



HSBC Bank USA, National Association
Tysons Corner, Virginia

Community Reinvestment Act
Strategic Plan

June 30, 2022 – December 31, 2025

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SECTION 1: INTRODUCTION

A. General Information

HSBC Bank USA (“HBUS” or the “Bank”) is a nationally chartered bank that maintains its headquarters in Tysons Corner, Virginia and its operational headquarters in New York City. The Bank is a U.S. subsidiary of HBUS Holdings plc (“HSBC”) which, based in London, is one of the world’s largest banking and financial service organizations. In the U.S., HSBC’s focus is on building on its strategic advantages as a global financial institution to bridge the economies of east and west. Through these capabilities, HSBC supports the global ambitions of American customers and provides access to the U.S. markets to customers from more than 64 countries and territories.

HBUS has three core businesses: Wealth and Personal Banking (“WPB”), Commercial Banking and Global Banking and Markets. At the end of 2020, HBUS had over 1.6 million customers that included individuals, corporations, institutions, and governments. In February 2020, HBUS announced a strategic initiative to restructure its operations with the aim of connecting Americans to a world of opportunity and bringing cross-border business and investment to the U.S. Today, HBUS has 22 branches located in six states and the District of Columbia located on the east and west coasts. A majority of HBUS customers are located in New York followed by California.

HBUS is preparing this CRA Strategic Plan to align its commitments to meeting the credit needs of the communities it serves with its new business strategy as permitted in 12 C.F.R. § 25.27. HBUS understands that the strategic plan option provides flexibility but does not result in lower expectations for bank performance. It is in that light that HBUS offers this CRA Strategic Plan (“Plan”).

B. Bank’s Specialized Business Model and How It is Changing

As noted above, HSBC announced in May 2021 a further strategic repositioning of its U.S. retail business towards international banking and wealth management. With the reduced retail branch footprint, HSBC is proposing this CRA Strategic Plan to better align its commitment to meeting the credit needs of the communities where it is located with its business strategy. HBUS will continue to offer a full range of banking products, including affordable mortgage products offered in partnership with various community partners.

C. Financial Information

As of December 31, 2021, HBUS had approximately \$188 billion in total assets, over \$156 billion in deposits, over \$20 billion in Tier 1 capital, and over 3,200 full time employees. Currently over 32% of the Bank’s loan portfolio comprises 1-4 family mortgages (first and second lien) with less than half being new originations. As part of its repositioning, HBUS has deemphasized retail banking and pivoted to a niche wealth management bank. As a result of this change in strategic direction, going forward the Bank expects only 7% of its total loan production to comprise originations

of 1-4 family mortgages. Additional financial information, including a link to the Bank's Consolidated Reports of Condition and Income (Call Report) as of December 31, 2021, are included at Appendix D.

SECTION 2: COMMUNITY REINVESTMENT ACT

A. CRA Requirements

12 C.F.R. Part 25 specifies the obligations that insured depository institutions have to meet regarding the credit needs of their communities, including low- and moderate-income communities, consistent with safe and sound operation. The CRA regulations allow banks to elect to be assessed under a CRA Strategic Plan. Compliance with the CRA through a strategic plan allows a bank an opportunity to design a program that is appropriate to its own capabilities, business strategies, and organizational framework, as well as to the communities it serves. In the preamble to the regulation, the OCC notes that the strategic plan option provides flexibility but does not result in lower expectations for bank performance. The regulation requires banks operating under a strategic plan to comply with the same data collection, recordkeeping, and reporting obligations as banks operating under the general performance standards, unless determined otherwise in writing by the OCC.

