



PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

HSBC Bank USA, N.A.
Charter Number: 24522

1800 Tysons Blvd.
Tysons, VA 22102

Office of the Comptroller of the Currency

Large Bank Supervision
Constitution Center
400 7th Street, S.W.
Washington, DC 20219

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated Outstanding.

The following table indicates the performance level of HSBC Bank USA, N.A. with respect to the Lending, Investment, and Service Tests:

Performance Levels	HSBC Bank USA, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			
Low Satisfactory			X
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- The Lending Test rating is based on Outstanding performance across all rating areas, except for the State of Washington, which was rated High Satisfactory.
- The Investment Test rating is based on Outstanding performance across all rating areas.
- The Service Test rating is based on Low Satisfactory performance in the NY CSA, Philadelphia MMSA, and the State of Florida, High Satisfactory performance in the DC MMSA, State of New York, and the State of Washington rating areas, and Outstanding performance in the State of California.

Lending in Assessment Area

A high percentage of the bank’s loans are in its assessment areas (AAs).

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	27,128	90.6	2,799	9.4	29,927	15,734,670	85.8	2,608,996	14.2	18,343,666
Small Business	22,964	55.6	18,327	44.4	41,291	1,592,700	71.8	626,551	28.2	2,219,251
Total	50,092	70.3	21,126	29.7	71,218	17,327,370	84.3	3,235,547	15.7	20,562,917

The bank originated and purchased 70.3 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. This factored favorably into the geographic distribution of lending by income level of geography.

Description of Institution

HSBC Bank USA, N.A. (HBUS) is an interstate bank headquartered in Tysons, Virginia, with principal executive offices in New York City (NYC). As of December 31, 2020, HBUS had total assets of \$198 billion and total deposits of \$159.6 billion. HBUS is a subsidiary of HSBC USA Inc., which is a subsidiary of HSBC North America Holdings Inc. (HNAH). HSBC Holdings plc (HSBC), based in London, UK is the parent of HNAH and is ranked as one of the world's largest banking and financial service organizations, with assets of nearly \$3 trillion as of December 31, 2020. HBUS offers a full range of commercial and consumer banking products. HBUS offers products and services to individuals, corporations, institutions, and governments, through its Wealth and Personal Banking, Commercial Banking, and Global Banking businesses.

Near the end of the evaluation period, HBUS announced its intention to exit its retail operations to the mass client segment. After the end of the evaluation period, the bank announced the sale of most of its retail operations to Citizens Bank, N.A. and Cathay Bank. The bank is positioning itself towards international banking and wealth management. In the process, the bank has strategically reduced its branch network.

At year-end 2020, HBUS operated 152 retail branches with 39 (25.7 percent) of these branches located in low- and moderate- income (LMI) geographies and 274 automated teller machines (ATMs) with 82 (30 percent) of these ATMs in LMI geographies. Examiners noted that while the number of branches and ATMs has decreased overall by 77 branches and 125 ATMs from the prior evaluation, the percentage of branches and ATMs serving LMI geographies has increased, showing that the bank has closed more middle- and upper-income (MUI) branches and ATMs and continues to make retail products and services available to LMI geographies and persons.

For this evaluation, there are seven rating areas. This includes three multistate metropolitan/combined statistical areas (MMSA or CSA) where the bank operated in at least two states, and four states.

The bank was not constrained by any financial impediments that would hinder its ability to meet the credit, investment, and service needs of its communities. HBUS was rated “Outstanding” at its prior CRA evaluation dated October 1, 2018.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation assesses the bank’s CRA performance under the large institution Lending, Investment, and Service Tests. The evaluation period is January 1, 2018, to December 31, 2020, except for the State of New York rating area, which is January 1, 2020, to December 31, 2020, given the bank’s re-entry into this market in late 2019.

In evaluating the bank’s lending performance, the OCC reviewed home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) and small loans to businesses reported under the CRA. All home mortgage products were reviewed together. The bank did not report any farm loans during the evaluation period. Farm lending is not a primary product line of the bank.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AA within that state was selected for a full-scope review. Except for the state of California, all rating areas contained one AA and received a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), MMSA, or CSA are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating section for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank’s overall rating is a blend of the CSA, MMSA, and state ratings. Bank performance in each of the evaluation years were weighted equally. The New York CSA (NY CSA) rating area carried the greatest emphasis in the OCC’s conclusions as this area represented HBUS’ most significant market with nearly 79 percent of HBUS’ adjusted deposits, 56.4 percent of loans originated and purchased during the evaluation period, and 52.6 percent of the branch network. The State of California and State of Florida also received substantial weight.

The CSA, MMSA, and state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each CSA, MMSA and State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Other Information

Assessment Areas– All AAs were determined to be legal and did not arbitrarily exclude LMI areas.

Deposit Market Share– The OCC used summary deposit data reported to the Federal Deposit Insurance Corporation (FDIC) as of June 30, 2020. This was the most recent public data available during the evaluation period.

Flexible and Innovative Lending Products– The bank offered CRA affordable mortgage products during the evaluation period. Flexible products offered in all AAs include Community Works, Federal Housing Administration (FHA), and Fannie Mae HomeReady and Freddie Mac Home Possible mortgages.

Community Works offers affordable low-down payment mortgage options to first-time homebuyers that meet LMI income requirements and/or purchase property in an LMI-designated census tract. The bank originated 307 loans totaling \$59.7 million.

FHA loans allow homebuyers to make a minimal down payment and finance a portion of the closing costs. The FHA programs are for LMI borrowers who have higher debt ratios and lower credit scores, which would prevent them from qualifying for a conventional mortgage. The bank originated 58 loans totaling \$24.5 million.

Fannie Mae HomeReady mortgage is available to first-time or repeat homebuyers. The program offers high loan-to-value ratio financing to help homebuyers who would otherwise qualify for a mortgage but may not have the resources for a larger down payment. Borrower income must be below 80 percent of the area median income (AMI), with some exceptions based on the property's location. There is no income limit on properties in low-income census tracts. In addition to requiring a lower down payment, the loan is also subject to minimum credit scores and required homeownership education. The bank originated 78 HomeReady loans totaling \$22.5 million.

Freddie Mac Home Possible program is geared towards first-time homebuyers who have limited funds available for their down payments. The program allows home buyers to use non-traditional sources of income, such as income from renters to qualify for a mortgage. The Home Possible mortgage is available to qualified borrowers whose income does not exceed 100 percent of the AMI, except in low-income census tracts, where there is no income limit. The bank originated 16 Home Possible loans totaling \$4.4 million.

HSBC Fusion Business Secured Mastercard– The bank advanced grants to four Community Development Financial Institutions (CDFIs) to pilot a matching cash secured credit card program to assist micro entrepreneurs or startup businesses to establish and/or build their credit in order to grow and sustain their businesses. The secured credit card provided by HBUS along with credit-building coaching by the CDFIs provided micro entrepreneurs or startup businesses an opportunity to build credit rapidly and successfully. Higher credit scores will enable entrepreneurs to access additional and/or more affordable forms of credit. The program is attractive to entrepreneurs because it provides a \$500 grant, has a high likelihood of approval, and offers a 0 percent interest rate for 12 months. The bank originated 111 loans totaling \$117 thousand throughout its AAs.

Good to Grow CDFI Loan Fund— a joint fund created by HBUS and the Opportunity Finance Network. The fund will make long-term, flexible equity equivalent investments to CDFIs that are active in certain geographic markets including California, Connecticut, Delaware, District of Columbia, Florida, Maryland, New Jersey, New York, Pennsylvania, Virginia, and Washington. Initial capitalization of the fund was \$25 million.

Covid-19 Relief Efforts

Retail Deposits: The bank waived various fees associated with deposit accounts including, but not limited to, monthly maintenance, insufficient/unavailable funds (ISF/UNA), and waiver of the early withdrawal penalty on certificate of deposit accounts.

Retail Mortgage: The bank took the following actions with respect to retail mortgage customers: late charge payment fee waiver, adverse credit bureau stop, forbearance, streamlined modification, and foreclosure and eviction moratoriums. The bank approved 4,500 customer accounts for forbearance of 120 days and provided extensions on 1,349 customer accounts.

Commercial Deposits: The bank waived various fees associated with commercial accounts including transaction and return check fees, and ISF/UNA funds charges.

Commercial Lending (includes credit cards, term loans, lines of credit): The bank approved 918 commercial customers for forbearance.

Additionally, HBUS participated in the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) that supports businesses affected by the COVID-19 pandemic. As of the evaluation date, the bank originated over 3,000 loans totaling \$434.7 million.

New York Forward Loan Fund (NYFLF)— NYFLF is a \$100 million statewide economic recovery loan program aimed at supporting New York City and State small businesses, nonprofits, and small landlords as they reopened in the wake of the COVID-19 pandemic. NYFLF targets small businesses with 50 or fewer full-time employees. The working capital loans are timed to support businesses and organizations as they proceed to reopen and meet upfront expenses to comply with guidelines. HBUS provided a \$10 million loan to assist the fund in meeting its mission.

Your Money Counts (YMC)— A financial capability program HBUS designed to help individuals or families better understand various components of effective money management. The components of the YMC program include workbooks, ideally used after participating in a HBUS in-person workshop, but available to anyone interested in learning about budgeting, steps for building credit, and identity theft protection. In April 2020, the bank launched the program virtually in response to the pandemic and offered the program bi-weekly.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been

considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development (HUD), and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by, or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Multistate Metropolitan Statistical Area Rating

New York Combined Statistical Area (NY CSA)

CRA rating for the NY CSA ¹:	Outstanding
The Lending Test is rated:	Outstanding
The Investment Test is rated:	Outstanding
The Service Test is rated:	Low Satisfactory

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to the AA's credit needs.
- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses was good and overall borrower distribution was good.
- Community Development (CD) loans were effective in addressing community credit needs. The institution was a leader in making CD loans, which had a positive impact on the Lending Test rating.
- The bank made an excellent level of qualified investments, grants, and donations. Qualified investments were effective and responsive in addressing community credit needs.
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA.
- The bank is a leader in providing CD services with excellent responsiveness to AA needs.

Description of Institution's Operations in NY CSA

HBUS's AA in the NY CSA is comprised of geographies in New York, New Jersey, and Connecticut. Refer to appendix A for a complete description of the AA.

The NY CSA represents the largest retail market for the bank in terms of lending activity (56.4 percent), retail branches (52.6 percent), deposits (78.8 percent).

HBUS had \$126.7 billion in deposits in the CSA representing 78.8 percent of its domestic deposits. The local banking environment is highly competitive with 187 FDIC-insured institutions operating 4,734 branches. HBUS ranked sixth in deposit market share with 5.5 percent. The top three banks by deposit market share are JPMorgan Chase (33.1 percent), Bank of America (7.6 percent), and BNY Mellon (7.4 percent). In addition to FDIC-insured institutions, this area is served by credit unions, mortgage lenders

¹ This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

and brokers, and money service businesses. HBUS operated 80 branches and 171 ATMs in the CSA, representing 52.6 percent of total branches and 62.4 percent of total ATMs.

NY CSA

Table A – Demographic Information of the Assessment Area						
Assessment Area: NY CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4,409	11.6	21.5	32.2	32.7	2.0
Population by Geography	18,750,954	12.2	22.5	31.3	33.8	0.3
Housing Units by Geography	7,283,168	11.4	21.5	30.7	36.2	0.2
Owner-Occupied Units by Geography	3,291,204	3.0	13.1	36.4	47.5	0.1
Occupied Rental Units by Geography	3,364,035	19.5	29.5	25.5	25.2	0.2
Vacant Units by Geography	627,929	12.4	22.9	28.5	35.9	0.2
Businesses by Geography	1,867,515	7.2	16.5	28.8	46.2	1.3
Farms by Geography	23,479	4.6	15.3	33.6	46.2	0.3
Family Distribution by Income Level	4,393,117	26.0	15.6	17.1	41.2	0.0
Household Distribution by Income Level	6,655,239	27.8	14.3	15.8	42.0	0.0
Median Family Income MSA - 14860 Bridgeport-Stamford-Norwalk, CT MSA		\$105,628	Median Housing Value			\$472,504
Median Family Income MSA - 35004 Nassau County-Suffolk County, NY		\$108,193	Median Gross Rent			\$1,339
Median Family Income MSA - 35084 Newark, NJ-PA		\$90,570	Families Below Poverty Level			11.7%
Median Family Income MSA - 35154 New Brunswick-Lakewood, NJ		\$95,564				
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ		\$67,560				
Median Family Income MSA - 39100 Poughkeepsie-Newburgh-Middletown, NY MSA		\$85,780				
<i>Source: 2015 ACS and 2020 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to Moody’s Analytics report dated November 2020, although the NY CSA economy is out of recession, joblessness remains stubbornly high, and payrolls are much farther below pre-COVID-19 levels than they are nationally. Consumer industries are bearing the brunt, but office-using jobs have taken an above-average hit as well.

Both retail and leisure/hospitality were decimated by the pandemic, with each losing jobs at roughly twice the national rate. Many of those positions have not returned, partially reflecting the closure of attractions like Broadway until at least mid-2021. Longer term, demand for amenities will be an issue. Tourism has declined and while some domestic leisure travel has returned, more profitable business travel and international visits remain practically nonexistent. Consequently, many hotels are either closed or operating at half of their typical occupancy. The city’s official tourism agency projects only a modest bounce in 2021, part of a gradual return to normalcy that takes until the middle of the decade.

This headwind will be accompanied by longer-term demographic challenges, with suburban and less densely populated areas remaining an attractive alternative to expensive cities.

Wall Street will provide some cushion, but risks remain elevated. Major stock market indexes have soared to all-time highs despite continued economic pain. Low interest rates are a big reason, fueling aggressive investment and keeping banks' costs in check. This has kept payrolls steady, although optimism should be tempered as Wall Street bonus season was expected to be well below average due to broader struggles faced by banks as many borrowers struggle to remain afloat while forbearance measures lapse. Meanwhile, continued uncertainty surrounding federal government support injects significant downside risk into the outlook. A wave of bankruptcies and closures could result, hitting the financial sector especially hard.

Major employers in the NY CSA include Montefiore Health System, Mount Sinai Health System, JPMorgan Chase, Bank of America, and New York-Presbyterian Healthcare System. At year-end 2020, the unemployment rate was 8.4 percent compared to the national rate of 6.5 percent.

The availability of affordable housing in the NY CSA has long been an issue, with the Economist Intelligence Unit routinely ranking the metro area in its top ten most expensive cities in the world. This problem has been exacerbated by the COVID-19 pandemic, driven by the low interest rate environment and first-time home buyer incentives.

Residential and commercial real estate faces major challenges. While housing has proven resilient nationally, condo prices are falling in both Manhattan and Brooklyn and apartment rents are down by double digits since the pandemic began. While demand will rebound, it will be diminished enough to keep a lid on prices.

The commercial market may face even higher hurdles. Only a small minority of white-collar workers have returned to their offices, pushing some employers to consider downsizing or moving somewhere less expensive. A potential long-term shift toward remote work will make a physical location in a big city even less critical. Meanwhile, consumer industry struggles could lead to hotel closures and a wave of retail evictions as a statewide moratorium on the latter expires. One bright spot is industrial land. Fulfillment centers are growing in importance as e-commerce expands further, boosting the northern and western suburbs.

