

PUBLIC DISCLOSURE

May 10, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Seamen's Bank
Certificate Number: 90268

221 Commercial Street
Provincetown, Massachusetts 02657

Division of Banks
1000 Washington Street, 10th 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 bank 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.

SCOPE OF EVALUATION

General Information

This evaluation, conducted jointly by the Federal Deposit Insurance Corporation (FDIC) and the Massachusetts Division of Banks (Division), covers the period from the prior evaluation dated April 30, 2018, to the current evaluation dated May 10, 2021. Examiners used the Interagency Intermediate Small Institution (ISI) Examination Procedures to evaluate Seamen's Bank's CRA performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test.

The Lending Test considered the institution's performance according to the following criteria:

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The Community Development Test considered the following factors:

- Number and dollar amount of community development loans, qualified investments, and community development services
- The bank's responsiveness of such activities to the community development needs of the assessment area

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating.

Loan Products Reviewed

The Lending Test considered the bank's home mortgage and small business lending based on the institution's business strategy and the number and dollar volume of loans originated. Bank records indicate that the lending and product mix remained consistent throughout the evaluation period. As of December 31, 2020, residential real estate loans, including multi-family residential properties, accounted for 60.2 percent of the loan portfolio. Commercial lending, consisting of commercial real estate and commercial and industrial loans, represented 35.2 percent of the loan portfolio. Small farm loans and consumer loans represent a nominal portion of the loan portfolio; therefore, they provided 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.

The evaluation reflects the analysis of all home mortgage loans reported on the bank's Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) from January 1, 2018, through December 31, 2020. In 2020, the bank reported 265 loans totaling \$100.0 million. In 2019, the bank reported 140 loans totaling \$55.6 million and in 2018 the bank reported 183 loans totaling \$64.0 million. This evaluation presents the information for 2019 and 2020; while

primarily focusing on home mortgage lending for 2019, as it is the most recent year for which aggregate HMDA data is available.

Examiners also evaluated small business lending. The CRA defines small business loans as commercial real estate loans and commercial and industrial loans with original balances of \$1.0 million or less. In 2020, the bank originated 11 small business loans totaling \$660,000. In 2019, the bank originated 27 loans totaling \$883,000 and in 2018 the bank originated 34 loans totaling \$1.1 million. This evaluation presents information for 2019 and 2020 to help identify trends due to the impact of the COVID-19 pandemic on small business lending within the area, as the area is highly reliant on tourism.

Under the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. Although the test presents the number and dollar volume of loans, examiners emphasized performance by number of loans because this serves as a better indicator of the number of individuals and businesses served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior the prior CRA evaluation dated April 30, 2018.

DESCRIPTION OF INSTITUTION

Background

Seamen's Bank is a mutual savings bank that was incorporated in 1851. The bank's main office is located at 221 Commercial Street in Provincetown, Massachusetts. Seamen's Bank operates in Barnstable County in Southeastern Massachusetts on the outermost portion of Cape Cod. The FDIC and the Division conducted the prior CRA evaluation using ISI procedures as of April 30, 2018, at which time the institution received an Outstanding rating.

Operations

In addition to the main office, the bank operates four full-service retail bank branches located in Eastham, Truro, Provincetown (2), and Wellfleet. Of the five branches, four are located in moderate-income census tracts and one is located in middle-income census tract.

The bank maintains a website at www.seamensbank.com, which contains information about products, services, branch locations, and rate information for residential, business, and consumer loans. The bank offers online banking for personal and business use. Online banking allows customers to transfer funds from one account to another, pay bills, view activity on deposit and loans accounts, see copies of checks, and receive e-mails.

The bank provides personal banking products such as checking and savings accounts, certificates of deposit, individual retirement accounts, and money market accounts. The institution also offers automated teller machine and debit cards, safe deposit boxes, wire transfers, and direct deposit. Home loan products include fixed- and adjustable-rate mortgages, construction loans, home improvement loans, land loans, and home equity loans and lines of credit. The bank also offers first time homebuyer loans. Consumer loans include automobile loans, home improvement loans, green loans, personal loans, and collateral loans.