Additionally, 12 C.F.R. § 25.27(c)(2) allows a bank with more than one assessment area to prepare a single plan for all of its AAs. The requirements for a CRA strategic plan are spelled out in 12 C.F.R. § 25.27. These include:

- A term of no more than five years, and any multi-year plan must include annual interim measurable goals under which the appropriate Federal banking agency will evaluate the bank's performance. Specifying measurable goals for helping to meet the credit needs of each assessment area covered by the plan, particularly the needs of low- and moderate-income geographies and low- and moderate-income individuals, through lending, investment, and services, as appropriate.
- A bank with more than one assessment area may prepare a single plan for all of its assessment areas or one or more plans for one or more of its assessment areas.
- Address all three performance categories. Nevertheless, a different emphasis, including a focus on one or more performance categories, may be appropriate if responsive to the characteristics and credit needs of its assessment area(s), considering public comment and the bank's or savings association's capacity and constraints, product offerings, and business strategy.
- Specify in its plan measurable goals that constitute "satisfactory" performance. A plan may specify measurable goals that constitute "outstanding" performance. If a bank or savings association submits, and the appropriate Federal banking agency approves, both "satisfactory" and "outstanding" performance goals, the appropriate Federal banking agency will consider the bank eligible for an "outstanding" performance rating.
- Additional information may be submitted to the appropriate Federal banking agency on a confidential basis, but the goals stated in the plan must be sufficiently specific to enable the public and the appropriate Federal banking agency to judge the merits of the plan.

- Informally seek suggestions from members of the public in its assessment area(s) covered by the plan while developing the plan and once the bank has developed a plan, formally solicit public comment on the plan for at least 30 days by publishing notice in at least one newspaper of general circulation in each assessment area covered by the plan. During the period of formal public comment plans will be available for review by the public at no cost at all offices of the bank in any assessment area covered by the plan and provide copies of the plan upon request for a reasonable fee to cover copying and mailing, if applicable.

B. Historic Performance

HBUS has a record of strong performance in meeting the credit needs of the communities where it operates as evidenced by its Public Evaluations. In its most recent assessment by the OCC, the Bank received Outstanding ratings for Lending and Investment and High Satisfactory for Services. HBUS has taken to heart its responsibilities under the CRA and has established lending/investment/grant relationships with 43 community development financial institutions (“CDFIs”) and nearly 100 other nonprofits that are active in addressing the needs of the communities where HBUS has branches. HBUS has a suite of tailored lending and investment products that it offers to these partners. Appendices B and C describe these products.

C. New Strategic Plan - Overall Focus, Effective Date, and Term

In February 2021, the HBUS Board of Directors approved a plan to restructure its U.S. operations in alignment with HSBC’s global strategy to refocus wholesale operations to better serve international corporate clients and restructure retail operations to better meet the needs of globally mobile and affluent clients. The plan also includes streamlining the functional and operations support model by removing duplication and reducing the size of the balance sheet to better align with the scope and scale of the U.S. opportunity. The U.S. transformation and restructuring efforts aim to create a more focused, simpler, and more profitable organization. Post restructuring HBUS will have 22 branches located in cities with high international connectivity. As a result of this shift in focus, HBUS is proposing this CRA Strategic Plan. As set out in the regulations, the effective date of this Plan must be at least six months from the date of submission. The effective date is estimated to be June 30, 2022 or 90 days after submission of a complete plan to the OCC. The term of the Plan will be three and one-half years.

D. Program Oversight and Resources

HBUS has established a CRA Executive Steering Committee to serve as a centralized governance structure to oversee HBUS’ compliance with its CRA targets. The Committee is chaired by the HBUS CEO and membership includes Community Development Department (“CDD”) management and senior management from each of the businesses responsible for meeting the Bank’s CRA objectives. The committee meets quarterly or no less than three times per year. Committee activity is presented to the HBUS Board of Directors on a semi-annual basis. Specifically, the CRA Executive Steering Committee’s responsibilities include:

- Serving as centralized governance structure to oversee HBUS compliance with CRA regulations.
- Approving CRA strategy, including remediation activity when required, for HBUS as proposed by CDD.
- As part of the overall strategy, assigning accountability to the business.
- Monitoring progress toward CRA targets as conveyed by the CDD along with any deficiencies escalated to the Committee.

