent since the prior evaluation period.

<b>Loan Portfolio Distribution as of 06/30/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	8,742	2.6
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	204,916	61.8
Secured by Multifamily (5 or more) Residential Properties	5,741	1.7
Secured by Nonfarm Nonresidential Properties	107,359	32.4
<b>Total Real Estate Loans</b>	<b>326,758</b>	<b>98.6</b>
Commercial and Industrial Loans	4,610	1.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	32	0.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivables (net of unearned income)	0	0.0
Less: Unearned Income	(4)	0.0
<b>Total Loans</b>	<b>331,396</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income Due to rounding, totals may not equal 100.0</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the bank's ability to help meet the credit needs of the assessment area.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define an assessment area or areas within which examiners will evaluate its CRA performance. Seamen's Bank designated a single contiguous assessment area in the Barnstable Town, Massachusetts Metropolitan Statistical Area (MSA). The assessment area has not changed since the prior evaluation and consists of the following six towns in Barnstable County: Brewster, Eastham, Orleans, Provincetown, Truro, and Wellfleet.

### **Economic and Demographic Data**

While the bank's assessment area has not changed since the prior evaluation, the distribution of census tracts by income designation changed due to the updated 2020 U.S. Census data. According to the 2015 ACS data, the assessment area's nine census tracts had the following income designations:

- 0 low-income tracts,
- 3 moderate-income tracts,
- 6 middle-income tracts, and
- 0 upper-income tracts.

According to the 2020 U.S. Census, the assessment area's nine census tracts have the following income designations:

- 0 low-income tracts,
- 1 moderate-income tracts,
- 7 middle-income tracts, and
- 1 upper-income tracts.

There are no underserved or distressed nonmetropolitan middle-income geographies within the assessment area. There is one Opportunity Zone (OZ) located in Provincetown. The OZ Program provides incentives for investing in certain census tracts to encourage economic growth in low- and moderate-income areas. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	11.1	77.8	11.1	0.0
Population by Geography	32,061	0.0	7.7	83.1	9.2	0.0
Housing Units by Geography	32,837	0.0	10.3	80.3	9.4	0.0
Owner-Occupied Units by Geography	11,379	0.0	5.2	84.9	9.9	0.0
Occupied Rental Units by Geography	2,320	0.0	4.4	87.4	8.2	0.0
Vacant Units by Geography	19,138	0.0	14.1	76.7	9.2	0.0
Businesses by Geography	5,355	0.0	5.1	88.3	6.6	0.0
Farms by Geography	188	0.0	5.9	88.3	5.9	0.0
Family Distribution by Income Level	7,908	17.5	18.7	23.3	40.6	0.0
Household Distribution by Income Level	13,699	25.6	15.2	17.7	41.5	0.0
Median Family Income MSA - 12700 Barnstable Town, MA MSA		\$99,410	Median Housing Value			\$548,801
			Median Gross Rent			\$1,017
			Families Below Poverty Level			3.3%
Source: 2020 U.S. Census and 2023 D&B Data Due to rounding, totals may not equal 100.0% (* ) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criterion compares home mortgage lending activity to the distribution of owner-occupied housing units. As shown in the previous table, the owner-occupancy rate in the one moderate-income census tract is low, limiting the bank's home mortgage lending opportunities in that tract. Housing costs are relatively high in the assessment area. The median housing value of \$548,801 is higher than the U.S. average of \$413,200 and slightly lower than the statewide average of \$570,800.

Examiners use the FFIEC-updated median family income (MFI) levels to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the MFI ranges in the Barnstable Town, MA MSA in 2022 and 2023.

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)				
2022 (\$115,600)	<\$57,800	\$57,800 to <\$92,480	\$92,480 to <\$138,720	≥\$138,720
2023 (\$124,300)	<\$62,150	\$62,150 to <\$99,440	\$99,440 to <\$149,160	≥\$149,160
<i>Source: FFIEC</i>				

According to 2023 D&B data, 5,128 non-farm businesses operate within the assessment area. The analysis of small business lending under the Borrower Profile section of the Lending Test compares the distribution of loans to businesses by gross annual revenue (GAR) level to the D&B data. The following is a break-down of businesses in the assessment area by GAR category.

- 91.3 percent have \$1.0 million or less
- 2.5 percent have more than \$1.0 million, and
- 6.2 percent did not report revenues.