The bank offers a variety of products and services for business owners including checking accounts, savings accounts, money market accounts, internet banking, and merchant credit card services. Business loan products include commercial real estate mortgages, construction loans, revolving lines of credit, term loans, seasonal time loans, business credit cards, and Small Business Administration (SBA) loans. The bank originates SBA loans under the 7(a) and 504 programs. In addition, Seamen's Bank offers small business lending opportunities under the Massachusetts Small Business Capital Access Program (CAP), which is a guaranty program designed to help small businesses that cannot obtain credit on their own. The bank also funds the Long Point Charitable Foundation, through which it provides community development grants and donations.

Ability and Capacity

As of March 31, 2021, Seamen's Bank had approximately \$512.2 million in total assets, \$463.0 million in deposits, \$286.0 million in total loans, and \$65.7 million in total securities. Total loans represent 55.8 percent of total assets. The bank is primarily a residential lender with 64.6 percent of the loans in the loan portfolio secured by residential real estate, followed by 28.1 percent secured by commercial real estate.

Since the previous CRA performance evaluation, the bank's assets have increased by 42.3 percent from \$359.7 million to \$512.2 million. The following table illustrates the loan portfolio.

Loan Distribution as of March 31, 2021		
Loan Type	Dollar Amount (\$000s)	Percent of Total Loans
Construction & Land Development	13,268	4.6
Commercial Real Estate	73,881	25.8
Multifamily (5 or more)	5,287	1.8
1-4 Family Residential	153,103	53.5
Total Real Estate Loans	245,539	85.8
Commercial and Industrial	40,535	14.2
Loans to Individuals	341	0.1
Other	-	0.0
Total Loans	286,047	100.0
<i>Source: 3/31/2021 Reports of Condition and Income (Call Report)</i>		

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define an assessment area or areas within which its performance will be evaluated. Seamen’s Bank designated a single contiguous assessment area that includes nine census tracts, all of which are located in the Barnstable Town, Massachusetts Metropolitan Statistical Area (12700) (Barnstable Town MSA).

The bank’s assessment area consists of the following six towns located in Barnstable County: Brewster, Eastham, Orleans, Provincetown, Truro, and Wellfleet. Brewster and Orleans are part of the area referred to as the “Lower Cape,” and the remaining towns make up the “Outer Cape.”

Economic and Demographic Data

The bank’s assessment area consists of nine census tracts. Based on 2015 American Community Survey (ACS) data, these tracts reflect the following income designations:

- Three moderate-income tracts and
- Six middle-income census tracts.

The three moderate-income census tracts are the towns of Provincetown, Truro, and Wellfleet.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	33.3	66.7	0.0	0.0
Population by Geography	28,361	0.0	27.2	72.8	0.0	0.0
Housing Units by Geography	31,235	0.0	39.3	60.7	0.0	0.0
Owner-Occupied Units by Geography	10,784	0.0	28.9	71.1	0.0	0.0
Occupied Rental Units by Geography	2,810	0.0	36.7	63.3	0.0	0.0
Vacant Units by Geography	17,641	0.0	46.0	54.0	0.0	0.0
Businesses by Geography	3,766	0.0	37.4	62.6	0.0	0.0
Farms by Geography	129	0.0	30.2	69.8	0.0	0.0
Family Distribution by Income Level	7,850	18.2	22.8	23.6	35.3	0.0
Household Distribution by Income Level	13,594	27.5	16.8	18.3	37.4	0.0
Median Family Income MSA - 12700 Barnstable Town, MA MSA	\$80,751	Median Housing Value				\$496,602
		Median Gross Rent				\$946
		Families Below Poverty Level				3.9%
<small>Source: 2015 ACS and 2020 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.</small>						

Examiners used the FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories of the Barnstable Town MSA for both years.