Additionally, each line of businesses responsible for meeting CRA obligations has formed a CRA Steering Committee that meets on a monthly basis to discuss progress toward fulfilling the Banks CRA performance objectives. Specifically, these committees are required to:

- Review CRA Eligible production and trends, and determine if further investigation or escalation is required.
- Review effectiveness of CRA initiatives and modify approach where needed.
- Compare actual commitments to the Plan, and take action to address and fulfill any negative variance to Plan.
- Agree on accountability and allocate resources and/or subject matter experts to support relevant commitments.
- Evaluate the relative cost effectiveness and fit with the “spirit of CRA” requirements for various alternatives to meet HBUS’ CRA commitments.
- Develop a mix of approaches to meet HBUS’ CRA commitments that maximize cost effectiveness, subject to meeting both the letter and spirit of the CRA regulations.
- Review key risks with the head of the business and where appropriate, work with the head of the business to escalate to CRA Executive Steering Committee or another appropriate governance body.
- Be the mechanism that is used to track business achievement of goals and implementation of the plan. Material deviation will be discussed within the committee, and escalated to the CRA Executive Steering Committee.
- Be responsible and obligated to define and execute on strategies to deliver targets set by the CDD.

The CRA program is centrally managed by the CDD and presently has a staff of ten. CDD defines the objectives for the examination cycle for each component of the CRA examination and communicates these targets to the business heads responsible for meeting them. Objectives are set for each assessment area (“Assessment Area” or “AA”) where the Bank maintains branches and deposit-taking ATMs. Objectives are established based on the Bank’s size (deposits, assets, capital, etc.), market share and competitor performance, area demographics, historical experience, regulatory guidance, and other factors. Community Reinvestment Act Snapshot Reports (“CRA Snapshots”) are created by CDD. They serve as a self-assessment of the Bank’s CRA performance under the lending, investment and services tests that together make up the CRA examination process.

The CRA Snapshots measure the Bank’s CRA performance against the established objectives using the same methodologies and metrics as the Bank’s OCC examiners do. CRA Snapshots are distributed monthly to senior management and the results are also presented to the CRA Executive Steering Committee. Additionally, CDD meets regularly with the OCC to discuss CRA performance.

Community Development Regional Managers execute comprehensive community development programs across the AAs. Their responsibilities include:

- Identifying innovative and creative community development activities for CRA credit; Compile and complete performance context according to CRA Examination Procedures
- Designing, implementing and overseeing a CRA contributions/grant budget for assigned region.
- Supporting the growth of the community development loans and investment portfolio by referring lending and investment opportunities.
- Working with different business units to meet the Bank’s CRA target for investment, lending and especially service.

CDD is responsible for the collection of data. HMDA and small business data are collected on a monthly basis via data feeds from each system of record. CDD is responsible for validating the accuracy of the data and for the reporting of data to meet annual regulatory reporting requirements. This data is owned by the respective business and required edits are performed by the business. The business performs a first line of defense review for data integrity and CDD performs a second line of defense review. The OCC performs a data integrity review every year and has not identified issues with this data to HBUS. All commercial loans that are potentially eligible as community development loans as determined by the FLOD are referred to CDD for eligibility confirmation. Loans that CDD deems CRA eligible are tracked and reported by CDD. Please note that the CDD team includes a small group of specialized lenders that lend specifically to CDFIs and nonprofit organizations.

E. Factors Considered in the Development of the CRA Strategic Plan

In developing this Strategic Plan, HBUS considered the economic and needs data contained in this report. The U.S. Department of Housing and Urban Development (“HUD”) and regional Federal Home Loan Bank (“FHLB”) assessments are developed based on input from local residents and reflect their assessment of the needs of their communities. Additionally, the Bank has years of experience working with the CDFIs and other community partners active in the Bank’s designated AAs. HBUS will build on these relationships as it increases its focus on community development lending and investment.

The CDD team Community Development Regional Managers regularly collect feedback from community partners on the credit needs of the communities in which HBUS operates. This feedback coupled with the regular review of publications and white papers published by leading nonprofits, government organizations and regulatory agencies, keeps HBUS well informed about the needs of the communities it serves.

SECTION 3: BANK ASSESSMENT AREAS

A. Definition

Pursuant to 12 C.F.R. § 25.41, a bank must delineate one or more assessment areas within which the OCC evaluates the bank's record of helping to meet the credit needs of its community. 12 C.F.R. § 25.41 (c) contains the following requirements for defining an AA.