The area poses challenges to home mortgage lenders in the AA, including HBUS. The CSA is a high cost housing area, limiting access to affordable home ownership among LMI borrowers. The median housing value in the MMSA is \$472,504 while the fourth quarter of 2020 National Association of Realtors (NAR) median sales price of a single-family home was approximately \$502,500 at December 2020.

One simplistic method used to determine housing affordability assumes a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. Assuming a 30-year mortgage with a 5 percent interest rate, and not accounting for down payment, homeowner's insurance, real estate taxes, or any additional monthly expenses, a low-income borrower making \$46,667 (or less than 50 percent of the FFIEC adjusted median family income in the AA) could afford a \$217,330 mortgage with a payment of \$1,167 per month; a moderate-income borrower earning \$74,673 (or less

than 80 percent of the FFIEC adjusted median family income in the AA) could afford a \$347,755 mortgage with a payment of \$1,867 per month.

The poverty level across the AA was considered in our evaluation of lending performance. Families living below the stated poverty rate are identified as having difficulty meeting basic financial needs and as such are less likely to have the financial wherewithal to qualify for a home loan than those with income above poverty. In the NY CSA, the overall poverty level was 14 percent. However, in low-income tracts, the household poverty rate increases to 37 percent and in moderate-income tracts it increases to 21 percent. In MUI tracts, the combined poverty level is 8 percent.

Community Contacts

OCC examiners reviewed twelve community contacts completed during the examination period with organizations located throughout the area. The organizations contacted focus on areas of affordable housing, small business development, and community services. Contacts indicated the need for affordable housing programs, both homeownership and rental, due to the high-cost areas across the AA. Two-thirds of New York City residents are renters, and high-cost metropolitan areas have a high need for affordable rental housing. Potential renters are often on a waitlist. Multifamily lending is also a need in these areas and requires complex funding requiring multiple sources. For homeowners across the AA, affordable mortgages with down payment assistance and home improvement loans are needed for LMI families to purchase and repair homes. There is a need to address affordable rents for low-income tenants, many on public assistance and the elderly. Job creation is an additional need as experienced workers age out of the workforce with insufficient replacements.

There is an increased need for small business loans, especially for small scale businesses that struggle most to access capital. Small business lending opportunities and grants are in demand. Other needs identified include:

- Access to affordable banking products and services including low-cost checking and savings products and credit repair products
- Access to traditional financial services
- Financial education for small business owners
- Small dollar loan products
- Affordable small dollar emergency credit
- Senior citizens need of aging in place assistance
- Economic development

Scope of Evaluation in NY CSA

The NY CSA received a full-scope review. As noted earlier, the NY CSA represents HBUS's largest market in terms of branches, deposits, and lending. Performance in the NY CSA received significant weight in determining the bank's overall CRA rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NY CSA LENDING TEST

The bank's performance under the Lending Test in the NY CSA is rated Outstanding.

Based on a full-scope review, the bank's performance in the NY CSA is excellent.

Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs considering the number and dollar amount of home mortgage, small business, and CD lending activity relative to the bank's capacity based on deposits, competition, and market presence.

Number of Loans				
Assessment Area	Home Mortgage	Small Business	Community Development	Total
NY CSA	11,381	16,607	202	28,190

Dollar Volume of Loans \$ (000s)				
Assessment Area	Home Mortgage	Small Business	Community Development	Total
NY CSA	6,561,413	1,244,224	1,427,879	9,233,516

HBUS ranked sixth in deposits with 5.5 percent market share placing it in the top 4 percent of banks. In small loans to businesses, HBUS ranked 17th with 1 percent market share placing it in the top 4 percent of lenders. The top three lenders with a combined market share of 47.4 were American Express with 20.2 percent, JPMorgan Chase with 19.4 percent, and Bank of America with 7.8 percent. Competition is strong with 449 small business lenders. In overall HMDA lending, HBUS ranked 26th with 0.8 percent market share placing it in the top 3 percent of lenders. While the HMDA lending market share is lower than the bank's deposit market share, this is a highly competitive market with 883 home mortgage lenders. No lender dominated the market. The top lender in this market was Wells Fargo Bank with 8.8 percent market share followed by Quicken Loans with 7.3 percent, and JPMorgan Chase with 6.3 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits good geographic distribution of loans in its AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans is excellent based on the data in the tables and considering the performance context discussed above.

Refer to Table O in the NYC CSA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The proportion of loans in LMI geographies exceeded both the proportion of owner-occupied homes in those geographies and the aggregate distribution of loans. Despite the high cost of housing and economic considerations that affect large portions of the CSA, the bank achieved excellent geographic penetration.

Small Loans to Businesses

The geographic distribution of small loans to businesses is adequate based on the data in the tables.

Refer to Table Q in the NY CSA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The proportion of loans in low-income geographies was well below the proportion of businesses located in those geographies and below the aggregate distribution of loans. The proportion of loans in moderate-income geographies was below the proportion of business in those geographies and the aggregate distribution of loans. Despite the economic considerations and competition that affect large portions of the CSA, the bank achieved adequate geographic penetration.

Lending Gap Analysis

Examiners reviewed summary reports and maps to analyze home mortgage and small business lending activity to identify any gaps in the geographic distribution of loans in the AA. Examiners did not identify any unexplained conspicuous gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibits good distribution of loans among individuals of different income levels and business and farms of different sizes.

Home Mortgage Loans

The borrower distribution of home mortgage loans is good based on the data in the tables and performance context issues.

Refer to Table P in the NY CSA section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The proportion of home mortgage loans to low-income borrowers was significantly below the demographic data but exceeded the aggregate distribution of performance. The proportion of home mortgage loans to moderate-income borrowers was near-to the demographic data and aggregate performance. When evaluating performance, examiners considered the affordability of housing for low-income borrowers in the AA given housing cost, the median family income for low-income borrowers, and poverty and unemployment levels in the AA.

Small Loans to Businesses

The distribution of loans by size of the business is adequate based on the data in the tables and performance context factors.

Refer to Table R in the NY CSA section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The bank's level of originations of small loans to small businesses during the evaluation period was significantly below the demographic data but exceeded the aggregate distribution of loans. Competition, from nationwide lenders particularly business credit card lenders, is strong. It is very challenging for banks without the same volume of credit card lending to show the same level of lending to small businesses.

Community Development Lending

The institution is a leader in making CD loans. CD lending had a positive impact on the Lending Test rating.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The institution's CD loans were responsive to the identified needs of the AA. HBUS originations of CD loans represent 9.3 percent of allocated tier 1 capital. By dollar volume, 40.9 percent supported affordable housing, 30.6 percent supported economic development/revitalization, and 28.5 percent supported community services.

Examples of CD loans in the AA include:

- \$66 million loan to a non-profit human services agency dedicated to improving the lives of people in need of special services and support. The organization provides residential, educational, health care, employment, life skills, and case management. It also provides energy grants to low-income families to assist those struggling with utility costs and other essential needs.
- \$40 million to a CDFI loan fund. Since inception, this fund has created and preserved over 77,000 affordable homes.
- \$25 million loan to a public-private affordable housing loan fund that supports affordable and supportive housing development and preservation.
- \$10 million secured syndicated credit facility to a loan fund trust established during the pandemic to allow the purchase of local Covid-19 recovery loans originated by participating CDFIs.

Product Innovation and Flexibility

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs. In addition to the loans offered throughout all AAs, in the NY CSA the bank

offers State of NY Mortgage Agency loans. This loan offers a competitive, fixed interest rate, which provides affordable mortgage financing and down payment assistance. During the evaluation period, the bank originated 108 loans totaling \$28.1 million.

INVESTMENT TEST

The institution’s performance under the Investment Test in the NY CSA is rated Outstanding.

Based on a full-scope review, the institution’s performance in the NY CSA is excellent.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000’s)	#	\$(000’s)	#	% of Total #	\$(000’s)	% of Total \$	#	\$(000’s)
NY CSA	52	642,685	272	1,407,415	324	100	2,058,509	100	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.
 ** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution had an excellent level of qualified investment and grants, often in a leadership position, particularly those that were not routinely provided by private investors. The dollar volume of current- and prior-period investments represented 13.3 percent of tier 1 capital allocated to the AA.

The institution exhibited excellent responsiveness to credit and CD needs. The bank made significant use of innovative or complex investments to support CD initiatives. HBUS had 195 qualified investments and grants totaling nearly \$2 billion related to affordable housing, 93 qualified investments and grants totaling nearly \$87 million related to economic development/revitalization and stabilization, and 36 grants and donation totaling \$3.1 million to community service organizations that provided services to LMI persons.

Investments included purchasing low-income housing tax credits (LIHTC), mortgage-backed securities (MBS), making equity investments in small business investment companies (SBIC), providing grants, and making donations.

Examples of qualified investments in the AA include:

- \$203.3 million purchase of an MBS for a 5,881-unit complex located in Brooklyn, NY. Units are set aside for individuals earning up to 60 percent of the AMI. The property also offers services for seniors and youth education activities.
- \$24.3 million LIHTC for a 934-unit public housing complex located in Brooklyn, NY. The building is owned and operated by the NYC Housing Authority.

- \$19 million LIHTC for the new construction of 122 units for seniors in The Bronx, NY. Thirty-seven units will be reserved for formerly homeless seniors and the remaining 84 units will be covered by a HUD Section 8 contract for LMI seniors. The project was co-developed by a nonprofit human services organization and a development company dedicated to the production of workforce, affordable and supportive housing.
- \$11.8 million LIHTC to construct a 48-unit building on Staten Island, NY. The building will contain 31 supportive housing units and 16 units will be for households earning up to 60 percent of AMI. The project received multiple sources of financing including a loan from the city’s Department of Housing Preservation and Development, LIHTC, and external construction loans.
- \$3.9 million equity investment in a SBIC loan fund.
- \$1.2 million certificate of deposit (renewed twice in the evaluation period) in a minority-owned financial institution serving NYC.

SERVICE TEST

The institution’s performance under the Service Test in the NY CSA is rated Low Satisfactory.

Based on a full-scope review, the institution’s performance in the NY CSA is adequate.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution’s AA, particularly LMI geographies and/or LMI individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
		# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)*				% of Population within Each Geography			
	Low			Mod	Mid	Upp	Low	Mod	Mid	Upp	
NY CSA	100	80	100	5.0	21.3	25.0	46.3	12.2	22.5	31.3	33.8

*Two branches (2.4%) are in non-income designated geographies

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings**	Branch Openings/Closings			
			Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
NY CSA	2	80	-8	-4	-31	-34

**One branch was closed in a non-income designated geography

The institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. Although the bank closed a net of 12 branches in LMI geographies, the bank opened two branches in moderate-income geographies in the evaluation period. Most of the branch closures were in MUI geographies, and as noted earlier, part of the bank's business strategy to exit retail banking.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or LMI individuals. Branch hours are consistent throughout the AA. Hours were adjusted accordingly during the Covid-19 pandemic. Nearly all branches located in LMI geographies have Saturday hours compared to 67 percent of branches located in MUI geographies.

Community Development Services

The institution is a leader in providing CD services.

During the evaluation period, over 400 HBUS employees provided 7,652 hours to 152 organizations that primarily serve LMI individuals. Employees provided advisement and leadership on boards and committees, participated on panels and roundtable discussions, and provided financial education, mentoring and home ownership preparation workshops.

Additionally, the bank is also involved in the Federal Home Loan Bank Affordable Housing Program (FHLB-AHP), which allows HBUS to work with nonprofits to submit applications for funds to assist with the purchase, rehabilitation, or construction of affordable housing.

Examples of CD services in the bank's AA include:

- 194 employees provided 2,069 hours during 208 sessions to provide financial education, economics, and entrepreneurial curriculum to LMI students. The program also teaches entrepreneurship and work readiness.
- 218 employees provided 1,207 hours during 405 sessions in partnership with a nationally recognized counseling and debt management nonprofit organization that provides financial counseling, education, and products to LMI youth and adults. The workshop sessions teach money management, credit, and identity theft prevention.
- Legal Pro Bono Program— Employees of the HBUS legal team volunteered with a nonprofit to help clients apply for a special category of nonimmigrant visa available to survivors of sex and labor trafficking. The team also volunteered with another nonprofit to assist nonprofit organizations by reviewing financial disclosures and corporate governance documents and procedures.
- HBUS' participation in the Federal Home Loan Bank of New York programs consisting of the First Home Club (FHC) and Affordable Housing Program (AHP) is responsive to the affordable housing need in the NY CSA. AHP funds are awarded to members who submit applications on

behalf of project sponsors who are planning to purchase, rehabilitate, or construct affordable homes or apartments. The FHC Program assists first-time homebuyers with incomes at or below 80 percent of AMI. Assistance is provided in the form of matching funds based on the household's systematic savings within a dedicated savings account. During the evaluation period the bank sponsored two community partners for the AHP.

Multistate Metropolitan Statistical Area Rating

Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MMSA (Philadelphia MMSA)

CRA rating for the Philadelphia MMSA²:	Outstanding
The Lending Test is rated:	Outstanding
The Investment Test is rated:	Outstanding
The Service Test is rated:	Low Satisfactory

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to the AA's credit needs.
- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses was excellent and overall borrower distribution was good.
- CD loans were effective in addressing community credit needs. The bank made an excellent level of CD loans that had a positive impact on the Lending Test.
- The bank made an excellent level of qualified investments, grants, and donations. Qualified investments were effective and responsive in addressing community credit needs.
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA.
- The bank is a leader in providing CD services with excellent responsiveness to AA needs.

Description of Institution's Operations in Philadelphia MMSA

HBUS operates within a portion of the Philadelphia MMSA and has a very limited presence. The bank's AA includes Philadelphia County in Pennsylvania and New Castle County in Delaware. For a large portion of the evaluation period, the bank operated three branches, but by the end of the evaluation period, operated a single branch in Center City Philadelphia. The one branch had \$401.7 million in deposits, or less than 1 percent of its domestic deposits and ranked 20th with a 0.1 percent market share. Major competitors include TD Bank, PNC Bank, Bank of America, and Wells Fargo Bank, each with a substantially larger branch network.

The poverty level across the Philadelphia MMSA was considered in our evaluation of lending performance. Families living below the stated poverty rate are identified as having difficulty meeting basic financial needs and as such are less likely to have the financial wherewithal to qualify for a home loan than those with income above poverty.

² This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

In the Philadelphia MMSA, the overall poverty level was 16.9 percent. However, in low-income geographies, the household poverty rate increases to 45 percent and in moderate-income geographies it increases to 28 percent. In MUI geographies, the combined poverty level is just 12 percent.

Philadelphia MMSA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Philadelphia MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	515	11.3	32.6	26.8	26.4	2.9
Population by Geography	2,104,715	11.4	33.4	29.4	25.3	0.5
Housing Units by Geography	889,650	11.0	33.5	28.5	26.8	0.3
Owner-Occupied Units by Geography	445,559	7.5	28.7	32.5	31.2	0.0
Occupied Rental Units by Geography	337,759	13.9	36.6	25.3	23.6	0.7
Vacant Units by Geography	106,332	16.4	43.6	21.6	18.1	0.2
Businesses by Geography	198,881	7.4	28.4	25.6	37.2	1.4
Farms by Geography	1,810	3.9	20.4	35.8	39.1	0.8
Family Distribution by Income Level	442,546	27.6	17.8	17.8	36.7	0.0
Household Distribution by Income Level	783,318	29.4	15.7	16.2	38.8	0.0
Median Family Income MSA - 37964 Philadelphia, PA		\$56,411	Median Housing Value			\$188,943
Median Family Income MSA - 48864 Wilmington, DE-MD-NJ		\$80,707	Median Gross Rent			\$971
			Families Below Poverty Level			16.9%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

In early 2020, the COVID-19 pandemic affected the entire United States, particularly the Northeast. Large segments of the economy shut down amid stay-at-home and business closure orders. During the spring of 2020, this region lost a high share of its jobs, with leisure and hospitality hit especially hard. The Northeast experienced a large economic contraction throughout 2020, as commercial loan delinquencies increased, and tax revenues decreased. Due to the COVID-19 pandemic, 2020 unemployment rates rose substantially within the Philadelphia MMSA as shown in the table that follows.