Service industries represent the largest portion of businesses at 34.5 percent; followed by non-classifiable establishments at 23.3 percent; retail trade at 14.4 percent; and finance, insurance, and real estate at 8.8 percent. The majority of non-farm businesses in the assessment area are small, with a significant majority of businesses (93.4 percent) having nine or fewer employees and 93.3 percent operating from a single location.

According to the U.S. Bureau of Labor Statistics, unemployment rates increased significantly during the COVID-19 pandemic. In 2021, Barnstable County experienced an unemployment rate that exceeded the state and national rate. In 2022 and 2023, the unemployment rate in the assessment area declined but remained higher than the state and national rate. The following table illustrates the average annual unemployment rate in Barnstable County, statewide, and nationally.

Annual Average Unemployment Rates (%)			
Area	2021	2022	2023
	%	%	%
Barnstable County	6.3	4.5	4.2
Massachusetts	5.5	3.8	3.4
National Average	5.3	3.7	3.6
<i>Source: Bureau of Labor Statistics</i>			

## **Competition**

The assessment area is moderately competitive for financial services. According to FDIC Deposit Market Share data, as of June 30, 2024, seven depository institutions operated 18 branches within the bank's assessment area. Of these, Seamen's Bank ranked 2<sup>nd</sup> with 19.8 percent market share. The Cape Cod Five Cents Savings Bank was the top-ranked institution with 45.8 percent market share.

The bank faces a high level of competition for home mortgage loans from national banks, non-depository mortgage lenders, credit unions, and other state-chartered community banks. In 2022, 205 home mortgage lenders originated or purchased 1,865 mortgage loans in the assessment area. Seamen's Bank ranked 4<sup>th</sup> with 4.5 percent market share, outperformed by The Cape Cod Five Cents Savings Bank with 33.4 percent market share, The Cooperative Bank of Cape Cod, and Community Bank, National Bank (N.A.), both with 5.7 percent market share. In 2023, Seamen's Bank ranked 3<sup>rd</sup> out of 151 lenders with 7.4 percent market share, outperformed by The Cape Cod Five Cents Savings Bank (27.9 percent) and JPMorgan Chase Bank, N.A. (11.2 percent).

Seamen's Bank is not required to report its small business lending data and elected not to do so. Therefore, the small business loan analysis under the Lending Test does not include comparisons to aggregate data. However, aggregate data reflects the competition level for small business loans. In 2022, 91 reporting small business lenders originated or purchased 8,736 small business loans in the bank's assessment area, indicating a high level of competition. The top two lenders, American Express National Bank and JPMorgan Chase Bank, N.A., collectively held 37.1 percent of the market share.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities.

Examiners reviewed a recent community contact made with the director of a non-profit organization serving Barnstable County. The organization provides community services to low- and moderate-income individuals and supports affordable housing. The representative stated that the area faces several housing issues, including high costs, limited affordable housing options, and a lack of available rental units. The demand for housing has driven up prices, making it difficult for many residents to afford homes, especially low- and moderate-income residents. The contact further stated that the limited supply of housing is exacerbated by restrictions on new construction due to environmental regulations and zoning laws. The contact also indicated that workforce retention is a challenge due to the unique geography and seasonal nature of industries that do not retain a skilled workforce year-round. According to the contact, the most significant needs for low- and moderate-income families include flexible credit products, financial literacy programs, and financial counseling. The contact indicated that local banks have been responsive to local community needs.

### **Credit and Community Development Needs and Opportunities**

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing, economic development, financial literacy programs, and financial counseling are primary community development needs. Flexible credit products are a primary credit need. The high median home values in the area and poor housing stock demonstrate a need for more affordable housing for low- and moderate-income individuals. Additionally, the limited rental market demonstrates a need and opportunity for



affordable multifamily housing. Finally, economic development opportunities exist in the form of flexible lending programs and grants for business owners to support job creation and retention.

## **SCOPE OF EVALUATION**

### **General Information**

The evaluation covers the period from the prior evaluation dated May 10, 2021, to the current evaluation dated October 14, 2024. Examiners used the Interagency ISI Examination Procedures to evaluate Seamen's Bank's performance. These procedures include a Lending Test and a Community Development Test (see Appendices for a complete description). Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

### **Activities Reviewed**

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the number and dollar volume of originations during the evaluation period. The bank did not originate any small farm loans during the evaluation period; therefore, they provide no material support for conclusions or ratings and are not included in this analysis. The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the larger loan volume when compared to small business lending during the evaluation period.