- (i) One whole metropolitan statistical area ("MSA") (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made);
- (ii) Include the geographies in which the bank has its main office, its branches, and its deposit-taking ATMs, as well as the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans (including home mortgage loans, small business and small farm loans, and any other loans the bank chooses, such as those consumer loans on which the bank elects to have its performance assessed).
- (iii) Adjustments to geographic area(s). A bank may adjust the boundaries of its assessment area(s) to include only the portion of a political subdivision that it reasonably can be expected to serve. An adjustment is particularly appropriate in the case of an assessment area that otherwise would be extremely large, of unusual configuration, or divided by significant geographic barriers.
- (iv) Limitations on the delineation of an assessment area. Each bank's area(s): (1) Must consist only of whole geographies; (2) May not reflect illegal discrimination; (3) May not arbitrarily exclude low- or moderate-income geographies, taking into account the bank's or savings association's size and financial condition; and (4) May not extend substantially beyond an MSA boundary or beyond a state boundary unless the assessment area is located in a multistate MSA. If a bank or savings association serves a geographic area that extends substantially beyond a state boundary, the bank or savings association shall delineate separate assessment areas for the areas in each state. If a bank or savings association serves a geographic area that extends substantially beyond an MSA boundary, the bank or savings association shall delineate separate assessment areas for the areas inside and outside the MSA.

With this in mind, HBUS has defined the following seven AAs:

1. The HBUS AA in the New York-Newark-Jersey City, NY-NJ-PA MSA is comprised of geographies in New York and New Jersey. The AA includes portions of three MDs: New York-Jersey City-White Plains, NY-NJ MD consisting of Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, and Westchester counties in NY; Nassau County-Suffolk County, NY MD in its entirety; and the Newark, NJ MD consisting of Essex, Morris and Union counties in New Jersey.
2. Erie County, New York.
3. The HBUS AA in the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA is comprised of the District of Columbia ("DC"); Fairfax County, VA; Arlington County, VA; City of Fairfax, VA; City of Falls Church, VA; and the City of Alexandria, VA.

4. Miami-Dade County, Florida.
5. King County, Washington.
6. The HBUS Northern California AA consists of a portion of the San Jose-San Francisco-Oakland, CA CSA (San Jose CSA) consisting of Alameda, San Francisco, and Santa Clara counties.
7. The HBUS Southern California AA consists of the Los Angeles-Long Beach-Anaheim MSA (LA MSA) in its entirety.

B. Seven Assessment Area Descriptions

The following section includes a description of each AA together with a map and a discussion of the population, income, employment, industry, housing and competitive information for each AA.

1. New York-New Jersey-White Plains, NY-NJ MD

a. Map

As shown in the map of AA #1 provided in Figure 3.1.1, AA #1 includes portions of three MDs: New York-Jersey City-White Plains, NY-NJ MD consisting of Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, and Westchester counties in NY; Nassau County-Suffolk County, NY MD in its entirety; and the Newark, NJ MD consisting of Essex, Morris and Union counties in NJ. They are all part of the larger New York–Newark–Jersey City, NY–NJ–PA MSA. The area includes New York City, the most populous city in the U.S. New York City is the financial center of the U.S. and a major destination for domestic and international tourists.¹

The OCC has identified 60 tracts in the Bronx that are distressed middle-income tracts. HBUS will have nine branches in this AA as shown in Table 3.1.1.

¹ This AA includes parts of two states which are included in the New York–Newark–Jersey City, NY–NJ–PA MSA. Consistent with 2016 Interagency Questions and Answers Regarding Community Reinvestment Guidance the rating of HBUS CRA performance will be done at the multistate MSA level for this AA. The statewide evaluation and rating will be adjusted to reflect performance in the portion of the state not within the multistate MSA. This is consistent with past Community Reinvestment Act Public Evaluations of HBUS’ record of meeting the credit needs of its entire community.