Assessment Area Unemployment	2018	2019	2020
Philadelphia MMSA	5.7	5.6	12.4

The MMSA is home to a diverse mix of businesses, with higher education and healthcare leading the employment sectors, as these industries account for approximately 30 percent of area employment, more than twice the national average.

In Philadelphia, PA, white collar industries are expected to drive modest growth in the near term as workers were able to work remotely, avoiding lockdowns, closures, and layoffs, and are overall faring better than state and national averages. Longer term, weak demographics are expected to outweigh the benefits of lower business costs and keep job growth below average. The health of Philadelphia's higher education network, with jobs totaling six times the national average, is heavily dependent on virus containment to meet budgeted enrollment and minimize disruptions. In Wilmington, DE, corporate debt restricting is expected to be a boon to law firms and high-wage professional, scientific, and technical services. Meanwhile, the University of Delaware's financial troubles pose a threat to recovery with an estimated \$288 million budgetary shortfall and the announcement of more furloughs, in addition to 1,100 layoffs in early 2020.

Some of the MMSA's largest employers were University of Pennsylvania Health System, Thomas Jefferson University, Children's Hospital of Philadelphia, Comcast, and Christiana Care Health System.

Community Contacts

Examiners reviewed six community contacts made during the evaluation period in the MMSA. The organizations contacted include representatives of housing organizations, community organizations serving LMI persons, and local government. The contacts noted that affordable housing and small business credit are primary credit needs in this MMSA. Housing counseling, quality jobs, and job training are also identified needs.

Scope of Evaluation in Philadelphia MMSA

The Philadelphia MMSA received a full-scope review. Home mortgage lending received significantly greater weight based on the volume of lending in the AA. The MMSA had a minimal impact on the bank's overall CRA rating, given the bank's very limited presence.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN PHILADELPHIA MMSA

LENDING TEST

The institution's performance under the Lending Test in the Philadelphia MMSA is rated Outstanding.

Based on a full-scope review, the institution's performance in the Philadelphia MMSA is excellent.

Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs considering the number and dollar amount of home mortgage, small business, and CD lending activity relative to the bank's capacity based on deposits, competition, and market presence.

Number of Loans				
Assessment Area	Home Mortgage	Small Business	Community Development	Total
Philadelphia MMSA	1,010	190	10	1,210

Dollar Volume of Loans \$ (000s)				
Assessment Area	Home Mortgage	Small Business	Community Development	Total
Philadelphia MMSA	207,138	11,089	21,500	239,727

HBUS ranked 20th in deposits with 0.1 percent market share placing it in the top 24 percent of banks. In overall HMDA lending, HBUS ranked 53rd with 0.4 percent market share placing it in the top 9 percent of lenders. This is a highly competitive market with 627 home mortgage lenders. No lender dominated the market. The top lender in this market was Wells Fargo Bank with 7.8 percent market share followed by Quicken Loans with 5.3 percent, and Police and Firefighters Federal Credit Union with 4.2 percent. In small loans to businesses, HBUS ranked 44th with a market share of 0.2 percent placing it in the top 18 percent of lenders. The top three lenders with a combined market share of 29.5 percent were American Express with 16.2 percent, Citizens Bank with 6.7 percent, and Wells Fargo with 6.6 percent. This is a highly competitive market with 254 small business lenders.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans is excellent.

Refer to Table O in the Philadelphia MMSA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The proportion of loans in low-income geographies was below the proportion of owner-occupied units in those geographies but exceeded the aggregate distribution of loans. The proportion of loans in moderate-income geographies exceeded both the proportion of owner-occupied units in those geographies and the aggregate distribution of loans. When considering the performance context factors noted earlier, the bank achieved excellent penetration.

Small Loans to Businesses

The geographic distribution of small loans to businesses is poor.

Refer to Table Q in the Philadelphia MMSA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The proportion of loans in low-income geographies was significantly below the proportion of businesses in those geographies and the aggregate distribution of loans. The proportion of loans in moderate-income geographies was well below the proportion of businesses in those geographies and the aggregate distribution of loans.

Lending Gap Analysis

Examiners reviewed summary reports and maps to analyze home mortgage and small business lending activity to identify any gaps in the geographic distribution of loans in the AA. Examiners did not identify any unexplained conspicuous gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and business and farms of different sizes.

Home Mortgage Loans

The borrower distribution of home mortgage loans is excellent.

Refer to Table P in the Philadelphia MMSA section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The proportion of loans to low-income borrowers was well below the proportion of low-income families and exceeded the aggregate distribution of loans. The proportion of loans to moderate-income borrowers was significantly stronger than both the proportion of moderate-income families and the aggregate distribution of loans. The high poverty rate in the AA was considered in our evaluation.

Small Loans to Businesses

The borrower distribution of small loans to businesses is poor.

Refer to Table R in the Philadelphia MMSA section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The proportion of loans to small businesses was well below the proportion of small businesses and was below the aggregate distribution of loans.

Community Development Lending

The institution is a leader in making CD loans, given the bank's limited presence in the AA.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

HBUS originations of CD loans represent 44.3 percent of allocated tier 1 capital and had a positive impact on the Lending Test rating in the MMSA.

The institution's CD loans were responsive to the identified needs of the AA. By dollars, 44.2 percent were for economic development/revitalization, 37.2 percent were for affordable housing, and 18.6 percent were for community services.

Examples of CD loans in the AA include:

- \$30 million loan to a CDFI loan fund that supported the redevelopment and reopening of a former vocational school that now houses over 130 small businesses, nonprofits, and entrepreneurs. The building is in a low-income geography in South Philadelphia. The renovation will result in 500 full-time permanent jobs.
- \$2.5 million loan to a CDFI that provides financing capital for neighborhood revitalization projects throughout the Delmarva Peninsula, including the Wilmington Downtown Development District. The CDFI also provides lending, homeownership counseling, and financial literacy services to LMI persons.
- \$2 million revolving line of credit to a CDFI to assist in the development of a center that provides elder services in Northeast Philadelphia. In addition to the center, the project includes 300 units of affordable senior housing.

Product Innovation and Flexibility

The institution uses innovative and/or flexible lending practices in order to serve AA credit needs. Refer to the Flexible and Innovative Lending Products discussed earlier in this evaluation.

INVESTMENT TEST

The institution's performance under the Investment Test in Philadelphia MMSA is rated Outstanding.

Based on a full-scope review, the institution's performance in the Philadelphia MMSA is excellent.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Philadelphia MMSA	1	2,511	27	11,724	28	100	14,242	100	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The bank had an excellent level of qualified investment and grants, occasionally in a leadership position, particularly those that were not routinely provided by private investors. The dollar volume of current and prior period investments represented 29.3 percent of tier 1 capital allocated to the AA.

The bank exhibited excellent responsiveness to credit and community economic development needs. The bank occasionally uses innovative or complex investments to support CD initiatives. Investments included purchasing LIHTC, and several grants and donations. HBUS had 11 qualified investments and grants totaling \$11.6 million related to affordable housing, 13 qualified investments and grants totaling \$2.6 million related to economic development/revitalization and stabilization, and four qualified investments and grants totaling \$30 thousand to organizations that provided CD services to LMI persons.

Examples of qualified investments in the AA include:

- \$6.2 million investment in a multi-investor LIHTC fund to rehabilitate and renovate two affordable housing properties in Philadelphia. One building will have 46 affordable housing units for low-income families, with 10 units set aside for homeless individuals and 10 units set aside for families with physical disabilities. The second building will have 39 affordable housing units including permanent supportive housing for homeless individuals and families.
- \$2.5 million investment in a CRA-qualified mutual fund addressing affordable housing within the MMSA.
- \$30 thousand donation to a Philadelphia-based community development corporation (CDC). The organization provides community-wide financial expos, classes and seminars training families in financial literacy and homeownership readiness, individual counseling for mortgage preparation, and placement of families into affordable homeownership opportunities.
- \$15 thousand grant to a non-profit that provides debt management and counseling services, and financial and home buyer education to LMI persons.

SERVICE TEST

The institution's performance under the Service Test in Philadelphia MMSA is rated Low Satisfactory.

Based on a full-scope review, the institution's performance in the Philadelphia MMSA is adequate.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Philadelphia MMSA	100	1	100	0	0	100	0	11.4	33.4	29.4	25.3

As noted earlier, the bank operated three branches at the beginning of the evaluation period. One branch in Delaware was in a moderate-income geography.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Branch Openings/Closings			
			Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Philadelphia MMSA	0	2	0	-1	0	-1

The institution's opening and closing of branches has adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals.

As noted in the table above, the bank closed two branches: one in a moderate- and one in an upper-income geography. The branch in the moderate-income geography was in Wilmington, Delaware and was financially underperforming.

Services, including where appropriate, business hours do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals.

The remaining branch in Philadelphia is open Monday to Friday from 10 A.M to 4 P.M. and Saturday from 9 A.M to 1 P.M.

Community Development Services

The bank provides a significant level of CD services, given the bank's limited presence. Twenty employees provided 250 hours in providing seven community development services. Most services provided included financial literacy and education sessions.

Multistate Metropolitan Statistical Area Rating

Washington-Arlington-Alexandria, DC-VA-MD-WV MSA (DC MMSA)

CRA rating for the DC MMSA)³:	Outstanding
The Lending Test is rated:	Outstanding
The Investment Test is rated:	Outstanding
The Service Test is rated:	High Satisfactory

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to the AA's credit needs.
- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses was excellent and overall borrower distribution was good.
- CD loans were effective in addressing community credit needs. The bank made an excellent level of CD loans that had a positive impact on the Lending Test.
- The bank made an excellent level of qualified investments, grants, and donations. Qualified investments were effective and responsive in addressing community credit needs.
- Service delivery systems are accessible to geographies and individuals of different income levels in the AA.
- The bank is a leader in providing CD services with excellent responsiveness to AA needs.

Description of Institution's Operations in DC MMSA

The DC MMSA includes a portion of the Washington-Arlington-Alexandria DC-VA-MD-WV MSA and includes geographies in the District of Columbia (DC), Maryland, and Virginia. Refer to appendix A for a complete description of the AA.

HBUS operates 10 branches within the MMSA with total deposits of \$4.1 billion or 2.6 percent of the bank's domestic deposits and a market share of 1.6 percent. Nearly 90 percent of the deposits of the DC branches are derived from serving the embassies of foreign governments and are centered on deposit products that cater to this market. Major competitors and their deposit market share include Capital One Bank (16.9 percent), E*Trade Bank (16.7 percent), Bank of America (12.9 percent), Wells Fargo Bank (12.1 percent), and Truist Bank (10.6 percent). Except for E*Trade Bank, all have a substantially larger branch network compared to HBUS.

³ This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

DC MMSA

Table A – Demographic Information of the Assessment Area						
Assessment Area: DC MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	757	11.5	14.4	29.7	42.7	1.7
Population by Geography	3,204,035	10.9	14.5	31.1	42.6	0.9
Housing Units by Geography	1,294,329	11.0	14.4	31.3	42.6	0.7
Owner-Occupied Units by Geography	701,160	4.5	11.2	31.4	52.6	0.3
Occupied Rental Units by Geography	508,773	18.8	18.6	31.6	29.7	1.3
Vacant Units by Geography	84,396	18.0	15.4	27.9	37.8	0.8
Businesses by Geography	380,479	4.7	13.0	31.5	49.9	0.8
Farms by Geography	4,209	4.5	12.4	33.9	48.9	0.3
Family Distribution by Income Level	739,509	21.4	14.6	18.3	45.7	0.0
Household Distribution by Income Level	1,209,933	22.9	15.2	17.7	44.2	0.0
Median Family Income MSA - 23224 Frederick-Gaithersburg-Rockville, MD		\$112,655	Median Housing Value			\$494,471
Median Family Income MSA - 47894 Washington-Arlington-Alexandria, DC- VA-MD-WV		\$106,105	Median Gross Rent			\$1,618
			Families Below Poverty Level			6.0%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to Moody's Analytics February 2021 report, the DC MMSA economy is firmly in recovery, but progress has stalled in recent months. Nonfarm payroll employment moved mostly sideways into the fourth quarter of 2020. As a result, the area has recovered only 43 percent of the jobs lost from March through May. This puts the metro area behind the U.S.'s pace of recovery. Though the initial 10 percent decline in nonfarm payrolls was less severe than the 14 percent national average, the U.S. has recovered more than half of the jobs lost during the pandemic, suggesting a greater percentage of the area's job losses were permanent. Many of these permanent job losses can be attributed to leisure/ hospitality, which is still struggling to get back on its feet as travel and recreational spending remains well below pre-pandemic levels.

The outlook for the DC tourism industry is challenging as returning to pre-pandemic levels of travel is still years away. DC is a tourist destination with an abundance of historical attractions and award-winning hotels and restaurants. Also, business travel and conferences account for a large portion of tourism; both have all but evaporated due to COVID-19. Previously, leisure/hospitality employed over 10 percent of the workforce, but the pandemic led to a 60 percent decline in payrolls and just over one-third of those jobs have been recovered.

Major employers include Naval Support Activity Washington, Joint Base Andrews-Naval Air Facility, MedStar Health, Marriott International Inc., and Inova Health System.

The jobless rate has seen mild relief, dropping from an April 2020 peak of 10.4 percent to 5.8 percent in December 2020 as more than 100,000 jobs were regained in that time. As of December 2020, the unemployment rate in DC proper remains high at 7.8 percent and above the national rate of 6.5 percent.

Low inventory and record low mortgage rates will keep the area housing market red-hot in the near term. Inventory averaged a decrease of 40 percent year over year, pushing the change in the median sales price up more than 10 percent from a year earlier. In the last five months, the sales of single-family homes accounted for just over half of total units sold. The uptick in demand gave way to a rebound in single-family housing starts in the second half of 2021, but building will have difficulty accelerating further because of supply constraints.

The high cost of housing was considered in our evaluation. The AA is a high-cost housing market. As noted in Table A above, the median housing value is \$494,471 and the fourth quarter of 2020 NAR median sales price for a single-family home is \$483,800, making home ownership difficult for LMI borrowers.

The household poverty level was considered in our evaluation. Although the overall AA poverty level is 6 percent, in low-income geographies it is 24 percent and in moderate-income geographies it is 11 percent. The poverty level in MUI geographies is 5 percent.

Community Contacts

Examiners reviewed four community contacts made during the evaluation period in the MMSA. The contacts included representatives of business trade groups, an educational institution, a CDFI, and community service organizations. They noted that financing for affordable housing and lines of credit for small business are primary credit needs in this MMSA. Financial literacy, workforce development programs, small business grants, and technical assistance for small businesses were also identified needs.