Examiners analyzed all home mortgage loans reported on the bank's Home Mortgage Disclosure Act loan application registers for 2021, 2022, and 2023 to evaluate the bank's performance. The bank reported 157 home mortgage loans totaling \$61.3 million in 2021, 91 home mortgage loans totaling \$44.5 million in 2022, and 97 home mortgage loans totaling \$54.4 million in 2023. Examiners compared the bank's 2021, 2022, and 2023 home mortgage lending to aggregate performance for all three years under Geographic Distribution and Borrower Profile. Examiners also compared 2021 home mortgage lending to the 2015 American Community Survey (ACS) demographic data and compared 2022 and 2023 home mortgage lending to the 2020 U.S. Census demographic data.

As an ISI, the bank is not required to report small business lending data; however, the bank opted to collect the data, which allowed examiners to analyze the bank's small business lending for 2022 and 2023. The bank originated 12 small business loans totaling \$887,000 in 2022 and 8 small business loans totaling \$1.0 million in 2023. As the bank did not elect to report this data, examiners did not use aggregate data as a standard of comparison. Therefore, examiners only compared the bank's 2022 and 2023 small business lending to D&B business demographics.

For the Lending Test, examiners analyzed the number and dollar volume of home mortgage and small business loans. Although the tables throughout the evaluation present both the number and dollar volume of loans, examiners emphasized performance by number of loans, as it is a better indicator of the number of individuals and businesses served. The Assessment Area Concentration table presents home mortgage loan activity for all three years; however, examiners did not present

2021 data under the Geographic Distribution or Borrower Profile criteria, as examiners did not identify any trends between 2021 and 2022 that materially affected conclusions.

For the Community Development Test, examiners reviewed community development loans, qualified investments, and community development services since the prior evaluation date through the current evaluation date.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Seamen's Bank demonstrated excellent performance under the Lending Test. Excellent performance under the Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria primarily supports this conclusion.

#### Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's quarterly net LTD ratio, calculated from Call Report data, averaged 62.9 percent over the past 13 calendar quarters from June 30, 2021, to June 30, 2024. The bank's average net LTD ratio falls well below comparable institutions' ratios as shown in the table below; however, the bank experienced significant and unexpected deposit growth during the COVID-19 pandemic that had a downward effect on the LTD ratio. Despite fluctuations over the review period, the bank's quarterly net LTD ratio has steadily increased since September 30, 2022. The LTD ratio ranged from a low of 49.3 percent as of December 31, 2021 to a high of 84.9 percent as of June 30, 2024.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net LTD Ratio (%)
Seamen's Bank	440,195	62.9
Cape Cod Co-operative Bank	1,611,368	91.6
Mechanics Cooperative Bank	773,735	99.9
Martha's Vineyard Bank	1,338,821	103.0
Source: Reports of Condition and Income 06/30/2021 – 06/30/2024		

#### Assessment Area Concentration

The bank made a substantial majority of home mortgage and small business loans, by number and dollar volume, within its assessment area. The following table details the bank's home mortgage and small business lending activity inside and outside of the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000)	%	\$(000)	%	
Home Mortgage										
2021	146	93.0	11	7.0	157	57,562	93.8	3,775	6.2	61,338
2022	84	92.3	7	7.7	91	40,556	91.0	3,990	9.0	44,546
2023	92	94.8	5	5.2	97	51,865	95.4	2,522	4.6	54,387
Subtotal	322	93.3	23	6.7	345	149,983	93.4	10,287	6.6	160,270
Small Business										
2022	12	100.0	0	0.0	12	887	100.0	0	0.0	887
2023	8	100.0	0	0.0	8	1,026	100.0	0	0.0	1,026
Subtotal	20	100.0	0	0.0	20	1,913	100.0	0	0.0	1,913
Total	342	93.7	23	6.3	365	151,896	93.7	10,287	6.3	162,183
Source: Bank Data Due to rounding, totals may not equal 100.0%										

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The bank's excellent home mortgage and reasonable small business lending performance support this conclusion. Examiners gave greater weight to home mortgage lending performance than small business lending performance in arriving at the overall conclusion because the volume of home mortgage loans was greater during the evaluation period. Examiners focused on the percentage by number of loans in moderate-income census tracts.

#### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. Seamen's Bank's performance in moderate-income census tracts exceeded demographic data and aggregate performance in 2022 and 2023. Market share reports showed Seamen's Bank ranked 3<sup>rd</sup> in the moderate-income census tract in both 2022 and 2023, only outperformed by a national bank and a much larger state-chartered community bank.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Moderate						
2022	5.2	7.1	12	14.3	4,416	10.9
2023	5.2	9.2	15	16.3	7,663	14.8
Middle						
2022	84.9	82.8	70	83.3	34,562	85.2
2023	84.9	80.6	75	81.5	43,286	83.5
Upper						
2022	9.9	10.0	2	2.4	1,578	3.9
2023	9.9	10.2	2	2.2	916	1.8
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
Totals						
2022	100.0	100.0	84	100.0	40,556	100.0
2023	100.0	100.0	92	100.0	51,865	100.0
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### ***Small Business Loans***

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Seamen's Bank's performance in the moderate-income census tract exceeded demographic data in 2022. The bank did not originate any loans in the moderate-income census tract in 2023. As noted in the Description of Assessment Area section, the number of moderate-income census tracts fell from three to one since the prior evaluation, limiting the opportunities to lend in geographies in that income category. Given the bank's low volume of small business lending overall and the high level of competition in the assessment area, performance is reasonable.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Low					
2022	0.0	0	0.0	0	0.0
2023	0.0	0	0.0	0	0.0
Moderate					
2022	4.2	1	8.3	50	5.6
2023	5.1	0	0.0	0	0.0
Middle					
2022	89.3	11	91.7	837	94.4
2023	88.3	8	100.0	1,026	100.0
Upper					
2022	6.5	0	0.0	0	0.0
2023	6.6	0	0.0	0	0.0
Not Available					
2022	0.0	0	0.0	0	0.0
2023	0.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>887</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>1,026</b>	<b>100.0</b>
Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

## **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels and businesses of different sizes. The bank's excellent performance in home mortgage lending and reasonable performance in small business lending support this conclusion. Examiners gave greater weight to home mortgage lending performance than small business lending performance in arriving at the overall conclusion because the volume of home mortgage loans was greater during the evaluation period. Examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers and small business loans to businesses with GARs of \$1.0 million or less.

### ***Home Mortgage Loans***

The distribution of borrowers reflects excellent penetration among individuals of different income levels. As shown in the following table, the bank's lending to low-income borrowers fell below aggregate performance in 2022 but exceeded aggregate performance in 2023. The bank's level of lending was below the percentage of low-income families in 2022 and 2023. However, low-income families in the assessment area, earning less than \$57,800 and \$62,150 in 2022 and 2023, respectively, may have difficulty qualifying for a mortgage under conventional underwriting standards. Additionally, 3.3 percent of families in the assessment area are below the poverty level,

a subset of the low-income category. These factors help explain the disparity between lending activity and the demographics.

The bank's lending to moderate-income borrowers was also below demographic data in 2022 and 2023 but exceeded aggregate performance in both years. Market share reports further support the bank's excellent performance. Specifically, in 2023, Seamen's Bank ranked 2<sup>nd</sup> in lending to low-income individuals and ranked 3<sup>rd</sup> in lending to moderate-income individuals.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2022	17.5	8.4	4	4.8	1,287	3.2
2023	17.5	7.0	10	10.9	1,885	3.6
Moderate						
2022	18.7	11.5	10	11.9	2,828	7.0
2023	18.7	8.8	10	10.9	1,902	3.7
Middle						
2022	23.3	15.0	19	22.6	6,473	16.0
2023	23.3	15.0	16	17.4	6,825	13.2
Upper						
2022	40.6	55.4	39	46.4	19,630	48.4
2023	40.6	50.6	48	52.2	35,973	69.4
Not Available						
2022	0.0	9.6	12	14.3	10,338	25.5
2023	0.0	18.5	8	8.7	5,281	10.2
<b>Totals</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>84</b>	<b>100.0</b>	<b>40,556</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>92</b>	<b>100.0</b>	<b>51,865</b>	<b>100.0</b>
Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

### ***Small Business Loans***

The distribution of small business loans reflects reasonable penetration of loans among businesses of different sizes. As shown in the following table, the bank's performance in lending to businesses with GARs of \$1.0 million or less was below the percentage of businesses in 2022 and 2023; however, the bank made a reasonable percentage of their small business loans to businesses with GARs of \$1.0 million or less at 75.0 percent each year. Given the high level of competition in the assessment area, performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	90.8	9	75.0	597	67.3
2023	91.5	6	75.0	826	80.5
>\$1,000,000					
2022	2.8	3	25.0	290	32.7
2023	2.4	2	25.0	200	19.5
Revenue Not Available					
2022	6.5	0	0.0	0	0.0
2023	6.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>887</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>1,026</b>	<b>100.0</b>
Source: 2022 & 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

### **Response to Complaints**

The bank has not received any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the Lending Test rating.