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)				
2019 (\$91,300)	<\$45,650	\$45,650 to <\$73,040	\$73,040 to <\$109,560	≥\$109,560
2020 (\$96,600)	<\$48,300	\$48,300 to <\$77,280	\$77,280 to <\$115,920	≥\$115,920
<i>Source: FFIEC</i>				

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. Of total housing units, 35.0 percent are owner-occupied, which is more than 20.0 percentage points lower than the owner-occupancy rate for the rest of Massachusetts. Vacant units represent the largest portion of housing units in the assessment area at 56.0 percent, mainly due to the fact that many properties are second homes owned primarily for seasonal purposes. Additionally, occupied rental units represent 9.0 percent of all housing units, with a median gross monthly rent of \$946.

Although the assessment area has a permanent population of 28,361, including 7,850 families, the area experiences a tourist season each summer during which the population increases to more than 100,000. Provincetown has a permanent population of nearly 3,000, which increases to 60,000 during the summer months. Based on the 2015 ACS census data, 18.2 percent of families permanently residing in the assessment area are low-income, 22.8 percent are moderate-income, 23.6 percent are middle-income, and 35.3 percent are upper-income.

Data from the U.S. Bureau of Labor Statistics reflects the Barnstable County unemployment rate for 2020 at 10.0 percent, reflecting the significant impact of the COVID-19 pandemic on the area. In 2019, the unemployment rate within the county was 3.8 percent over the year.

Based on 2015 ACS data, the median housing value for the assessment area was \$496,602, which is notably higher than the median housing value of \$358,764 for Massachusetts. However, Realtor.com and other real estate listing sites reflect the median listing and sale price of homes in Provincetown are in excess of \$800,000 with extremely low housing inventory.

According to 2020 D&B data, 3,766 non-farm businesses operated within the assessment area. The analysis of small business loans under the Borrower Profile section of the Lending Test compares the distribution of businesses by gross annual revenue (GAR) level to the D&B data. GAR data for businesses in the assessment area are estimated below.

- 88.8 percent have \$1.0 million or less;
- 3.5 percent have more than \$1.0 million; and
- 7.6 percent did not report revenues.

Service industries represent the largest portion of businesses at 38.6 percent, followed by retail trade at 16.3 percent, and construction at 9.3 percent. In addition, 66.2 percent of businesses in the area employ four or fewer people, and 94.2 percent of businesses in the area operate from a single location. A majority of restaurants, hotels, galleries, and other small businesses operate seasonally from mid-April to late-October.

Competition

The assessment area is moderately competitive in the market for financial services. According to Peer Deposit Market Share Data for 2019, 7 depository institutions operated 16 branches within the bank's assessment area. Seamen's Bank ranked second with a deposit market share of 22.5 percent.

The bank faces a high level of competition for home mortgage lending among credit unions, mortgage companies, and large banks in the assessment area. Aggregate home mortgage lending data for 2019 shows that 216 lenders originated 2,237 loans within the assessment area. Seamen's Bank ranked second, originating 131 loans with a 5.8 percent market share. The top mortgage lender in the assessment area was Cape Cod Five Cents Savings Bank, which originated 637 loans with a market share of 28.4 percent. Citizens Bank NA ranked third, and originated 114 loans with a market share of 5.1 percent.

Community Contact

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

Examiners contacted a community development organization that develops affordable housing in Barnstable County. The contact noted a significant need for affordable housing in the area, especially for permanent residents. The area's housing stock consists of a large proportion of secondary and vacation homes, which inflates pricing for permanent residents. As a result, many individuals that work and live in the area may stay with family members and not own homes. This presents a particular challenge for families with children. According to the contact, the SBA's Payroll Protection Program (PPP) loans, and supplemental unemployment benefits, have helped many small business and low-income community members.

Flexible lending for borrowers and affordable housing developers represents a critical credit need for the area. The contact suggested additional focus on financial education programs, support for workforce development, and emergency financing as programs financial institutions can employ to support the area.