Scope of Evaluation in DC MMSA

The DC MMSA received a full-scope review. Home mortgage lending received substantially greater weight given the volume of loan originations. The high cost of housing and poverty levels within the MMSA and the bank's business strategy was considered in the bank's performance under the Lending Test.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DC MMSA

LENDING TEST

The bank's performance under the Lending Test in the DC MMSA is rated Outstanding.

Based on a full-scope review, the bank's performance in the DC MMSA is excellent.

Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs, considering the number and dollar amount of home mortgage, small business, and CD lending activity relative to the bank's capacity based on deposits, competition, and market presence.

Number of Loans				
Assessment Area	Home Mortgage	Small Business	Community Development	Total
DC MMSA	1,825	489	21	2,335

Dollar Volume of Loans (\$ 000s)				
Assessment Area	Home Mortgage	Small Business	Community Development	Total
DC MMSA	837,350	20,058	128,500	985,908

Lending activity is excellent when considering the significant competition in the AA relative to the bank's presence. HBUS had \$4.1 billion in deposits and ranked 13th with 1.6 percent market share placing it in the top 25 percent of banks. In HMDA lending, HBUS ranked 75th with 0.3 percent market share placing it in the top 10 percent of lenders. There are 793 home mortgage lenders in the AA. Wells Fargo Bank led the market with 6.7 percent market share followed by Quicken Loans with 6.3 percent, and Truist Bank with 5 percent. In small loans to businesses, HBUS ranked 39th with a market share of 0.2 percent placing it in the top 13 percent of lenders. The top three lenders with a combined market share of 39.6 percent were American Express with 17.5 percent, Bank of America with 14.6 percent, and Truist Financial with 7.5 percent. This is a highly competitive market with 302 small business lenders.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans is excellent.

Refer to Table O in the DC MMSA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The proportion of loans in both LMI geographies significantly exceeded both the proportion of owner-occupied housing in those geographies and the aggregate distribution of loans.

Small Loans to Businesses

The geographic distribution of small loans to businesses is poor.

Refer to Table Q in the MMSA section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The proportion of loans in low-income geographies was significantly below the proportion of businesses in those geographies and the aggregate distribution of loans. The proportion of loans in moderate-income geographies was well below the proportion of businesses in those geographies and the aggregate distribution of loans.

Lending Gap Analysis

Examiners reviewed summary reports and maps to analyze home mortgage and small business lending activity to identify any gaps in the geographic distribution of loans in the AA. Examiners did not identify any unexplained conspicuous gaps in any of the areas they reviewed.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and business of different sizes.

Home Mortgage Loans

The distribution of home mortgage loans by borrower income is excellent.

Refer to Table P in the DC MMSA section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's home mortgage loan originations and purchases.

The proportion of loans to low-income borrowers was below the proportion of low-income families in the AA and exceeded the aggregate distribution of loans. The proportion of loans to moderate-income borrowers exceeded both the proportion of moderate-income families and the aggregate distribution of loans. More weight was placed on lending to moderate-income borrowers, given the performance context factors noted earlier.

Small Loans to Businesses

The borrower distribution of small loans to businesses is poor.

Refer to Table R in the DC MMSA section of appendix D for the facts and data used to evaluate the borrower distribution of the institution's originations and purchases of small loans to businesses.

The proportion of loans to small businesses was well below the proportion of small businesses and was below the aggregate distribution of loans. Competition among lenders is strong.

Community Development Lending

The institution is a leader in CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution’s level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

The level of CD lending in the DC MMSA is excellent. CD lending had a positive effect on the Lending Test rating in the MMSA. The dollar volume equaled 25.9 percent of allocated tier 1 capital.

By dollars, 72.4 percent were related to affordable housing with the remaining 28.6 percent related to economic development/revitalization. Examples of CD loans in the AA include:

- \$74 million loan for acquisition and renovation of a multifamily property located in a moderate-income geography in Alexandria, Virginia. Rents are considered affordable to LMI persons. The property is also located within an area designated for redevelopment within the City of Alexandria Landmark/Van Dorn Corridor plan.
- \$22 million revolving line of credit to a CDFI to help preserve 253 housing units to remain affordable to households at or below 60 percent of the AMI.
- \$3 million revolving line of credit (originated and renewed twice) to a CDFI that supports housing and community development ventures, increase jobs, and build sustainable communities by offering flexible financial products and advisory services.

Product Innovation and Flexibility

The institution uses innovative and/or flexible lending practices in order to serve AA credit needs. Refer to the Flexible and Innovative Lending Products discussed earlier in this evaluation.

INVESTMENT TEST

The institution’s performance under the Investment Test in DC MMSA is rated Outstanding.

Based on a full-scope review, the institution’s performance in the DC MMSA is excellent.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000’s)	#	\$(000’s)	#	% of Total #	\$(000’s)	% of Total \$	#	\$(000’s)
Washington MSA	7	17,544	60	68,109	67	100	86,201	100	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has an excellent level of qualified CD investment and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The combined prior and current period dollar volume represents 14.1 percent of allocated tier 1 capital allocated to the AA.

The institution exhibits excellent responsiveness to credit and community economic development needs. The bank occasionally uses innovative and/or complex investments to support CD initiatives. HBUS had 33 qualified investments and grants totaling \$75.1 million related to affordable housing, 28 qualified investments and grants totaling \$11 million related to economic development, revitalization/stabilization, and six qualified investments and grants totaling \$107 thousand to community service organizations that provided needed services to low- and moderate-income individuals.

Examples of qualified investments in the AA include:

- \$11 million investment for the rehabilitation of a 153-unit affordable housing project for low-income seniors in DC. The units are offered to individuals who make up to 60 percent AMI.
- \$2 million investment in an affordable housing project for LMI individuals who make up to 60 percent of AMI.
- \$1 million investment in a 30-unit affordable apartment building with units set aside for LMI individuals approved for HUD Section 8 housing.

SERVICE TEST

The institution’s performance under the Service Test in the DC MMSA is rated High Satisfactory,

Based on a full-scope review, the institution’s performance in the DC MMSA is relatively high.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution’s AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits % of Rated Area Deposits in AA	Branches						Population			
		# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
DC MMSA	100	10	100	0	10	20	70	10.9	14.5	31.1	42.6

There are no branches located in low-income geographies. There is one branch in a moderate-income geography that was opened during the evaluation period. Also, because of the 2015 American Community Survey, branches that were previously located in moderate-income geographies were reclassified as middle-income geographies.

Distribution of Branch Openings/Closings							
Assessment Area	Branch Openings/Closings			Net change in Location of Branches (+ or -)			
	# of Branch Openings	# of Branch Closings		Low	Mod	Mid	Upp
DC MMSA	2	4		0	+1	-1	-2

The institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch in a moderate-income geography in Maryland and one branch in an upper-income geography in DC. The bank closed one branch in a middle- and three branches in upper-income geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Except for two branches located in downtown office areas with limited weekend traffic, all branches have Saturday hours from 9 A.M to 1 P.M.

Community Development Services

The bank provides a significant level of CD services.

During the evaluation period, 75 bank employees provided 792 service hours to 22 different organizations. Additionally, four employees served on boards and loan committees for four non-profit organizations in the AA. Employees primarily provided financial education classes and first-time homebuyer sessions for LMI persons.

The following are examples of CD services provided in this AA:

- 19 employees contributed 172 hours for the Your Money Counts program in partnership with two non-profit organizations which provide credit counseling and debt management to LMI individuals.
- 58 employees contributed 608 hours to teach financial education courses to elementary and middle school students where a majority of students are LMI.
- A regional manager of the bank served on the board of an organization that provides resident service programs at affordable housing developments.
- A vice president of the bank assisted a community foundation review grant applications from various organizations.

State Rating

State of California

CRA rating for the State of California⁴:	Outstanding
The Lending Test is rated:	Outstanding
The Investment Test is rated:	Outstanding
The Service Test is rated:	Outstanding

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to the AA's credit needs.
- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses was excellent and overall borrower distribution was good.
- CD loans were effective in addressing community credit needs. The bank made an excellent level of CD loans that had a positive impact on the Lending Test.
- The bank made an excellent level of qualified investments, grants, and donations. Qualified investments were effective and responsive in addressing community credit needs.
- Service delivery systems are accessible to geographies and individuals of different income levels in the AA.
- The bank is a leader in providing CD services with excellent responsiveness to AA needs.

Description of Institution's Operations in California

HBUS has two AAs in the California that comprise the Los Angeles-Anaheim MSA (LA MSA) in its entirety and a portion of the San Jose-San Francisco CSA (San Jose CSA). Refer to appendix A for a description of the AAs.

California represents the bank's second largest market in terms of branches, deposits, and loan activity. HBUS operates 35 branches within the state with total deposits of \$17.4 billion, which represent 10.8 percent of the bank's adjusted deposits and a market share of 1 percent. Major competitors include Bank of America, Wells Fargo, and JPMorgan Chase, each with substantially larger branch networks. These three banks combined have a 50.9 percent deposit market share.

Both the LA MSA and San Jose CSA are high to very-high cost housing areas, limiting access to affordable home ownership among LMI borrowers. The median housing value of a single-family home in the LA MSA and San Jose CSA is \$515,607 and \$665,731, respectively. The NAR

⁴ This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

fourth quarter of 2020 median sales price in the LA MSA and San Jose CSA is \$688,700 and \$1.4 million, respectively.

The poverty level across the AAs was considered in our evaluation of lending performance. In the LA MSA, the overall household poverty level in the AA is 15 percent. However, in low-income geographies it increases to 36 percent and in moderate-income geographies it increases to 23 percent. The poverty level in MUI geographies is just 10 percent.

In the San Jose CSA, the overall household poverty level in the AA is 10 percent. However, in low-income geographies it increases to 26 percent and in moderate-income geographies it increases to 14 percent. The poverty level in MUI geographies is just 7 percent.

LA MSA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Los Angeles MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,929	9.1	28.0	25.9	35.1	1.8
Population by Geography	13,154,457	8.6	28.9	26.9	35.0	0.6
Housing Units by Geography	4,541,360	7.5	25.8	26.2	40.1	0.4
Owner-Occupied Units by Geography	2,082,030	2.7	17.6	27.5	52.2	0.1
Occupied Rental Units by Geography	2,190,392	12.0	33.7	25.1	28.4	0.7
Vacant Units by Geography	268,938	8.0	24.6	24.4	42.2	0.8
Businesses by Geography	1,270,483	4.8	19.1	24.8	49.3	1.9
Farms by Geography	12,567	3.7	18.8	27.3	49.3	0.9
Family Distribution by Income Level	2,913,538	24.4	16.3	17.0	42.3	0.0
Household Distribution by Income Level	4,272,422	25.6	15.5	16.1	42.8	0.0
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA		\$62,703	Median Housing Value			\$515,607
Median Family Income MSA - 11244 Anaheim-Santa Ana- Irvine, CA		\$86,003	Median Gross Rent			\$1,353
			Families Below Poverty Level			13.0%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The economy in Los Angeles County suffered deeply from the COVID-19 pandemic and is currently in a slow recovery. The area remains among the most affected by the pandemic as cases of the virus continue to increase. The unemployment rate remains high at 10.9 percent, down from a high of 21.1 percent in May 2020 but with employment growth slower than the national average. A number of unemployed have dropped out of the labor market. There are currently significant business restrictions in place that will affect further economic recovery, with the effects likely lasting after the pandemic is over. The area is a global center for tourism, entertainment, and global trade and has a strong healthcare industry, although high living and business costs may affect migration and limit population growth, possibly hindering housing, consumer industries, and labor force quality. The top employers in the area are Cedars Sinai Medical Center, Los Angeles International Airport, University of California-Los Angeles, VXi Global Solutions, and The Walt Disney Company.

The economy in Orange County has also suffered during the pandemic, with coronavirus cases increasing and significant business restrictions limiting economic recovery. The unemployment rate is currently 6.4 percent, down from a high of 14.7 percent in May 2020 and lower than neighboring Los Angeles County. Orange County's economy is reliant on tourism and hospitality, both of which have been severely harmed by the pandemic. The area does have strong technology and healthcare industries that will aid economic recovery. The top employers in the area are Disney Resorts, University of California-Irvine, St. Joseph's Health, Kaiser Permanente, and Target Brands Inc.

Residential construction increased at a slow pace. Housing slipped in 2020 but started to rebound in first quarter of 2021. The inventory of unsold properties and the rental vacancy rate remain low. Supply limits remain a problem everywhere. The economic strengths for the area include a strong health care base; a growing technological presence; and global links through entertainment, tourism, and fashion. Weaknesses include high costs that discourage net migration gains and weakness due to drought, wildfires, and earthquakes

Community Contacts

Examiners reviewed three community contacts made during the evaluation period in the LA MSA to assess the community credit needs and opportunities for financial institution to assist in meeting the needs. The contacts represented organizations involved in housing, economic development, and community services. The primary credit need in this MSA is affordable housing. The contacts noted that banks can partner with CDFIs as these institutions can provide more critical market knowledge. The contacts also noted that another community credit need is loans to small businesses. Additional opportunities in the MSA include affordable credit products, assistance for grants, workforce development, financial literacy, micro loans, credit counseling, and small consumer loans. Banks can also partner in the new transportation and commercial corridors using grants and partnerships with community-based organizations.

San Jose CSA

Table A – Demographic Information of the Assessment Area						
Assessment Area: San Jose CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,296	11.3	21.2	31.8	34.4	1.2
Population by Geography	6,138,694	10.9	21.7	33.6	33.5	0.4
Housing Units by Geography	2,297,563	10.5	20.5	33.3	35.2	0.5
Owner-Occupied Units by Geography	1,178,268	4.7	16.6	34.4	44.2	0.1
Occupied Rental Units by Geography	999,746	16.8	25.0	32.3	25.0	0.8
Vacant Units by Geography	119,549	15.2	20.9	30.9	32.0	1.0
Businesses by Geography	563,570	10.1	17.5	30.3	41.5	0.6
Farms by Geography	7,527	7.9	18.3	33.6	40.0	0.2
Family Distribution by Income Level	1,429,046	24.3	15.8	18.2	41.7	0.0
Household Distribution by Income Level	2,178,014	26.1	14.8	16.4	42.7	0.0
Median Family Income MSA - 36084 Oakland-Berkeley-Livermore, CA		\$93,822	Median Housing Value			\$665,731
Median Family Income MSA - 41940 San Jose-Sunnyvale-Santa Clara, CA MSA		\$107,126	Median Gross Rent			\$1,574
Median Family Income MSA - 41884 San Francisco-San Mateo-Redwood City, CA		\$103,742	Families Below Poverty Level			7.2%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The San Francisco economy ended its seven-year expansion as the Covid-19 pandemic caused a sudden increase in job losses. San Francisco's unemployment rate increased to 12.1 percent during the second quarter of 2020 but remained below the state average of 15.9 percent. The area's major industries are technology, financial services, and healthcare. The biggest job losses resulting from the pandemic occurred within the tourism industry. The cost of living and the cost of doing business in the area remained very high at 195 percent and 168 percent of the national average, respectively. The top employers in the area are the University of California at San Francisco, Salesforce.com, and Wells Fargo.

As noted earlier, housing costs, including rental housing, are very high in the San Jose CSA. All income levels are affected, but LMI persons are disproportionately affected. We considered these factors in the bank’s Lending Test rating for the state.