Figure 3.1.1: Map of AA #1

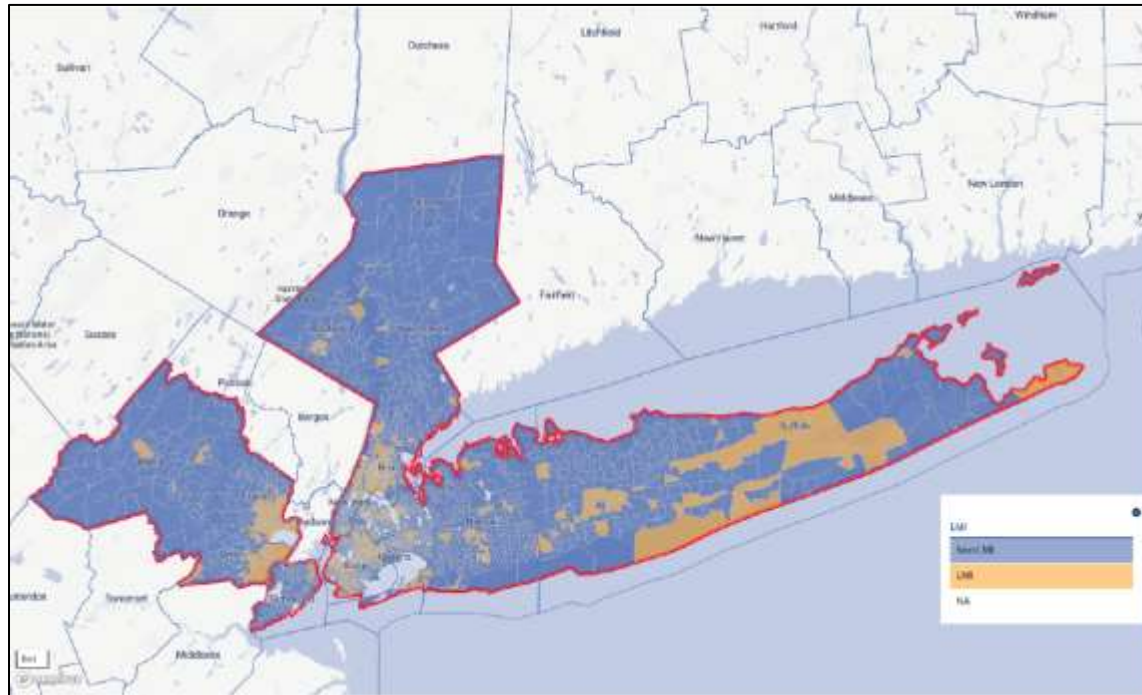


Table 3.1.1: HBUS Branches: AA #1

County	Low	Moderate	Middle	Upper	N/A	Total Branches
Bronx	0	0	0	0	0	0
Kings	0	0	1	0	0	1
New York	1	1	0	1	1	4
Putnam	0	0	0	0	0	0
Queens	0	1	0	0	0	1
Richmond	0	0	0	0	0	0
Rockland	0	0	0	0	0	0
Westchester	0	0	0	1	0	1
Nassau	0	0	0	1	0	1
Suffolk	0	0	0	0	0	0
Union	0	0	0	0	0	0
Morris	0	0	0	1	0	1
Essex	0	0	0	0	0	0
Total	1	2	1	4	1	9

b. Economic Characteristics: Population, Income, Employment, Industry and Housing

Population and Income

The AA has a population of 14,508,764 and contains 3,499 census tracts. Over 35% of the census tracts in this AA are low- or moderate-income as shown in Table 3.1.2. According to the U.S. Census Reporter, over one fourth of the larger MSA² population is foreign-born at 29.7%, with 30% coming from Asia and 50% from Latin America. The median age of residents in the larger MSA is 39.1 similar to the average for the U.S. of 38.5,