Credit and Community Development Needs and Opportunities

The bank and the community contact indicated there is a large gap between the supply and demand of affordable housing as local housing prices are inflated by the higher incomes of non-resident, second homeowners. While institutions offer flexible programs, the lack of affordable housing inventory prevents many low- and moderate-income families from purchasing homes.

Additionally, the relatively high unemployment rate and the seasonal nature of the area's economy also present the need for permanent job creation through economic development.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Seamen's Bank demonstrated excellent performance under the Lending Test. The bank's geographic distribution and borrower profile performance provide the primary support for this conclusion.

Loan-to-Deposit Ratio

The bank's average net LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's net LTD ratio, calculated from Call Report data, averaged 80.4 percent over the past 10 calendar quarters from June 30, 2018, to December 31, 2020, and remained relatively stable throughout the evaluation period. This ratio is based on loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. The ratio ranged from a low of 61.1 percent as of December 31, 2020, to a high of 88.6 percent as of March 31, 2019. During this time period, net loans decreased 4.2 percent, deposits increased 36.8 percent, and total assets increased 26.8 percent.

During the evaluation period, the bank sold 292 home mortgage loans totaling \$93.6 million on the secondary market. The volume of home mortgage loans sold reduced the bank's average net LTD ratio, but further supports that the bank is committed to extending credit.

While the bank maintained a relatively lower net LTD ratio than comparable institutions, as detailed in the following table, its performance is still reasonable given the volume of loan sales, and the unique nature of the area in which the institutions operate. Examiners selected comparable institutions based on asset size, product offerings, and geographic location (Southeastern Massachusetts and Cape Cod).

Loan-to-Deposit Ratio Comparison		
Bank Name	Total Assets as of 12/31/20 \$(000s)	Average Net LTD 6/30/18 - 12/31/20 (%)
Seamens Bank	482,925	80.4
Cape Cod Co-operative Bank	1,176,201	88.6
Abington Bank	573,495	99.5
Martha's Vineyard Bank	1,036,709	108.2

Source: Consolidated Reports of Condition and Income

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 in 2018, 2019, and 2020.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2018	175	95.6	8	4.4	183	62,710	97.9	1,336	2.1	64,046
2019	131	93.6	9	6.4	140	49,896	94.8	2,744	5.2	52,641
2020	248	93.6	17	6.4	265	95,002	95.1	4,926	4.9	99,928
Subtotal	554	94.2	34	5.8	588	207,608	95.8	9,006	4.2	216,614
Small Business										
2018	32	94.1	2	5.9	34	1,091	95.2	55	4.8	1,146
2019	25	92.6	2	7.4	27	813	97.0	25	3.0	838
2020	11	100.0	0	0.0	11	660	100.0	0	0.0	660
Subtotal	68	94.4	4	5.6	72	2,564	97.0	80	3.0	2,644
Total	622	94.2	38	5.8	660	210,172	95.9	9,086	4.1	219,258
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects excellent dispersion throughout the assessment area. The bank's excellent home mortgage and small business lending support this conclusion. Examiners emphasized the percentage by number of home mortgage and small business loans in moderate-income geographies as the bank's assessment area does not contain any low-income geographies.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As detailed in the following table, the bank's lending in moderate-income census tracts significantly exceeded both aggregate lending performance and owner-occupied housing units.

In 2019, the banks lending to moderate income census tracts within the assessment area was more than double that of aggregate. While aggregate data is not available for 2020 at this time, the banks 2020 performance in moderate income census tracts reflects similar performance by percentage and a notable increase in number of loans. This performance further supports the excellent dispersion of home mortgage loans.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Moderate						
2019	28.9	34.8	99	75.6	40,510	81.2
2020	28.9	--	185	74.6	75,280	79.2
Middle						
2019	71.1	65.2	32	24.4	9,386	18.8
2020	71.1	--	63	25.4	19,722	20.8
Upper						
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	131	100.0	49,896	100.0
2020	100.0	--	248	100.0	95,002	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The following table supports this conclusion, as the bank's 2019 and 2020 performance in moderate-income census tracts was more than double the percentage of businesses in those tracts.