Community Contacts

Examiners reviewed four community contacts made during the evaluation period in the San Jose CSA. The contacts represented CDFIs, housing, and community development organizations. They noted that affordable housing is a primary credit need in this CSA. Residents also need down payment assistance, financial education, employment assistance, and job training. One contact identified that gentrification is rampant and those with income of 80 percent or less of median income cannot qualify for a home. Small consumer loans and micro loans for small businesses are additional needs. More partnerships with non-profits and CDFIs would assist with areas with capital constraints.

Scope of Evaluation in California

Each AA received a full-scope review and was weighted nearly equally in arriving at the overall state rating, given the level of deposits, lending, and branches in each area. Home mortgage lending was given greater weight than small business lending based on the volume of loans originated. Additionally, the high/very high cost of housing and the poverty levels within each AA was considered in our evaluation of the Lending Test for the state.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CALIFORNIA

LENDING TEST

The bank’s performance under the Lending Test in California is rated Outstanding.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank’s performance in the LA MSA and San Jose CSA is excellent.

Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs, considering the number and dollar amount of home mortgage, small business, and CD lending activity relative to the bank’s capacity based on deposits, competition, and market presence.

Number of Loans						
Assessment Area	Home Mortgage	Small Business	Community Development	Total	% State Loans	% State Deposits
LA MSA	4,387	2,293	32	6,712	52.9	46.8
San Jose CSA	4,400	1,539	43	5,982	47.1	53.2
Total	8,787	3,832	75	12,694	100.0	100.0

Dollar Volume of Loans (\$000s)						
Assessment Area	Home Mortgage	Small Business	Community Development	Total	% State* Loans	% State Deposits
LA MSA	2,931,429	96,095	197,094	3,224,618	46.7	46.8
San Jose CSA	3,455,850	71,867	147,297	3,675,014	53.3	53.2
Total	6,387,279	167,962	344,391	6,899,632	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

LA MSA

HBUS ranked 18th in deposits with 1 percent market share placing it in the top 16 percent of banks. In overall HMDA lending, HBUS ranked 92nd with 0.2 percent market share placing it in the top 10 percent of lenders. This is a highly competitive market with 920 home mortgage lenders. No lender dominated the market. The top lender in this market was Quicken Loans with 9.1 percent market share followed by United Wholesale Mortgage with 9 percent, and Wells Fargo Bank with 4.6 percent. In small loans to businesses, HBUS ranked 51st with a market share of 0.2 percent placing it in the top 14 percent of lenders. The top four lenders with a combined market share of 56.7 percent were American Express with 16.8 percent, Bank of America with 15.5 percent, JPMorgan Chase with 13.5 percent, and Wells Fargo with 10.9 percent. This is a highly competitive market with 381 small business lenders.

San Jose CSA

HBUS ranked 11th in deposits with 1.4 percent market share placing it in the top 10 percent of banks. In overall HMDA lending, HBUS ranked 37th with 0.5 percent market share placing it in the top 5 percent of lenders. This is a highly competitive market with 806 home mortgage lenders. The top lender in this market was Quicken Loans with 12.4 percent followed by Wells Fargo Bank with 7.2 percent market share. In small loans to businesses, HBUS ranked 43rd with a market share of 0.2 percent placing it in the top 15 percent of lenders. The top four lenders with a combined market share of 56.8 percent were Bank of America with 15.9 percent, JPMorgan Chase with 14.5 percent, Wells Fargo with 13.4 percent, and American Express with 13 percent. This is a highly competitive market with 306 small business lenders.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AAs.

Home Mortgage Loans

The geographic distribution of home mortgage loans is excellent in both the LA MSA and San Jose CSA, given the high/very high cost of housing and poverty level.

Refer to Table O in the state of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The proportion of the bank's loans exceeded the proportion of owner-occupied housing and the aggregate distribution of loans in LMI geographies. Despite the cost of housing and poverty level in the AAs, the bank was able to achieve excellent penetration in these geographies.

Small Loans to Businesses

The geographic distribution of small loans to businesses in the combined AAs is good. This is based on adequate performance in the LA MSA and good performance in the San Jose CSA.

Refer to Table Q in the state of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

LA MSA

The proportion of the bank's loans in low-income geographies was significantly below the proportion of businesses located in those geographies and the aggregate distribution of loans. The proportion of the bank's loans in moderate-income geographies exceeded both the proportion of businesses located in those geographies and the aggregate distribution of loans.

San Jose CSA

The proportion of the bank's loans in low-income geographies was below the proportion of businesses located in those geographies and the aggregate distribution of loans. The proportion of the bank's loans in moderate-income geographies exceeded both the proportion of businesses located in those geographies and the aggregate distribution of loans.

Lending Gap Analysis

Examiners reviewed summary reports and maps to analyze home mortgage and small business lending activity to identify any gaps in the geographic distribution of loans in the AA. Examiners did not identify any unexplained conspicuous gaps in any of the areas they reviewed.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and business and farms of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

The overall borrower distribution of home mortgage loans reported in the AAs is good, given the high cost of housing and poverty level.

Refer to Table P in the state of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

In both the LA MSA and San Jose CSA, the proportion of the bank's distribution of loans to low-income borrowers was significantly below the proportion of low-income families, but significantly

exceeded the aggregate distribution of loans. The proportion of the bank's distribution of loans to moderate- income borrowers exceeded or approximated the percentage of moderate-income families and significantly exceeded the aggregate distribution of loans.

Small Loans to Businesses

The overall distribution of small loans to businesses is poor.

Refer to Table R in the state of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. This is a highly competitive market.

LA MSA

The distribution of loans to small businesses was well below the proportion of small businesses and below the aggregate distribution of loans.

San Jose CSA

The distribution of loans to small businesses was substantially below the proportion of small businesses and the aggregate distribution of loans.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

CD lending had a significantly positive impact on the overall Lending Test of the rating area. The dollar volume in the LA MSA and San Jose CSA equaled 19.8 and 11 percent of allocated tier 1 capital, respectively.

The bank's CD loans were responsive to the identified needs of the AAs. Examples of CD loans made in the AA include:

LA MSA

- \$50 million loan to a healthcare company providing coverage to families that qualify for government-sponsored programs, including Medicaid and through the State Children's Health Insurance Program.
- \$40 million loan to a dairy cooperative that supports hundreds of small family-owned dairy farms that provide milk and juice products to the school districts in Southern California. The cooperative helps to create economy of scale that allows these small farms to compete with much larger farms.

- \$20 million revolving line of credit to a CDFI that makes direct loans for affordable housing, community facilities, small business and commercial real estate that serve LMI communities. The CDFI provided financing for the acquisition and rehabilitation of a motel into a homeless shelter that will house 40 displaced families.
- \$2 million line of credit to a nonprofit organization involved in preservation, revitalization, and expansion of affordable housing communities across the United States. The nonprofit in turn provided predevelopment financing for a transit-oriented development project that will create 187 units of affordable housing with 50 percent set aside for permanent supportive housing in Los Angeles.

San Jose CSA

- \$17 million in CD loans to a nonprofit small business lending company authorized to provide SBA 7(a) loans. The loans to job-creating small businesses can be used for commercial real estate, business acquisition, equipment, working capital, debt refinancing and more.
- \$5 million loan to a CDFI that provides loans, grants, equity, and technical assistance to local nonprofit partners and developers.
- \$2 million loan to a CDFI whose mission is to assist small businesses create jobs and stimulate economic development in LMI communities in the Bay Area (San Francisco/Oakland)

Product Innovation and Flexibility

The institution uses innovative and/or flexible lending practices in order to serve AA credit needs. Refer to the Flexible and Innovative Lending Products discussed earlier in this evaluation.

INVESTMENT TEST

The bank's performance under the Investment Test in California is rated Outstanding.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the LA MSA and San Jose CSA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Los Angeles MSA	8	26,316	65	79,644	73	58	105,960	57	1	4,770
San Jose CSA	6	743	45	77,537	51	41	78,685	42	1	3,000
Broader Statewide Regional Area (BSRA) California	2	397	-	-	2	1	397	1	-	-
Total	16	27,456	110	157,181	126	100	184,637	100	2	7,770

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

LA MSA

The bank has an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The combined prior and current period dollar volume represents 10.8 percent of allocated tier 1 capital allocated to the AA.

The bank exhibits excellent responsiveness to credit and community economic development needs. The bank makes significant use of innovative and/or complex investments to support CD initiatives. HBUS had 33 qualified investments and grants totaling \$94 million related to affordable housing, 33 qualified investments and grants totaling \$11.8 million related to economic development and revitalization/stabilization, and seven qualified investments and grants totaling \$50 thousand to community service organizations that provided needed services to LMI individuals.

Examples of qualified investments made in the AA include:

- \$18.2 million investment in a single property LIHTC for a 102-unit mixed use affordable housing community. HBUS was the sole investor in the project. The apartments are primarily for residents earning between 20 percent and 80 percent of the AMI. Forty units will receive rental subsidies under HUD Section 8. Fifteen apartments are also reserved for special-need homeless households.
- \$2.3 million equity investment in a publicly traded CRA impact fund.
- \$75 thousand donation to a non-profit organization supporting community development to develop affordable housing and community facilities. The organization has over 10,000 units of affordable housing for low-income residents throughout Los Angeles.

San Jose CSA

The bank has an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The combined prior and current period dollar volume represents 7 percent of allocated tier 1 capital allocated to the AA.

The bank exhibits excellent responsiveness to credit and community economic development needs. The bank makes significant use of innovative and/or complex investments to support CD initiatives. HBUS had 16 qualified investments and grants totaling \$73.2 million related to affordable housing, 27 qualified investments and grants totaling \$5.1 million related to economic development and revitalization/stabilization, and eight grants totaling \$50 thousand to community service organizations.

Examples of qualified investments in the AA include:

- \$10.9 million investment in a LIHTC for an 82-unit development. The units are primarily for individuals with AMI ranging from 30 percent to 50 percent, with one-third of the units set aside for chronically homeless individuals.
- \$15.2 million in a LIHTC for the new construction of a 105-unit project. The property will provide housing for new homeless/low-income veteran households. The units are set aside for individuals with incomes of 30 to 60 percent of AMI.
- \$100 thousand donation to a CDFI that offers loans with special terms to businesses affected by COVID-19 and emergency grant programs to support immediate small business cash flow needs. The organization also provides technical assistance such as business consulting, financial planning, and community development to disadvantaged entrepreneurs at risk of displacement

In addition to investments made in its AAs, the bank also made two prior period investments totaling \$397 thousand in the state of California. The investments addressed the needs of affordable housing and economic development.

SERVICE TEST

The bank's performance under the Service Test in California is rated Outstanding.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the LA MSA is good and the bank's performance in the San Jose MSA is excellent.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the bank's AAs.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
LA MSA	46.8	24	53.3	4.1	20.8	4.2	66.7	8.6	28.9	26.9	35.0
San Jose CSA	53.2	21	46.7	14.2	23.8	19.0	42.8	10.9	21.7	33.6	33.5

LA MSA

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in its AA. In the LA MSA, the proportion of branches in low-income geographies is well below the proportion of the population and in moderate-income geographies was near to the proportion of the population.

San Jose CSA

Service delivery systems are readily accessible to geographies and individuals of different income levels in the bank's AAs. In the San Jose CSA, the proportion of branches in LMI geographies exceeds the proportion of the population in those geographies.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Branch Openings/Closings			
			Net change in Location of Branches (+ or-)			
			Low	Mod	Mid	Upp
LA MSA	5	2	0	0	-1	+4
San Jose CSA	7	0	0	+4	0	+3

LA MSA

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch in a moderate-income geography and closed one branch each in a moderate- and middle-income geography. The closed branches were part of the bank's business strategy to exit retail banking.

Services, including where appropriate, business hours, do not vary in a way that inconveniences, its AA, particularly low- and moderate-income geographies and/or individuals. Branch operating hours were

consistent throughout the AA. Approximately 50 percent of the branches in LMI geographies were opened for Saturday banking compared with 55.6 percent of the branches in MUI geographies.

San Jose CSA

To the extent changes have been made, the bank's opening and closing of branches has improved the accessibility of its delivery systems, particularly in LMI and/or to LMI individuals. The bank opened four branches in moderate-income geographies. The bank did not close any branches in the AA.

Services, including where appropriate, business hours, do not vary in a way that inconveniences, its AA, particularly low- and moderate-income geographies and/or individuals. Branch operating hours were consistent throughout the AA. Approximately 37.5 percent of the branches in LMI geographies were opened for Saturday banking compared with 53.8 percent of the branches in MUI geographies.

Community Development Services

The institution is a leader in providing CD services.

LA MSA

During the evaluation period, 141 employees provided 1,621 hours in services to 38 organizations. The bank's assistance was responsive to identified needs in the AA, particularly financial education for low- and moderate-income individuals and families.

The following are examples of CD services provided in this AA:

- 25 employees provided 278 hours virtually delivering the Your Money Counts program.
- Six employees contributed 76 hours to a non-profit community development organization that provides financial education and asset building resources for low-income individuals.

San Jose MSA

The institution is a leader in providing CD services.

During the evaluation period, 78 employees provided 709 hours in providing services to 11 organizations. The bank's assistance was responsive to identified needs in the AA, particularly financial education for low- and moderate-income individuals and families.

The following are examples of CD services provided in this AA:

- 44 employees contributed 491 hours to a program that teaches LMI students about entrepreneurship, financial management, and economics.
- 16 employees contributed 41 hours virtually by teaching financial literacy using the Your Money Counts program.

- Two employees contributed 29 hours by serving on the board of two community development organizations.

State Rating

State of Florida

CRA rating for the State of Florida:	Outstanding
The Lending Test is rated:	Outstanding
The Investment Test is rated:	Outstanding
The Service Test is rated:	Low Satisfactory

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to the AA's credit needs.
- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses was excellent and overall borrower distribution was good.
- CD loans were effective in addressing community credit needs. The bank made a relatively high level of CD loans that had a positive impact on the Lending Test.
- The bank made an excellent level of qualified investments, grants, and donations. Qualified investments were effective and responsive in addressing community credit needs.
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA.
- The bank is a leader in providing CD services with excellent responsiveness to AA needs.

Description of Institution's Operations in Florida

HBUS has defined the Miami-Fort Lauderdale-Pompano Beach MSA (Miami MSA) in its entirety as its AA. Refer to appendix A for a complete description of the AA.

The Miami MSA represents the third largest market for HBUS in terms of branches, deposits, and lending activity.

The bank had deposits of \$4.6 billion and ranked 19th in the state with 0.8 percent market share. The deposits represent 4 percent of the bank's adjusted deposits. Major competitors include Bank of America, Wells Fargo Bank, Truist Bank, and JPMorgan Chase. Together these four banks have a combined market share of 50 percent, and each have significantly larger branch networks within the MSA.

The Miami MSA is a high cost housing area, limiting access to affordable home ownership among LMI borrowers. The median housing value is \$227,861 and the fourth quarter of 2020 NAR median sales price of a single-family home is \$425,000.

The poverty level across the AA was considered in our evaluation of lending performance. Families living below the stated poverty rate are identified as having difficulty meeting basic financial needs and as such are less likely to have the financial wherewithal to qualify for a home loan than those with income above poverty. In the Miami MSA, the overall poverty level was 13.5 percent. However, in low-income geographies, the household poverty rate increases to 40 percent and in moderate-income geographies it increases to 24 percent. In middle- and upper-income geographies, the combined poverty level is just 11 percent.