## **COMMUNITY DEVELOPMENT TEST**

Seamen's Bank'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 for community development in the assessment area.

### **Community Development Loans**

The bank originated 34 community development loans totaling approximately \$18.2 million during the evaluation period. This level of activity represents approximately 3.6 percent of average total assets and 6.5 percent of average total loans since the previous examination, which compares favorably to the level of community development lending by similarly situated institutions. This level of activity is a decrease from the prior evaluation period, when the bank originated 336 loans totaling approximately \$29.8 million. However, the majority of the bank's community development loans during the prior evaluation period included 285 SBA Paycheck Protection Program (PPP) loans totaling \$18.9 million that helped businesses keep their workforce employed during the COVID-19 Pandemic. The SBA PPP ended on May 31, 2021. The bank's current period community development loans primarily benefitted economic development, which was an identified

community development need. The following table illustrates the bank's community development lending activity by year and purpose.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
5/11/2021-12/31/2021	0	0	0	0	4	2,000	0	0	4	2,000
2022	0	0	0	0	18	8,102	0	0	18	8,102
2023	0	0	1	100	5	7,100	0	0	6	7,200
YTD 2024	0	0	0	0	6	930	0	0	6	930
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>100</b>	<b>33</b>	<b>18,132</b>	<b>0</b>	<b>0</b>	<b>34</b>	<b>18,232</b>
<i>Source: Bank Data</i>										

Below are notable examples of the bank's qualified community development loans:

- In 2022, the bank originated a \$3.2 million loan for the purchase and renovation of an inn located in the assessment area. The loan was originated under the SBA 504 program, which offers financing to small businesses to support economic development by promoting business growth and job creation.
- In 2024, the bank originated a \$120,000 loan for the purchase of a local restaurant located in a moderate-income census tract in the assessment area. This loan supported economic development by financing a small business and promoting job creation and retention.
- In 2024, the bank originated a \$207,000 loan for a local fisherman whose commercial boat needed significant repairs to continue fishing and lobstering for the surrounding Cape towns. This loan supported economic development by financing a small business and promoting job retention.

### **Qualified Investments**

During the evaluation period, Seamen's Bank's qualified investments consisted of 64 donations totaling \$185,750 and no equity investments. This level of activity reflects an increase compared to the prior evaluation period, when the bank made 60 donations totaling \$103,308. The total dollar amount equates to 0.04 percent of average total assets and 0.3 percent of average total securities since the prior CRA evaluation. The bank's qualified donations primarily supported community services and demonstrate the bank's responsiveness to the needs of the low- and moderate-income individuals and geographies within the assessment area. The following table illustrates community development donations by year and purpose.



Qualified Donations										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
5/11/2021-12/31/2021	1	500	18	29,550	0	0	0	0	19	30,050
2022	2	1,000	15	47,000	0	0	0	0	17	48,000
2023	2	1,700	12	70,000	0	0	0	0	14	71,700
YTD 2024	5	10,500	9	25,500	0	0	0	0	14	36,000
<b>Total</b>	<b>10</b>	<b>13,700</b>	<b>54</b>	<b>172,050</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>64</b>	<b>185,750</b>
<i>Source: Bank Data</i>										

Below are notable examples of the bank's donations:

- ***Homeless Prevention Council*** – During the evaluation period, the bank made four donations to the Homeless Prevention Council, an organization that provides counseling and guidance to those at risk of becoming homeless. The council supports residents from Harwich to Provincetown, along with special programs in Yarmouth and Dennis, providing resources to help clients maintain housing and achieve financial independence.
- ***Helping Our Women*** – This organization provides food, financial assistance, transportation, and support to women throughout the Outer Cape Cod towns that struggle with serious health concerns. The bank made five donations to this organization in support of community services for low-and moderate- income individuals.
- ***Habitat for Humanity of Cape Cod*** – This local chapter of a nationwide organization helps address the need for affordable housing in Barnstable County by building and rehabilitating affordable homes. During the examination period, the bank made eight donations to this organization in support of affordable housing.
- ***Soup Kitchen in Provincetown (SKIP)*** – This organization in Provincetown provides 26,000 meals per year to residents of Outer Cape Cod who are in need of meals during the winter months. Many residents are faced with seasonal employment due to the tourist nature of the area, often resulting in a hardship in the off-season. Throughout the examination period, the bank made three donations to this organization in support of community services for low- and moderate-income residents.