Geographic Distribution of Small Business Loans						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2019	0.0	0	0.0	0	0.0
	2020	0.0	0	0.0	0	0.0
Moderate						
	2019	37.2	21	84.0	683	84.0
	2020	37.4	9	81.8	630	95.5
Middle						
	2019	62.8	4	16.0	130	16.0
	2020	62.6	2	18.2	30	4.5
Upper						
	2019	0.0	0	0.0	0	0.0
	2020	0.0	0	0.0	0	0.0
Totals						
	2019	100.0	25	100.0	813	100.0
	2020	100.0	11	100.0	660	100.0
<i>Source: 2019 & 2020 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

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. Examiners emphasized the percentage by number of home mortgage lending to low- and moderate-income borrowers and small business lending to businesses with GARs of \$1.0 million or less.

Home Mortgage Loans

The distribution of home mortgage loans to borrowers of different income levels, including low- and moderate-income, is excellent.

In 2019, the bank originated 3.1 percent of home mortgage loans to low-income borrowers, which is close to the aggregate percentage of 4.2 percent. 2019 market share data reflects the bank ranked fourth in loans to low-income borrowers, with the top three spots held by significantly larger financial institutions and a reverse mortgage broker. While aggregate information is not available for 2020, the bank increased this percentage to 4.8 and tripled the number of loans to low-income borrowers.

The bank's lending to moderate income borrowers is well above that of aggregate performance in 2019 at 16.8 percent. 2019 market share data further supports the bank's excellent performance as they ranked second of 53 lenders to moderate-income borrowers with an 8.2 percent market share. Additionally, while aggregate information is not available for 2020 the number of loans to moderate-income borrowers slightly increased in 2020.

Additionally, Seamen's Bank makes positive efforts to address the credit needs of low- and moderate-income borrowers in the assessment area which support the institution's excellent performance under this criterion. For example, the bank works with local housing authorities to provide qualified low- and moderate-income applicants with a preapproval letter so they can enter an affordable housing lottery.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	18.2	4.2	4	3.1	432	0.9
2020	18.2	--	12	4.8	1,859	2.0
Moderate						
2019	22.8	11.9	22	16.8	5,488	11.0
2020	22.8	--	23	9.3	4,941	5.2
Middle						
2019	23.6	15.9	23	17.6	6,095	12.2
2020	23.6	--	50	20.2	18,158	19.1
Upper						
2019	35.3	59.4	78	59.5	33,587	67.3
2020	35.3	--	154	62.1	64,686	68.1
Not Available						
2019	0.0	8.6	4	3.1	4,295	8.6
2020	0.0	--	9	3.6	5,358	5.6
Totals						
2019	100.0	100.0	131	100.0	49,896	100.0
2020	100.0	--	248	100.0	95,002	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The distribution of small business loans reflects excellent penetration to businesses with GARs of \$1.0 million or less. As shown in the following table, the percentage of loans to businesses with GARs of \$1.0 million or less was 100.0 percent, clearly exceeding the percentage of businesses in this category and supporting the banks excellent performance in this area.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	88.4	25	100.0	813	100.0
2020	88.8	11	100.0	660	100.0
>\$1,000,000					
2019	3.7	0	0.0	0	0.0
2020	3.5	0	0.0	0	0.0
Revenue Not Available					
2019	7.9	0	0.0	0	0.0
2020	7.7	0	0.0	0	0.0
Totals					
2019	100.0	25	100.0	813	100.0
2020	100.0	11	100.0	660	100.0
<i>Source: 2019 & 2020 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the CRA rating.