Miami MSA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Miami MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,219	6.2	28.2	29.5	33.6	2.5
Population by Geography	5,861,000	5.8	28.9	31.5	33.4	0.4
Housing Units by Geography	2,484,604	5.5	27.9	30.9	35.3	0.3
Owner-Occupied Units by Geography	1,248,038	2.6	23.2	32.9	41.2	0.2
Occupied Rental Units by Geography	799,004	10.1	36.4	30.1	22.9	0.5
Vacant Units by Geography	437,562	5.6	25.9	26.7	41.2	0.6
Businesses by Geography	1,153,160	4.1	21.8	28.1	44.7	1.2
Farms by Geography	15,598	4.7	24.5	29.6	40.8	0.4
Family Distribution by Income Level	1,330,793	23.1	17.0	17.7	42.2	0.0
Household Distribution by Income Level	2,047,042	25.1	15.7	16.6	42.6	0.0
Median Family Income MSA - 22744 Fort Lauderdale-Pompano Beach- Sunrise, FL		\$61,809	Median Housing Value			\$227,861
Median Family Income MSA - 33124 Miami-Miami Beach-Kendall, FL		\$49,264	Median Gross Rent			\$1,194
Median Family Income MSA - 48424 West Palm Beach-Boca Raton-Boynton Beach, FL		\$65,914	Families Below Poverty Level			13.5%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to Moody's Analytics February 2021 report, the Miami MSA is slowly recovering from the COVID-19 recession. The area's unemployment rate has retreated for three consecutive months, though much of the recent drop is due to out-of-work employees abandoning the labor market. Total private employment is down 5 percent compared with pre-pandemic levels, and this reduction is unevenly distributed. Low-wage jobs in leisure/ hospitality are still 17 percent below a year ago, while high-wage jobs in finance have increased by 3 percent. The cost of living continues to increase, driven by higher home prices.

Employment growth in leisure/hospitality will be tempered due to the slow rebound in cruise traffic at Port Miami. Prior to the pandemic, more than 5 million visitors booked cruises through the port, the world's busiest harbor for passenger vessels, but the number of bookings recorded in 2020 was a tiny fraction of recent years' totals because of the COVID-19 imposed national no-sail order for most of the year.

The largest employers in the area include service, retail, healthcare, and education providers such as the University of Miami, Jackson Health System, Publix Super Markets Inc., Baptist Health Systems, and American Airlines.

The Miami MSA area poses challenges to home mortgage lenders in the AA, including HBUS. The MSA is a high cost housing area, limiting access to affordable home ownership among LMI borrowers. The median housing value is \$227,861 while the median sales price of a single-family home in December 2020 was \$425,000. One simplistic method used to determine housing affordability assumes a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income.

Assuming a 30-year mortgage with a 5 percent interest rate, and not accounting for down payment, homeowners insurance, real estate taxes, or any additional monthly expenses, a low-income borrower making \$34,653 per year (or less than 50 percent of the FFIEC adjusted median family income in the AA) could afford a \$161,301 mortgage with a payment of \$866 per month; a moderate-income borrower earning \$55,445 per year (or less than 80 percent of the FFIEC adjusted median family income in the AA) could afford a \$258,089 mortgage with a payment of \$1,385 per month.

Community Contacts

Examiners reviewed three community contacts made during the evaluation period in the Miami MSA. The contacts represented community-based organizations serving LMI and governmental agencies. They noted that affordable housing is a primary credit need. Homeownership is difficult for LMI families as home prices increase, making it difficult for LMI residents to afford the down payment along with costs to maintain the home. There is a critical need for living wage jobs to enable LMI to support housing and other costs. Low wage jobs in the retail services, hospitality, and tourism industries means wages are unable to keep pace with rising housing costs. There is a limited supply of affordable housing inventory and the MSA also needs more affordable rental units. Small businesses in the MSA need technical assistance, access to capital, credit counseling and financial literacy training.

Scope of Evaluation in Florida

The Miami MSA received a full-scope review. Home mortgage loans received greater weight based on loan originations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FLORIDA

LENDING TEST

The bank's performance under the Lending Test in Florida is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Miami MSA is excellent.

Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs considering the number and dollar amount of home mortgage, small business, and CD lending activity relative to the bank's capacity based on deposits, competition, and market presence.

Number of Loans				
Assessment Area	Home Mortgage	Small Business	Community Development	Total
Miami MSA	2,284	1,280	37	3,601

Dollar Volume of Loans (\$ 000s)				
Assessment Area	Home Mortgage	Small Business	Community Development	Total
Miami MSA	953,834	93,201	43,250	1,090,285

HBUS ranked ninth in deposits with 2.3 percent market share placing it in the top 11 percent of banks. In overall HMDA lending, HBUS ranked 62nd with 0.3 percent market share placing it in the top 6 percent of lenders. This is a very competitive market with 1,076 home mortgage lenders. No lender dominated the market. The top lender in this market was Quicken Loans with 7.1 percent market share followed by Wells Fargo Bank with 5.3 percent, and United Wholesale Mortgage with 5.3 percent. In small loans to businesses, HBUS ranked 45th with a market share of 0.2 percent placing it in the top 12 percent of lenders. The top three lenders with a combined market share of 45.3 percent were American Express with 18.7 percent, Bank of America with 16.6 percent, and JPMorgan Chase with 10 percent. This is a highly competitive market with 392 small business lenders.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans is excellent.

Refer to Table O in the state of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The proportion of loans in both LMI geographies exceeded both the percentage of owner-occupied housing in those geographies and the aggregate distribution of loans.

Small Loans to Businesses

Refer to Table Q in the state of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The proportion of loans in low-income geographies approximated the proportion of businesses and was below the aggregate distribution of loans. In moderate-income geographies, the proportion of loans exceeded both the proportion of businesses located in those geographies and the aggregate distribution of loans.

Lending Gap Analysis

Examiners reviewed summary reports and maps to analyze home mortgage and small business lending activity to identify any gaps in the geographic distribution of loans in the AA. Examiners did not identify any unexplained conspicuous gaps in any of the areas they reviewed.

Distribution of Loans by Income Level of the Borrower

The bank exhibits excellent distribution of loans among individuals of different income levels and business and farms of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

The distribution of home mortgage loans by income level of the borrower is excellent. We considered the high cost of housing and the poverty level of the AA in reaching our conclusions.

Refer to Table P in the state of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The proportion of loans to low-income borrowers was significantly below the proportion of families in the AA and exceeded the aggregate distribution of loans. The proportion of loans to moderate-income borrowers exceeded both the proportion of families and significantly exceeded the aggregate distribution of loans.

Small Loans to Businesses

The distribution of small loans to businesses is adequate.

Refer to Table R in the state of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The proportion of loans to small businesses was well below the proportion of small businesses in the AA and exceeded the aggregate distribution of those loans.

Community Development Lending

The bank has made an adequate level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans. The dollar volume in Miami MSA equaled 5.6 percent of allocated tier 1 capital.

CD lending had a positive impact on the overall Lending Test of the rating area.

The bank's CD loans were responsive to the identified needs of the AAs. Approximately 43.4 percent of the dollars were for affordable housing, 45.1 percent were for economic development, and 11.5 percent were for community services. Examples include:

- \$4 million in revolving lines of credit (originated and renewed twice) to a CDFI loan fund that provides financing to support community development projects including affordable housing, supportive housing, community facilities, and economic development projects in low-income communities.
- \$2 million line of credit to a CDFI that assists individuals in repairing their finances. The organization offers small flexible loans and financial coaching to help create pathways out of poverty.
- \$1 million line of credit (originated and renewed once) to a CDFI that aggregates loan capital to finance the creation and preservation of affordable housing. To fulfill its mission, the CDFI provides predevelopment, acquisition, construction, and permanent multifamily and single-family loans, directly and exclusively to nonprofit developers of the NeighborWorks network.

Product Innovation and Flexibility

The institution uses innovative and/or flexible lending practices in order to serve AA credit needs. Refer to the Flexible and Innovative Lending Products discussed earlier in this evaluation.

INVESTMENT TEST

The bank's performance under the Investment Test in Florida is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Miami MSA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Miami MSA	11	31,998	70	61,459	81	100	93,457	100	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The bank has an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The combined prior and current period dollar volume represents 12 percent of tier 1 capital allocated to the AA.

The bank exhibits excellent responsiveness to credit and community economic development needs. The bank occasionally uses innovative and/or complex investments to support CD initiatives. HBUS had 47 qualified investments and grants totaling \$83.7 million related to affordable housing, 28 qualified investments and grants totaling \$9.7 million related to economic development, revitalization/stabilization, and six grants and donations totaling \$58 thousand to community service organizations that provided needed services to LMI individuals.

Examples of qualified investments in the AA include:

- \$24.4 million investment in a single-property LIHTC with the bank as the sole investor. Seventy-four of the 80-units of new construction are set-aside for LMI households. Additionally, 56 of the 74 units will be set-aside for permanent supportive housing. The property is in the West Little River section of Miami.
- \$2.4 million equity in a joint fund created by HBUS and a national association representing CDFIs. The fund provides loans and equity investments to underserved communities in the Miami MSA.
- \$1.9 million investment in a LIHTC for an affordable housing project for low-income seniors. This building also offers units for HUD Section 8 rental assistance.

SERVICE TEST

The bank's performance under the Service Test in Florida is rated Low Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Miami AA is adequate.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the bank's AA, particularly LMI geographies and/or individuals.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Miami MSA	100	7	100	0	14.3	0	85.7	5.8	28.9	31.5	33.4

There are no branches in low-income geographies. In moderate-income geographies, the proportion of branches is well below the proportion of the moderate-income population.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Branch Openings/Closings			
			Net change in Location of Branches (+ or-)			
			Low	Mod	Mid	Upp
Miami MSA	0	10	0	-1	-4	-5

To the extent changes have been made, the bank's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. As part of the bank's strategy to exit retail banking, 10 branches were closed in the AA, with most in MUI geographies.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA particularly LMI geographies and/or individuals. All branches are open Monday to Friday from 10 A.M. to 4 P.M. The branch located in the moderate-income geography is also open on Saturday from 9 A.M. to 1 P.M.

Community Development Services

The institution is a leader in providing CD services.

During the evaluation period, 78 employees provided 1,045 hours of service to 34 organizations. Services primarily involve providing financial literacy and education to LMI persons. Other services involve providing board leadership for local non-profit organizations, participating in homebuyer's workshops, and offering technical support for local non-profit organizations.

Examples of CD services in the AA include:

- 16 employees taught financial literacy using the Your Money Counts program.
- Employees met with over 200 small business owners and startups during Small Business Month, providing them with tools and information to be successful.
- The regional community development manager served on the board of a foundation involved in economic development within Miami.

State Rating

State of New York

CRA rating for the State of New York⁵:	Outstanding
The Lending Test is rated:	Outstanding
The Investment Test is rated:	Outstanding
The Service Test is rated:	High Satisfactory

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to the AA's credit needs.
- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses was excellent and overall borrower distribution was good.
- CD loans were effective in addressing community credit needs. The bank made an excellent level of CD loans that had a positive impact on the Lending Test.
- The bank made an excellent level of qualified investments, grants, and donations. Qualified investments were effective and responsive in addressing community credit needs.
- Service delivery systems are accessible to geographies and individuals of different income levels in the AA.
- The bank is a leader in providing CD services with excellent responsiveness to AA needs.

Description of Institution's Operations in New York

HBUS has defined its AA as the Buffalo-Cheektowaga MSA (Buffalo MSA) in its entirety consisting of Erie and Niagara counties. HBUS re-entered this market in September 2019 with the opening of a branch in Depew. The bank opened a second branch in November 2020.

The bank had \$3.6 billion in deposits and ranked third of 18 banks with 5.6 percent market share. The two banks ahead of HBUS in market share were M&T Trust Company (62.4 percent) and KeyBank (14 percent). Each of these banks have a substantially larger branch network.

⁵ This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

Buffalo MSA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Buffalo MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	299	15.4	18.1	39.8	23.4	3.3
Population by Geography	1,135,734	12.7	13.5	40.0	32.5	1.3
Housing Units by Geography	519,952	14.3	15.0	40.6	29.9	0.2
Owner-Occupied Units by Geography	311,183	6.9	11.4	43.8	37.9	0.0
Occupied Rental Units by Geography	159,470	23.9	19.7	37.1	18.9	0.4
Vacant Units by Geography	49,299	29.7	22.7	32.0	15.1	0.5
Businesses by Geography	77,877	9.6	12.0	36.7	38.0	3.7
Farms by Geography	2,021	3.3	4.3	47.6	43.7	1.0
Family Distribution by Income Level	284,789	22.2	16.6	20.3	40.9	0.0
Household Distribution by Income Level	470,653	25.9	15.3	16.5	42.3	0.0
Median Family Income MSA - 15380 Buffalo-Cheektowaga, NY MSA		\$67,108	Median Housing Value			\$125,586
			Median Gross Rent			\$726
			Families Below Poverty Level			10.7%
<i>Source: 2015 ACS and 2020 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Buffalo is home to more than 1.1 million people, and accounts for 96 percent of the total population of the MSA. Historically, manufacturing was the driving force of Buffalo's economy, with steel factories and auto parts suppliers having a particularly strong presence. However, as in much of upstate New York, Buffalo's economy has undergone significant restructuring over the past few decades, with steep job losses in manufacturing offset by growth in the service sector. Manufacturing accounts for 4 percent of employment in the region, with the service sector accounting for 44 percent of employment. Trade with Canada also plays a key role in the local economy. After decades of decline, the area's population has stabilized, and the region has seen moderate job growth since the Great Recession.

The number of businesses in the MSA has decreased 11 percent since 2014. Forty-four percent of businesses are service providers and 15 percent are retailers. The top employers in the MSA are Kaleida Health, Catholic Health Systems, and M&T Bank.

The MSA suffered substantial job losses related to the COVID-19 pandemic. According to the U.S. Bureau of Labor Statistics, the Buffalo metropolitan area lost 23.3 percent of its private-sector jobs between April 2019 and April 2020. Unemployment in the MSA was as of December 2020.

Recently, Buffalo was included on the Forbes list of *10 Most Affordable Cities to Buy a Home*; however, homeownership remains out of reach for LMI people living in this MSA. In low-income geographies, the percentage of households below the poverty level is 40 percent, while in moderate-income

geographies it is 21 percent. In MUI tracts combined, the percentage of households below the poverty is just 9 percent.

Community Contacts

Examiners reviewed two community contacts made during the evaluation period in the MSA including an interagency listening session. The contacts represented organizations involved in affordable housing, small business/economic development, and financial/social services. Contacts noted that financing for community development projects and home improvement loans for low-income residents are primary credit needs. There is also need for technical assistance, job training, workforce development, and financial literacy training.

Scope of Evaluation in New York

The Buffalo MSA received a full-scope review. The area received minimal weighting as the bank re-entered this market in late 2019 and existed for a one-year period. Home mortgage lending received substantially more weight based on the volume of loan originations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW YORK

LENDING TEST

The bank's performance under the Lending Test in New York is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Buffalo AA is excellent.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs, considering the AA existed for only one year of the evaluation period, the number and dollar amount of home mortgage, small business, and CD lending activity relative to the bank's capacity based on deposits, competition, and market presence.