### **Community Development Services**

During the evaluation period, Seamen's Bank employees, officers, and directors provided 71 instances of financial expertise or technical assistance to 14 different community development-related organizations in the assessment area. This represents a decrease from the previous evaluation period, when the bank provided 89 instances of financial expertise or technical assistance. The following table illustrates the bank's community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
5/11/2021-12/31/2021	0	13	3	0	16
2022	1	14	3	0	18
2023	1	15	3	0	19
YTD 2024	1	14	3	0	18
<b>Total</b>	<b>3</b>	<b>56</b>	<b>12</b>	<b>0</b>	<b>71</b>
Source: Bank Data					

The following are notable examples of the bank's community development services:

- ***Elder Services of Cape Cod*** – This organization provides services for seniors in Barnstable, Dukes, and Nantucket Counties. The organization supports the senior community with nutritional programs, money management programs, elder abuse prevention, and other counseling. This organization primarily supports community services for low- and moderate-income individuals. A bank employee serves on the Board of this organization.
- ***Pause Awhile Cape Cod*** – This non-profit organization supports individuals who struggle with issues related to substance misuse and holds daily support meetings and social activities. The majority of those who benefit are low- and moderate-income individuals. The bank's Chief Executive Officer is on the Board of this organization.
- ***Community Development Partnership (CDP)*** – The CDP serves the Lower and Outer Cape Cod areas by promoting affordable housing for low- and moderate-income individuals and assists in the growth of small businesses. The organization provides first time homebuyer education and manages 100 affordable housing rentals units. The organization also provides small businesses with micro-loans that promote economic development in the area. The bank's Chief Executive Officer, Vice President of Commercial Lending, a member of the Board of Investment, and a Trustee all serve on the organization's Advisory Council.

## DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## **APPENDICES**

### **DIVISION OF BANKS 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**

Division of Banks examiners reviewed the bank's 2022 and 2023 HMDA LARs to determine if the application flow from the different racial groups within the bank's assessment area reflected the assessment area's demographics.

According to 2020 Census Data, the bank's assessment area contained a total population of 32,061 individuals<sup>2</sup>, of which 9.9 percent are minorities. The minority and ethnic population represented is 3.7 percent Other Race, 0.9 percent Asian, 2.8 percent Hispanic, 2.4 percent Black or African American, 0.1 percent American Indian or Alaska Native, 0.0 percent Native Hawaiian or other Pacific Islander. Examiners compared the bank application activity with that of the 2022 and 2023 aggregate performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information on the bank's minority application flow as well as aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	2022		2022 Aggregate Data	2023		2023 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0	0.2
Asian	0	0.0	0.5	0	0.0	0.6
Black/ African American	3	2.5	0.9	3	2.2	1.0
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.0
2 or more Minority	0	0.0	0.0	0	0.0	0.1
Joint Race (White/Minority)	4	3.4	1.7	8	6.0	2.1
<b>Total Racial Minority</b>	<b>7</b>	<b>5.9</b>	<b>3.4</b>	<b>11</b>	<b>8.2</b>	<b>4.0</b>
White	94	79.0	75.5	114	84.4	72.3
Race Not Available	18	15.1	21.1	10	7.4	23.7
<b>Total</b>	<b>119</b>	<b>100.0</b>	<b>100.0</b>	<b>135</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	2	1.7	1.5	3	2.2	1.7
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.8	1.0	5	3.7	1.3
<b>Total Ethnic Minority</b>	<b>3</b>	<b>2.5</b>	<b>2.5</b>	<b>8</b>	<b>5.9</b>	<b>3.0</b>
Not Hispanic or Latino	99	83.2	75.0	117	86.7	71.9
Ethnicity Not Available	17	14.3	22.5	10	7.4	25.1
<b>Total</b>	<b>119</b>	<b>100.0</b>	<b>100.0</b>	<b>135</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: HMDA Aggregate Data (2022 and 2023), HMDA LAR Data (2022 and 2023)</i>						

## **INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA**

### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans and, as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to the area's community development needs considering the amount and combination of these activities, along with their qualitative aspects.

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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

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

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

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

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

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

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

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

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

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

**Community Development Loan:** A loan that:

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

**Community Development Service:** A service that:

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

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

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

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

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.



Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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

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

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

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

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

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

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

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

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

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