Table 3.1.2: Demographic Information (LMI): AA #1

Data Type	Total #	Low		Moderate		Middle		Upper		N/A	
		#	%	#	%	#	%	#	%	#	%
Geographies (Census tracts)	3,499	425	12.15%	782	22.35%	1,116	31.89%	1,093	31.24%	83	2.37%
Population by Geography	14,508,764	1,929,811	13.30%	3,465,421	23.89%	4,432,826	30.55%	4,636,461	31.96%	44,245	0.30%
Owner-Occupied Housing by Geography	2,413,046	73,443	3.04%	325,286	13.48%	897,272	37.18%	1,114,576	46.19%	2,469	0.10%
Business by Geography	1,800,754	142,983	7.94%	320,353	17.79%	507,286	28.17%	803,966	44.65%	26,166	1.45%
Farms by Geography	18,577	735	3.96%	3,115	16.77%	6,301	33.92%	8,334	44.86%	92	0.50%
Family Distribution by Income Level	3,352,449	878,986	26.22%	524,705	15.65%	572,182	17.07%	1,376,576	41.06%	0	0.00%
Distribution of LMI Families throughout AA Geographies	1,403,691	326,989	23.29%	449,778	32.04%	407,614	29.04%	217,699	15.51%	1,611	0.11%
Households Distribution by Income Level	5,167,139	1,466,031	28.37%	743,859	14.40%	805,056	15.58%	2,152,193	41.65%	0	0.00%
Multi-family units, 5 or more	2,473,285	492,090	19.90%	645,332	26.09%	480,826	19.44%	845,726	34.19%	9,311	0.38%
Vacant units	510,596	62,332	12.21%	117,592	23.03%	142,759	27.96%	186,696	36.56%	1,217	0.24%
Households Below Poverty Level	15.21%										
Unemployment Rate (2021 US Census)	5.68%										

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

² New York–Newark–Jersey City, NY–NJ–PA MSA.

and 62% of the population is between 18 and 64. Residents of the MSA generally have more income and are better educated than the average for the U.S. The median household income is \$83,160 and 11.6% of people are below the poverty line. Only 87.3% of the population has a high school degree and 41.8% have a bachelor’s degree or higher, which compares favorably to the U.S. (88.6% and 33.1%, respectively). Residents of the area commute an average of 37.7 minutes to work which is 1.4 times the national average. 32% of residents took public transportation.³

Employment and Industry

The New School’s Center for New York City Affairs February, 2021 report, *New York City’s Covid-19 Economy Will Not Snap Back*⁴ describes the impact of COVID-19 on New York City. The report found that in 2020 New York City experienced the worst single-year job decline since the 1930s, much worse than during the 2008-09 Great Recession. As of year-end 2020, total payroll employment in New York City had declined by more than twice the national average. The report also finds that 68% of jobs lost were held by people of color. In January 2021, the larger MSA unemployment rate was 9.6% compared to 6.3% nationally. The hardest hit sector was Leisure and Hospitality which experienced a 41.6% decline in employment year-over-year. The largest number of employees work in two sectors; the Trade, Transportation and Utilities sector and the Education and Health Services sector. Together, these sectors accounted for about 40% of all employment in the county. These sectors experienced a 10.5% and 7.7% decline, respectively, year-over-year.⁵ Table 3.1.3 provides a list of the top five Fortune 500 companies in the AA.⁶

Table 3.1.3: Major Employers: AA #1

Company	Industry
JPMorgan Chase	Investment Banking
Verizon Communications	Telecommunications
Citigroup	Investment Banking
MetLife	Life Insurance
StoneX Group	Financial Services

Table 3.1.4 shows the distribution of businesses by revenue in the AA. Nonfarm businesses with less than \$1 million in revenue account for 90% of the businesses in the county.

³ <https://censusreporter.org/profiles/31000US35620-new-york-newark-jersey-city-ny-nj-pa-metro-area/>.

⁴ <https://static1.squarespace.com/static/53ee4f0be4b015b9c3690d84/t/6026c0746c5e057118e2c15a/1613152379026/CNYCAEconReport021221.pdf>.

⁵ https://www.bls.gov/regions/new-york-new-jersey/ny_newyork_msa.htm#eag_ny_newyork_msa.f.3.

⁶ <https://fortune.com/fortune500/2021/search?hqcity=New%20York>.