Assessment Area	Home Mortgage	Small Business	Community Development	Total
Buffalo MSA	417	90	3	510

Assessment Area	Home Mortgage	Small Business	Community Development	Total
Buffalo MSA	67,434	15,243	20,000	102,677

HBUS ranked third in deposits with 5.8 percent market share placing it in the top 17 percent of banks. In overall HMDA lending, HBUS ranked 18th with 1.2 percent market share placing it in the top 6 percent of lenders. This is a competitive market with 264 home mortgage lenders. The top

lender in this market was M&T Bank with 13.8 percent market share followed by KeyBank with 8.8 percent and Quicken Loans with 7.9 percent. In small loans to businesses, HBUS ranked 27th with a market share of 0.3 percent placing it in the top 20 percent of all lenders. The top three lenders with a combined market share of 42.9 percent were M&T Bank with 19.1 percent, KeyBank with 13.2 percent, and American Express with 10.6 percent. This is a competitive market with 137 small business lenders.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans is excellent.

Refer to Table O in the state of New York section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The proportion of loans in low-income geographies was below the proportion of owner-occupied housing in those geographies and exceeded the aggregate distribution of loans. The proportion of loans in moderate-income geographies exceeded both the proportion of owner-occupied housing and the aggregate distribution of loans. Despite the high poverty level in LMI geographies, the bank achieved excellent penetration.

Small Loans to Businesses

The geographic distribution of small loans to businesses is excellent.

Refer to Table Q in the state of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The proportion of loans in low-income geographies was below the proportion of businesses in those geographies and near to the aggregate distribution of loans. The proportion of loans in moderate-income geographies significantly exceeded both the proportion of businesses located in those geographies and the aggregate distribution of loans.

Lending Gap Analysis

Examiners reviewed summary reports and maps to analyze home mortgage and small business lending activity to identify any gaps in the geographic distribution of loans in the AA. Examiners did not identify any unexplained conspicuous gaps in any of the areas they reviewed.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and business and farms of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

The distribution of home mortgage loans by borrower income is excellent, given the poverty level across the AA.

Refer to Table P in the state of New York section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The proportion of loans to low-income borrowers was below the proportion of low-income families in the AA and significantly exceeded the aggregate distribution of loans. The proportion of loans to moderate-income borrowers exceeded both the proportion of moderate-income families and the aggregate distribution of loans.

Small Loans to Businesses

The distribution of small loans to businesses is very poor.

Refer to Table R in the state of New York section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The proportion of small loans to small businesses was significantly below both the proportion of small businesses in the AA and the aggregate distribution of loans.

Community Development Lending

The institution is a leader in making CD loans, given the one-year evaluation period for the AA.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans. The dollar volume in the Buffalo MSA equaled 4.6 percent of allocated tier 1 capital.

- \$5 million line (originated and renewed/increased to \$10 million) to a foundation that enhances the economic vitality and quality of life in underserved areas of the Buffalo area through grantmaking, leadership, and network building.

Product Innovation and Flexibility

The institution uses innovative and/or flexible lending practices in order to serve AA credit needs. Refer to the Flexible and Innovative Lending Products discussed earlier in this evaluation.

INVESTMENT TEST

The bank's performance under the Investment Test in New York is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank’s performance in the Buffalo AA is excellent.

- The institution has an excellent level of qualified CD investment and grants.
- The institution exhibits excellent responsiveness to credit and community economic development needs.
- The institution occasionally uses innovative and/or complex investments to support CD initiatives.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Buffalo MSA	2	1,148	35	14,499	37	100	15,647	100	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The institution has an excellent level of qualified CD investment and grants, given the evaluation period for the AA. The dollar volume of current- and prior-period investments represented 3.5 percent of tier 1 capital allocated to the AA.

The bank exhibited excellent responsiveness to credit and community economic development needs. The bank occasionally used innovative or complex investments to support CD initiatives. HBUS had 18 qualified investments and grants totaling \$12.3 million related to affordable housing, six qualified investments and grants totaling \$3.2 million related to economic development and revitalization/stabilization, and 13 grants/donations totaling \$138 thousand to community service organizations that provided needed services to LMI individuals.

Examples of qualified investments in the AA include:

- \$1.3 million donation to a non-profit organization dedicated to supporting fast-growth startups. The organization supports entrepreneurs in and around Buffalo through mentoring programs.
- \$100 thousand donation to nonprofit organization program that supports LMI students for success in college preparatory high schools and higher education.

SERVICE TEST

The bank’s performance under the Service Test in New York is rated High Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Buffalo AA is good.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the bank's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Buffalo MSA	100	2	100	0	50	0	50	12.7	13.5	40.0	32.5

The bank has two branches in its AA. HBUS re-entered the Buffalo MSA in September 2019 by opening a branch in Depew, located in a moderate-income geography. In November 2020, the bank opened its second branch in Amherst, located in an upper-income geography.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
			Buffalo MSA	2	0	0

To the extent changes have been made, the bank's opening and closing of branches has improved the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals.

As shown in the table above, the bank opened one branch in a moderate-income geography and one branch in an upper-income geography. No branches were closed.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly LMI geographies and/or individuals. Both branches are open Monday to Friday from 10 A.M. to 4 P.M. The branch located in the moderate-income geography is also open on Saturday from 9 A.M. to 1 P.M.

Community Development Services

The institution is a leader in providing CD services.

During the evaluation period, 67 employees contributed 330 hours in providing community development services to 13 organizations. Additionally, five employees served on the boards or committees of four non-profit organizations in the AA. Employees primarily provided technical assistance and community services.

Examples of CD services in the AA include:

- 11 employees contributed 99 hours in teaching financial education, economics, and entrepreneurial curriculums to students in four elementary schools.
- One employee contributed 27 hours to provide technical assistance and financial education to housing organizations that provide the Federal Home Loan Bank of New York's First Home Club program to LMI families.

State Rating

State of Washington

CRA rating for the State of Washington:	High Satisfactory
The Lending Test is rated:	High Satisfactory
The Investment Test is rated:	Outstanding
The Service Test is rated:	High Satisfactory

The major factors that support this rating include:

- Lending levels reflect excellent responsiveness to the AA's credit needs.
- Based on the data in the tables and performance context considerations discussed below, the overall geographic distribution of the bank's originations and purchases of home mortgage loans and small loans to businesses was excellent and overall borrower distribution was good.
- The bank made an adequate level of CD loans.
- The bank made an excellent level of qualified investments, grants, and donations. Qualified investments were effective and responsive in addressing community credit needs.
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA.
- The bank is a leader in providing CD services with excellent responsiveness to AA needs.

Description of Institution's Operations in Washington

The bank has delineated King County within the Seattle-Tacoma-Bellevue MSA (Seattle AA) as its AA. The bank's primary focus in this AA is commercial middle market businesses, given the port and trade opportunities in Seattle.

HBUS operated seven branches, representing 4.1 percent of total branches. Three of the branches were opened during the evaluation period. The bank's deposits totaling \$2.1 billion represent 1.3 percent of the bank's total domestic deposits and 2 percent deposit market share. There are 44 banks operating 518 branches in the AA. Major competitors and their market share include Bank of America (28.2 percent), JPMorgan Chase (14.6 percent), Wells Fargo Bank (13.2 percent), and U.S. Bank (10.3 percent), each with substantially larger branch networks. As noted in the demographic table that follows, the high housing value is a significant barrier to LMI income persons and households.

Seattle AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Seattle AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	398	5.0	20.1	38.7	35.4	0.8
Population by Geography	2,045,756	5.1	20.5	38.0	35.9	0.4
Housing Units by Geography	871,836	4.7	19.8	38.3	36.9	0.2
Owner-Occupied Units by Geography	470,632	2.7	15.2	40.4	41.7	0.0
Occupied Rental Units by Geography	349,019	7.4	25.6	35.8	30.7	0.5
Vacant Units by Geography	52,185	5.5	22.3	36.2	35.7	0.3
Businesses by Geography	265,636	4.9	15.7	34.2	44.6	0.5
Farms by Geography	4,006	3.5	14.8	42.0	39.6	0.1
Family Distribution by Income Level	488,006	21.0	16.4	19.5	43.1	0.0
Household Distribution by Income Level	819,651	24.2	15.6	17.0	43.2	0.0
Median Family Income MSA - 42644 Seattle-Bellevue-Kent, WA		\$92,317	Median Housing Value			\$410,534
			Median Gross Rent			\$1,241
			Families Below Poverty Level			7.0%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to Moody's August 2021 report, the Seattle MSA is steadily recovering from the COVID-19 pandemic. Employment growth has trailed the state average. High technology, Seattle's job engine, has stalled but durable goods manufacturing is the clear source of the weak labor market. The troubled aerospace industry will mount only a partial recovery. In 2020, the unemployment rate increased from 2.6 percent in February to a record high 16.2 percent in April. Over the course of the year, the unemployment rate decreased, reaching 6 percent in December.

Airplane producer Boeing has achieved targeted workforce reductions taking further employment cuts off the table, but lower production targets will weigh on local suppliers. Demand for new aircraft will firm as the pandemic recedes in the U.S., but its enduring effects in emerging markets—a once growing source of orders for new jets—could mute demand for years.

High-tech services will not only keep the recovery intact, but it will also secure the division's spot among the fastest-growing metro areas. Seattle boasts the third highest share of information workers in the nation, behind only Silicon Valley and San Francisco, and the growing adoption of cloud computing services will only increase the sector's outsized footprint. The shift to remote work, precipitated by the pandemic, has hastened the migration to cloud-based solutions, and tech companies will drive income gains that more than make up for losses in aerospace.

Major employers in Seattle include Amazon, Boeing, Microsoft, and the University of Washington.

Seattle has the 3rd highest cost of living in the country making affordability increasingly difficult for the LMI households. Seattle’s residential real estate market is among the 25 fastest appreciating nationally. The median housing value is \$410,534 while the fourth quarter of 2020 NAR sales price for a single-family home is \$614,700. In the near term, the ability to work from anywhere will mean low affordability will become an increasing deterrent to net-migration.

Community Contacts

Examiners reviewed one community contact from a listening session held in the Seattle MSA during the evaluation period. Twenty-two organizations were represented including those from government, affordable housing organizations, and community service organizations. Affordable housing is a primary credit need in the MSA. For every new affordable housing project, there is usually a long waiting list. Affordable housing developers need debt financing. LMI individuals also need small dollar loans. CDFIs and nonprofits need access to lines of credit, grants, and bank participation as loan committee members and volunteers. Small businesses in the MSA require microloans and short-term loans.

Scope of Evaluation in Washington

The Seattle AA received a full-scope review. Home mortgage lending received substantially greater weight as it accounted for 88 percent of loans originated in the AA during the evaluation period. The high cost of housing was considered in our evaluation of performance under the Lending Test.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WASHINGTON

LENDING TEST

The bank’s performance under the Lending Test in Washington is rated High Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank’s performance in the Seattle AA is good.

Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs considering the number and dollar amount of home mortgage, small business, and CD lending activity relative to the bank’s capacity based on deposits, competition, and market presence.

Number of Loans				
Assessment Area	Home Mortgage	Small Business	Community Development	Total
Seattle	1,287	178	7	1,472

Dollar Volume of Loans				
Assessment Area	Home Mortgage	Small Business	Community Development	Total
Seattle	696,842	15,751	55,205	767,798

HBUS ranked 10th in deposits with 2 percent market share placing it in the top 23 percent of banks. In overall HMDA lending, HBUS ranked 59th with 0.3 percent market share placing it in the top 9 percent of banks. This is a highly competitive market with 659 home mortgage lenders. No lender dominated the market. The top lender in this market was Caliber Home Loans with 7.2 followed by Quicken Loans with 6.7 percent market share, and Wells Fargo Bank with 5.7 percent. In small loans to businesses, HBUS ranked 39th with a market share of 0.1 percent placing it in the top 18 percent of banks. The top three lenders with a combined market share of 44 percent were Bank of America with 20.5 percent, JPMorgan Chase with 11.9 percent, and American Express with 11.6 percent. This is a highly competitive market with 225 small business lenders.

Distribution of Loans by Income Level of the Geography

The bank exhibits an excellent geographic distribution of loans in its AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans is excellent.

Refer to Table O in the state of Washington section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The proportion of loans in low-income geographies was below the proportion of owner-occupied housing units in those geographies and was slightly below the aggregate distribution of loans. In moderate-income geographies, the proportion of loans exceeded both the proportion of owner-occupied housing in those geographies and the aggregate distribution of loans.

Small Loans to Businesses

The geographic distribution of small loans to businesses is poor.

Refer to Table Q in the state of Washington section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

In low-income geographies, the proportion of loans in low-income geographies was significantly below both the proportion of businesses located in those geographies and the aggregate distribution of loans. The proportion of loans in moderate-income geographies was below the proportion of businesses located in those geographies and significantly below the aggregate distribution of loans.

Lending Gap Analysis

Examiners reviewed summary reports and maps to analyze home mortgage and small business lending activity to identify any gaps in the geographic distribution of loans in the AA. Examiners did not identify any unexplained conspicuous gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans among individuals of different income levels and business and farms of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

The distribution of home mortgage loans by income level of the borrower is excellent. The high cost of housing in the AA was considered in our evaluation.

Refer to Table P in the state of Washington section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The proportion of loans to low-income borrowers was below the proportion of low-income families within the AA, but significantly exceeded the aggregate distribution of loans. The proportion of loans to moderate-income borrowers exceeded both the proportion of moderate-income families in the AA and the aggregate distribution of loans.

Small Loans to Businesses

The distribution of small loans to businesses is adequate.

Refer to Table R in the state of Washington section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The proportion of loans to small businesses was significantly below the proportion of small businesses in the AA and near to the aggregate distribution of loans.

Community Development Lending

The institution has made an adequate level of CD loans. CD lending had a neutral impact on the Lending Test in the State of Washington.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans. The dollar volume in the Seattle MSA equaled 2.8 percent of allocated tier 1 capital.

The loans addressed affordable housing (85 percent) and economic development (15 percent). The loans included:

- \$5 million loan to a CDFI that makes loans to nonprofits and start-up businesses, including those that do not qualify for traditional loans. This organization works with grantors and donors to reach underserved populations. This CDFI provides loans to businesses, helps to create, and retain jobs, and provide assistance to low- income individuals.
- \$500 thousand line of credit (originated and renewed once) to a CDFI that helps to preserve and improve affordable resident owned communities and build assets LMI families and individuals.
- \$350 thousand line of credit (originated and renewed twice) to a nonprofit organization that provides homeownership classes, counseling, and loans to LMI households around the state, and to develop affordable homeownership homes within Seattle and South King County.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs.

INVESTMENT TEST

The bank’s performance under the Investment Test in Washington is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank’s performance in the Seattle AA is excellent.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000’s)	#	\$(000’s)	#	% of Total #	\$(000’s)	% of Total \$	#	\$(000’s)
Seattle MSA	0	0	16	20,702	16	100	20,702	100	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The bank has an excellent level of qualified CD investment and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The combined prior and current period dollar volume represents 8.2 percent of allocated tier 1 capital. The bank exhibits excellent responsiveness to credit and community economic development needs. The bank makes significant use of innovative and/or complex investments to support CD initiatives.

HBUS had five qualified investments and grants totaling \$18.8 million related to affordable housing, two qualified investments and grants totaling \$1.8 million related to economic development, and one

grant totaling \$8 thousand to community service organizations that provided needed services to LMI individuals.