COMMUNITY DEVELOPMENT TEST

Seamen's Bank demonstrates good responsiveness to the assessment area's community development needs through qualified community development loans, qualified donations, and community development services. Examiner's considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

The bank originated 336 community development loans totaling approximately \$29.8 million during the evaluation period. This level of activity represents approximately 7.2 percent of average total assets (\$411.9 million) and 10.5 percent of average total loans (\$283.3 million) since the prior CRA evaluation. The majority of qualifying community development loans were made under the SBA' PPP and qualified as revitalization or stabilization within the assessment area. The following table illustrates community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
5/1/2018-12/31/2018	0	0	0	0	8	356	0	0	8	356
2019	0	0	0	0	25	3,950	0	0	25	3,950
2020	0	0	0	0	23	5,564	277	18,474	300	24,038
YTD 2021	0	0	0	0	3	1,422	0	0	3	1,422
Total	0	0	0	0	59	11,292	277	18,474	336	29,766

Source: Bank Records

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

- In 2019, the bank originated a \$1.1 million loan for the purchase of a two-unit commercial condominium located in a moderate-income census tract within the bank's assessment area. The purchase provided space for an existing business to relocate, while the other unit continued to be leased to an existing tenant. The loan was originated under the Small Business Administration (SBA) 504 program. The SBA 504 loan program is an economic development loan program that offers financing to small businesses while promoting business growth and job creation.
- In 2020, the bank originated a \$1.9 million loan for the purchase of a local inn located in a moderate-income census tract within the bank's assessment area in support of economic development. The loan was originated under the SBA 504 program.
- During the evaluation period, the bank originated 20 Capital Access Program (CAP) loans totalling \$857,000 that support economic development in a moderate-income area. The CAP program was created to provide collateral guarantees to financial institutions to ensure the origination of loans to small businesses that would otherwise not qualify for credit.
- In response to the COVID-19 pandemic in 2020, the bank originated 285 PPP loans totaling \$18.9 million within its assessment area. These loans were administered by the SBA as part of the Coronavirus Aid, Relief, and Economic Security Act. The PPP loans help businesses retain staff during the economic

crisis due to the Covid-19 pandemic. Of the 285 loans, 277 loans for \$18.4 million were originated to businesses located in a moderate-income census tract and examiners qualified as community development loans. These PPP loans are particularly responsive as they provide funding to businesses in order to retain jobs in low- and moderate-income areas during the pandemic.

Qualified Investments

During the evaluation period, Seamen’s Bank made 60 qualified donations totaling \$103,308, which represents an increase from the previous evaluation at 54 donations totaling \$97,015. This dollar amount equates to 0.03 percent of average total assets (\$411.9 million) and 0.2 percent of average total securities (\$67.1 million) since the prior CRA evaluation. These qualified donations 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	
	#	\$	#	\$	#	\$	#	\$	#	\$
5/1/2018-12/21/2018	2	6,000	10	19,500	0	0	0	0	12	25,500
2019	2	4,300	11	20,775	0	0	0	0	13	25,075
2020	4	8,500	25	40,533	0	0	0	0	29	49,033
YTD 2021	1	1,000	5	2,700	0	0	0	0	6	3,700
Total	9	19,800	51	83,508	0	0	0	0	60	103,308

Source: Bank Records

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

- **Homeless Prevention Council** – During the evaluation period the bank made four donations to the Homeless Prevention Council. The Homeless Prevention Council provides counseling and guidance to those at risk of becoming homeless. The council serves every town on the Lower and Outer Cape, providing budgeting assistance, access to funding and housing programs.
- **Aids Support Group of Cape Cod** – The AIDS Support Group of Cape Cod provides health care, housing and support to low- and moderate-income individuals and families living with HIV/AIDS throughout Cape Cod including the assessment area. During the evaluation period, the bank made multiple donations to support this organizations cause.
- **Soup Kitchen In Provincetown (SKIP)** – The Soup Kitchen In Provincetown provides meals, homeless prevention assistance, nutrition counseling, and health monitoring to anyone in need. SKIP has provides over 15,000 meals each season to residents of the Outer Cape. During the evaluation period, the bank made two donations to support this organization.