Table 3.1.4: Business Counts (LMI): AA #1

Tract Description	# Tracts	Revenue N/A			Revenue ≤ \$1M			Revenue > \$1M			Total		
		Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total
1 - Low Income	425	10	8,212	8,222	715	131,074	131,789	10	3,697	3,707	735	142,983	143,718
2 - Moderate Income	782	24	15,259	15,283	3,039	296,508	299,547	52	8,586	8,638	3,115	320,353	323,468
3 - Middle Income	1,116	57	26,104	26,161	6,136	464,879	471,015	108	16,303	16,411	6,301	507,286	513,587
4 - Upper Income	1,093	131	46,996	47,127	8,004	720,281	728,285	199	36,689	36,888	8,334	803,966	812,300
0 - N/A	83	1	2,698	2,699	89	20,416	20,505	2	3,052	3,054	92	26,166	26,258
TOTAL	3,499	223	99,269	99,492	17,983	1,633,158	1,651,141	371	68,327	68,698	18,577	1,800,754	1,819,331

Housing

Unlike the U.S. as a whole, a majority of the housing stock in the larger MSA is composed of multifamily units (57%) and is 49% renter occupied. The median value of a single-family home is \$482,900 with 36% of the housing stock valued between \$500,000 and \$1 million. This is about double the average for the U.S.⁷ Almost two thirds (66%) of the housing units were built before 1970. Additionally, occupancy costs exceed 30% of household income for nearly 40% of the housing units in the area.⁸ See housing data in Table 3.1.5.

Table 3.1.5: Housing Data (LMI): AA #1

Tract Description	Families		Households		Housing Units (HU)		HU Occupied		HU Owner Occupied		HU Renter Occupied		HU Vacant	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Low	424,469	12.66%	647,054	12.52%	709,386	12.49%	647,054	12.52%	73,443	3.04%	573,611	20.83%	62,332	12.21%
Moderate	753,681	22.48%	1,157,827	22.41%	1,275,419	22.46%	1,157,827	22.41%	325,286	13.48%	832,541	30.23%	117,592	23.03%
Middle	1,056,472	31.51%	1,543,486	29.87%	1,686,245	29.70%	1,543,486	29.87%	897,272	37.18%	646,214	23.46%	142,759	27.96%
Upper	1,114,726	33.25%	1,809,446	35.02%	1,996,142	35.16%	1,809,446	35.02%	1,114,576	46.19%	694,870	25.23%	186,696	36.56%
N/A	3,101	0.09%	9,326	0.18%	10,543	0.19%	9,326	0.18%	2,469	0.10%	6,857	0.25%	1,217	0.24%
TOTAL	3,352,449	100.00%	5,167,139	100.00%	5,677,735	100.00%	5,167,139	100.00%	2,413,046	100.00%	2,754,093	100.00%	510,596	100.00%

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

⁷ <https://censusreporter.org/profiles/31000US35620-new-york-newark-jersey-city-ny-nj-pa-metro-area/>.

⁸ <https://data.census.gov/cedsci/table?t=Housing&g=310M500US35620&tid=ACSDP1Y2019.DP04&hidePreview=true>.

c. Deposit Market Share

The market accounts for over \$119 billion or 77.4% of HBUS total domestic deposits as of June 30, 2021. HBUS ranks 6th out of a total of 155 institutions for deposit market share in the AA. This demonstrates that while a majority of HBUS deposits are in this AA, there are numerous competitors in the market with substantial lending capacity.

Table 3.1.6: Deposit Market Share: AA #1

		Selected Market:				As of 06/30/2021		
		New York-New Jersey-White Plains-Wayne, NY-NJ				Inside of Market		
Rank	Institution Name	CERT	State	Bank Class	State/Federal Charter	No. of Offices	Deposits (\$000)	Market Share
1	JPMorgan Chase Bank, National Association	628	OH	N	Federal	614	844,896,037	36.24%
2	Goldman Sachs Bank USA	33124	NY	SM	State	1	208,876,000	8.96%
3	The Bank of New York Mellon	639	NY	SM	State	2	178,612,000	7.66%
4	Bank of America, National Association	3510	NC	N	Federal	265	132,865,720	5.70%
5	Citibank, National Association	7213	SD	N	Federal	223	131,404,000	5.64%