Examples of qualified investments in the AA include:

- \$9.8 million tax credit equity investment in a 95-unit senior housing project in the Seattle MSA. The building will provide affordable apartments for low-income seniors.
- \$1.8 million investment fund to CDFIs financing community development projects, affordable housing, community facilities, and small businesses.

SERVICE TEST

The bank’s performance under the Service Test in Washington is rated High Satisfactory.

Conclusions for Area/Areas Receiving a Full-Scope Review

Based on a full-scope review, the bank’s performance in the Seattle AA is good.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution’s AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Seattle AA	100	7	100	0	14.3	28.6	57.2	5.1	20.5	38.0	35.9

There are no branches in low-income geographies. The proportion of branches in moderate-income geographies was near to the proportion of the population in moderate-income geographies.

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Branch Openings/Closings			
			Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Seattle	3	0	0	+1	+1	+1

To the extent changes have been made, the institution's opening and closing of branches has improved the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened three branches: one in a moderate-income geography. There were no branch closings.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly LMI geographies and/or individuals. Branches are open Monday to Friday from 10 A.M. to 4 P.M. The branch located in the moderate-income geography is also open on Saturday from 9 A.M. to 1 P.M.

Community Development Services

The bank provides a relatively high level of CD services, given the bank's limited market presence and available employees. During the evaluation period, 32 employees provided 258 hours of CD service to two organizations that focus on affordable housing and financial literacy.

Examples of CD services provided in the AA include:

- 12 employees contributed 130 hours to teach financial education, economics, and an entrepreneurial curriculum to LMI elementary students to learn about business ownership, profits, and losses.
- 12 employees contributed 46 hours in conducting virtual financial workshops to LMI individuals to teach about managing and budgeting money, and credit.
- One employee served on an affordable housing organization's revolving loan fund advisory committee and regional economic development revolving loan fund advisory committee.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	01/01/2018 to 12/31/2020	
Bank Products Reviewed:	Home mortgage, small business, community development loans, qualified investments, community development services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
MMSA		
NY CSA	Full-scope	CT: Fairfield County NY: Bronx, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Westchester Counties NJ: Bergen, Hudson, Middlesex, Morris, Passaic, Union Counties
Philadelphia MMSA	Full-scope	PA: Philadelphia County DE: New Castle County
DC MMSA	Full-scope	DC: District of Columbia MD: Montgomery County, Prince Georges County VA: Arlington, Fairfax Counties; Fairfax City, Falls Church City
State		
California		
LA MSA	Full-scope	Los Angeles and Orange Counties
SF CSA	Full-scope	Alameda, Contra Costa, San Francisco, San Mateo, Santa Clara Counties
Florida		
Miami	Full-scope	Miami-Dade, Broward, Palm Beach Counties
New York		
Buffalo	Full-scope	Erie and Niagara Counties
Washington		
Seattle	Full-scope	King County

Appendix B: Summary of MMSA and State Ratings

RATINGS		HSBC Bank USA, N.A.		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
	Outstanding	Outstanding	Low Satisfactory	Outstanding
MMSA or State:				
NY CSA	Outstanding	Outstanding	Low Satisfactory	Outstanding
Philadelphia MMSA	Outstanding	Outstanding	Low Satisfactory	Outstanding
DC MMSA	Outstanding	Outstanding	High Satisfactory	Outstanding
California	Outstanding	Outstanding	Outstanding	Outstanding
Florida	Outstanding	Outstanding	Low Satisfactory	Outstanding
New York	Outstanding	Outstanding	High Satisfactory	Outstanding
Washington	High Satisfactory	Outstanding	High Satisfactory	High Satisfactory

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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, other secured consumer loans, and other unsecured consumer loans.

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, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an

employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties 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 percent and less than 120 percent, in the case of a geography

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

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

MMSA (state): Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

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

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

Small Loan(s) to Farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated the same as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-,

and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography -** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2018-20
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
NY CSA	11,381	6,561,413	100.0	515,729	3.0	4.1	3.3	13.1	16.2	11.5	36.4	28.8	34.2	47.5	50.8	50.9	0.1	0.1	0.1	
Total	11,381	6,561,413	100.0	515,729	3.0	4.1	3.3	13.1	16.2	11.5	36.4	28.8	34.2	47.5	50.8	50.9	0.1	0.1	0.1	

*Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																				2018-20
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
NY CSA	11,381	6,561,413	100.0	515,729	26.0	3.1	2.5	15.6	14.1	11.3	17.1	20.2	19.7	41.2	57.5	50.4	0.0	5.1	16.1	
Total	11,381	6,561,413	100.0	515,729	26.0	3.1	2.5	15.6	14.1	11.3	17.1	20.2	19.7	41.2	57.5	50.4	0.0	5.1	16.1	

*Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2018-20

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
NY CSA	16,607	1,244,224	100.0	692,496	7.2	4.6	6.9	16.5	11.1	15.5	28.8	20.7	29.0	46.2	59.0	47.4	1.3	4.6	1.2
Total	16,607	1,244,224	100.0	692,496	7.2	4.6	6.9	16.5	11.1	15.5	28.8	20.7	29.0	46.2	59.0	47.4	1.3	4.6	1.2

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2018-20

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
NY CSA	16,607	1,244,224	100.0	692,496	89.8	44.2	35.5	4.6	50.1	5.6	5.7
Total	16,607	1,244,224	100.0	692,496	89.8	44.2	35.5	4.6	50.1	5.6	5.7

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2018-20

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Philadelphia MMSA	1,010	207,138	100.0	82,093	7.5	5.1	3.8	28.7	34.2	23.3	32.5	30.5	31.9	31.2	30.2	41.0	0.0	0.0	0.0
Total	1,010	207,138	100.0	82,093	7.5	5.1	3.8	28.7	34.2	23.3	32.5	30.5	31.9	31.2	30.2	41.0	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2018-20

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Philadelphia MMSA	1,010	207,138	100.0	82,093	27.6	11.7	6.5	17.8	27.9	15.6	17.8	23.6	20.5	36.7	35.0	38.6	0.0	3.2	18.9
Total	1,010	207,138	100.0	82,093	27.6	11.7	6.5	17.8	27.9	15.6	17.8	23.6	20.5	36.7	35.0	38.6	0.0	3.2	18.9

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2018-20

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Philadelphia MMSA	190	11,089	100.0	46,547	7.4	1.6	6.4	28.4	16.8	25.6	25.6	23.7	27.4	37.2	56.3	39.3	1.4	1.6	1.2
Total	190	11,089	100.0	46,547	7.4	1.6	6.4	28.4	16.8	25.6	25.6	23.7	27.4	37.2	56.3	39.3	1.4	1.6	1.2

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2018-20

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Philadelphia MMSA	190	11,089	100.0	46,547	89.8	28.9	39.1	3.6	69.5	6.6	1.6
Total	190	11,089	100.0	46,547	89.8	28.9	39.1	3.6	69.5	6.6	1.6

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2018-20

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
DC MMSA	1,825	837,350	100.0	233,017	4.5	10.9	4.6	11.2	16.4	10.1	31.4	29.9	31.3	52.6	42.4	53.6	0.3	0.4	0.4
Total	1,825	837,350	100.0	233,017	4.5	10.9	4.6	11.2	16.4	10.1	31.4	29.9	31.3	52.6	42.4	53.6	0.3	0.4	0.4

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2018-20

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
DC MMSA	1,825	837,350	100.0	233,017	21.4	12.3	3.9	14.6	25.4	13.0	18.3	24.8	21.3	45.7	33.7	44.5	0.0	3.8	17.2
Total	1,825	837,350	100.0	233,017	21.4	12.3	3.9	14.6	25.4	13.0	18.3	24.8	21.3	45.7	33.7	44.5	0.0	3.8	17.2

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2018-20

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
DC MMSA	489	20,058	100.0	99,789	4.7	1.4	4.1	13.0	7.4	13.4	31.5	17.6	32.1	49.9	73.2	49.8	0.8	0.4	0.6
Total	489	20,058	100.0	99,789	4.7	1.4	4.1	13.0	7.4	13.4	31.5	17.6	32.1	49.9	73.2	49.8	0.8	0.4	0.6

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2018-20

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
DC MMSA	489	20,058	100.0	99,789	87.2	34.8	44.3	5.0	65.2	7.8	0.0
Total	489	20,058	100.0	99,789	87.2	34.8	44.3	5.0	65.2	7.8	0.0

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2018-20

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Los Angeles MSA	4,387	2,931,429	49.9	670,866	2.7	3.1	2.2	17.6	18.5	14.8	27.5	22.4	26.9	52.2	53.0	55.7	0.1	3.1	0.4
San Jose CSA	4,400	3,455,850	50.1	394,585	4.7	5.5	4.1	16.6	18.9	15.7	34.4	30.2	36.0	44.2	45.2	44.0	0.1	0.3	0.2
Total	8,787	6,387,278	100.0	1,065,451	3.4	4.3	2.9	17.2	18.7	15.1	30.0	26.3	30.3	49.3	49.1	51.3	0.1	1.7	0.3

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2018-20

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Los Angeles MSA	4,387	2,931,429	49.9	670,866	24.4	3.4	2.5	16.3	18.3	7.2	17.0	13.3	17.2	42.3	63.1	57.6	0.0	1.9	15.5
San Jose CSA	4,400	3,455,850	50.1	394,585	24.3	4.9	3.8	15.8	15.7	12.1	18.2	15.3	21.5	41.7	62.8	53.2	0.0	1.4	9.4
Total	8,787	6,387,278	100.0	1,065,451	24.3	4.1	3.0	16.1	17.0	9.0	17.4	14.3	18.8	42.1	62.9	56.0	0.0	1.6	13.3

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2018-20

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
LA MSA	2,293	96,095	59.8	525,023	4.8	1.9	5.2	19.1	29.5	19.4	24.8	22.8	25.2	49.3	32.2	48.6	1.9	13.7	1.7
San Jose CSA	1,539	71,867	40.2	214,358	10.1	8.1	10.1	17.5	36.6	18.1	30.3	14.4	31.5	41.5	40.9	39.8	0.6	0.0	0.5
Total	3,832	167,962	100.0	739,381	6.4	4.4	6.6	18.6	32.4	19.0	26.5	19.4	27.0	46.9	35.7	46.0	1.5	8.2	1.3

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2018-20

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Los Angeles MSA	2,293	96,095	59.8	525,023	89.3	29.4	41.7	4.6	70.6	6.1	0.0
San Jose-San Francisco CSA	1,539	71,867	40.2	214,358	87.5	15.9	43.3	5.0	83.9	7.5	0.3
Total	3,832	167,962	100.0	739,381	88.8	24.0	42.2	4.7	75.9	6.5	0.1

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2018-20

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Miami MSA	2,284	953,834	100.0	231,840	2.6	2.9	1.9	23.2	24.4	18.0	32.9	29.2	32.7	41.2	42.5	47.1	0.2	1.0	0.3
Total	2,284	953,834	100.0	231,840	2.6	2.9	1.9	23.2	24.4	18.0	32.9	29.2	32.7	41.2	42.5	47.1	0.2	1.0	0.3

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2018-20

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Miami MSA	2,284	953,834	100.0	231,840	23.1	2.6	2.1	17.0	21.6	10.1	17.7	19.9	18.2	42.2	52.1	51.9	0.0	3.8	17.7
Total	2,284	953,834	100.0	231,840	23.1	2.6	2.1	17.0	21.6	10.1	17.7	19.9	18.2	42.2	52.1	51.9	0.0	3.8	17.7

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2018-20

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Miami MSA	1,280	93,201	100.0	312,668	4.1	3.8	4.6	21.8	25.9	22.3	28.1	17.1	27.2	44.7	51.3	44.6	1.2	1.9	1.3
Total	1,280	93,201	100.0	312,668	4.1	3.8	4.6	21.8	25.9	22.3	28.1	17.1	27.2	44.7	51.3	44.6	1.2	1.9	1.3

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2018-20

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Miami MSA	1,280	93,201	100.0	312,668	93.0	40.8	39.7	2.7	58.2	4.3	1.0
Total	1,280	93,201	100.0	312,668	93.0	40.8	39.7	2.7	58.2	4.3	1.0

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data "--" data not available.
 Due to rounding, totals may not equal 100.0%

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Buffalo MSA	417	67,434	100.0	36,324	6.9	5.8	3.6	11.4	13.4	8.3	43.8	34.1	42.0	37.9	46.8	46.1	0.0	0.0	0.0
Total	417	67,434	100.0	36,324	6.9	5.8	3.6	11.4	13.4	8.3	43.8	34.1	42.0	37.9	46.8	46.1	0.0	0.0	0.0

*Source: 2015 ACS Census; 01/01/2020 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Buffalo MSA	417	67,434	100.0	36,324	22.2	15.1	6.6	16.6	28.3	19.8	20.3	8.2	22.2	40.9	15.6	35.7	0.0	32.9	15.7
Total	417	67,434	100.0	36,324	22.2	15.1	6.6	16.6	28.3	19.8	20.3	8.2	22.2	40.9	15.6	35.7	0.0	32.9	15.7

*Source: 2015 ACS Census; 01/01/2020 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2020

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Buffalo MSA	90	15,243	100.0	26,144	9.6	7.8	9.0	12.0	16.7	11.2	36.7	37.8	36.3	38.0	30.0	40.7	3.7	7.8	2.8
Total	90	15,243	100.0	26,144	9.6	7.8	9.0	12.0	16.7	11.2	36.7	37.8	36.3	38.0	30.0	40.7	3.7	7.8	2.8

Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2020

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Buffalo MSA	90	15,243	100.0	26,144	83.5	15.6	38.5	5.8	84.4	10.7	0.0
Total	90	15,243	100.0	26,144	83.5	15.6	38.5	5.8	84.4	10.7	0.0

Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2018-20

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Seattle MSA	1,287	696,842	100.0	168,376	2.7	2.0	2.1	15.2	17.4	14.1	40.4	34.0	41.3	41.7	46.6	42.6	0.0	0.0	0.0
Total	1,287	696,842	100.0	168,376	2.7	2.0	2.1	15.2	17.4	14.1	40.4	34.0	41.3	41.7	46.6	42.6	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2018-20

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Seattle MSA	1,287	696,842	100.0	168,376	21.0	7.5	4.0	16.4	22.2	13.7	19.5	14.2	21.9	43.1	53.9	51.9	0.0	2.2	8.5
Total	1,287	696,842	100.0	168,376	21.0	7.5	4.0	16.4	22.2	13.7	19.5	14.2	21.9	43.1	53.9	51.9	0.0	2.2	8.5

Source: 2015 ACS Census; 01/01/2018 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2018-20**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Seattle MSA	178	15,751	100.0	66,692	4.9	2.2	5.9	15.7	10.7	16.5	34.2	44.9	35.8	44.6	42.1	41.1	0.5	0.0	0.6
Total	178	15,751	100.0	66,692	4.9	2.2	5.9	15.7	10.7	16.5	34.2	44.9	35.8	44.6	42.1	41.1	0.5	0.0	0.6

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2018-20**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Seattle MSA	178	15,751	100.0	66,692	90.1	37.6	41.3	3.6	61.2	6.3	1.1
Total	178	15,751	100.0	66,692	90.1	37.6	41.3	3.6	61.2	6.3	1.1

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%