Community Development Services

During the evaluation period, Seamen’s Bank employees, officers and directors provided 89 instances of financial expertise or technical assistance to 14 different community development related organizations in the bank’s assessment area. 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
	#	#	#	#	#
5/1/2018 – 12/31/2018	2	15	4	0	21
2019	2	15	4	0	21
2020	2	17	4	0	23
YTD 2021	2	18	4	0	24
Total	8	65	16	0	89

Source: Bank Records

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

- **Community Development Partnership (CDP)** – The CDP serves the Lower Cape Cod area by providing on critical community resources such as affordable housing to low- and moderate-income individuals and families. The CDP also provides small businesses with micro-loans that promotes economic development. 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 organizations Advisory Council.
- **Helping our Women** – Helping our Women offers a wide range of community services to the towns of Provincetown, Truro, Wellfleet, and Eastham. The organizations provides health care related financial-assistance, and a food pantry for low-income individuals in the assessment area. The bank’s CEO serves on the organizations Advisory Board, a member of the Board of Investment serves as the Bookkeeper, and a Customer Service Representative serves as a Board member.
- **Dexter Keezer Fund** – The Dexter Keezer Fund provides low- and moderate-income Outer Cape residents with food, clothing, and heat assistance. The bank’s Chief Financial Officer and Senior Vice President of Lending serve on the Board of Directors. The bank’s Assistant Vice President of Loan Operations also serves as Treasurer.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed the bank’s compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal practices.

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

The bank's HMDA LARs for 2019 and 2020 were reviewed to determine if the application flow from the different racial groups within the Bank's assessment area was reflective of the assessment area's demographics.

According to the 2015 ACS Census Data, the Bank's assessment area contained a total population of 28,361 individuals of which 5.1 percent are minorities. The minority population represented is 1.1 percent Black/African American, 0.9 percent Asian, 0.1 percent American Indian, 2.1 percent Hispanic or Latino, and 0.9 percent other.

The bank's level of lending in 2019 was compared with that of the 2019 aggregate's lending 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 the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW					
RACE	Bank 2019 HMDA		2019 Aggregate Data	Bank 2020 HMDA	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0
Asian	0	0.0	0.6	2	0.7
Black/ African American	2	1.2	0.8	2	0.7
Hawaiian/Pacific Islander	0	0.0	0.0	0	0.0
2 or more Minority	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	7	4.3	1.7	3	1.1
Total Racial Minority	9	5.5	3.3	7	2.5
White	144	88.9	74.8	264	93.3
Race Not Available	9	5.6	21.9	12	4.2
Total	162	100.0	100.0	283	100.0
ETHNICITY					
Hispanic or Latino	1	0.6	1.5	1	0.4
Joint (Hisp/Lat /Not Hisp/Lat)	3	1.8	1.0	3	1.1
Total Ethnic Minority	4	2.4	2.5	4	1.5
Not Hispanic or Latino	148	91.4	74.1	263	92.9
Ethnicity Not Available	10	6.2	23.4	16	5.6
Total	162	100.0	100.0	283	100.0

Source: ACS Census 2015, HMDA Aggregate Data 2019, HMDA LAR Data 2019 and 2020

In 2019, the bank received 162 HMDA reportable loan applications within its assessment area. Of these applications, 9 or 5.5 percent were received from minority applicants, of which 7 or 77.8 percent resulted in originations. The aggregate received 3.3 percent of its applications from minority applicants, of which 59.8 percent were originated. The bank also received 4 or 2.4 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 3 or 75.0 percent were originated, compared to an ethnic minority application rate of 2.5 percent with a 64.0 percent origination rate.

In 2020, the bank received 283 HMDA reportable loan applications within its assessment area. Of these applications, 7 or 2.5 percent were received from minority applicants, 71.4 percent of which resulted in originations. For the same time period, the bank received 4 or 1.5 percent of all applications from ethnic groups of Hispanic origin within its assessment area of which 75.0 percent were originated.

Overall, the minority application flow for this examination period is considered reasonable.

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.