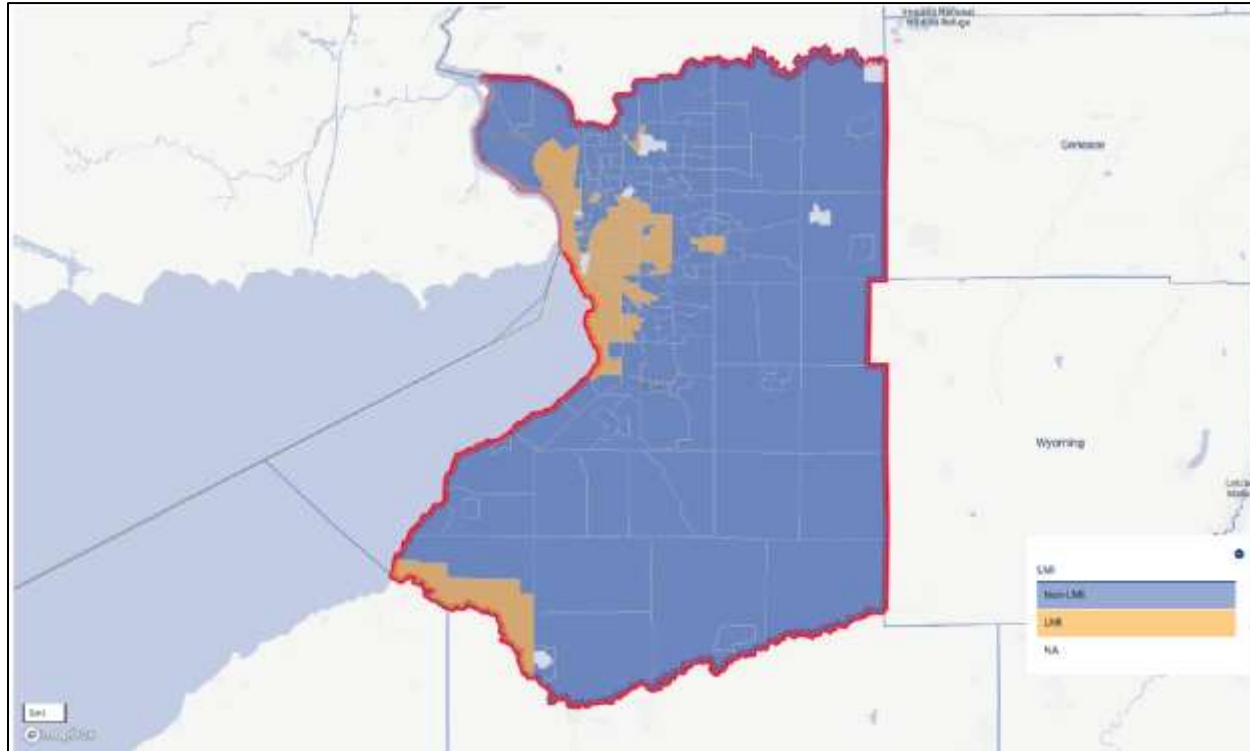
Three banks held the majority deposit market share in the AA, collectively capturing 52% of total deposits in the market. JPMorgan Chase ranked 1st with approximately 36% of the market share, Goldman Sachs Bank USA ranked 2nd with almost 9% of the market share, followed closely by The Bank of New York Mellon that captured 7.7% of the market share. Table 3.1.6 shows the deposit share information for the top five banking organizations in the AA.

2. Erie County, NY

a. Map

Erie County is one of two counties in the Buffalo-Cheektowaga, NY MSA. It is located in the western corner of New York state along the shores of Lake Erie. Buffalo is the county seat and the second largest city in the state. Figure 3.2.1 provides a map of the AA.

Figure 3.2.1: Map of AA #2



HBUS will have one branch in Erie County located in a census tract without an income designation as shown in Table 3.2.1.

Table 3.2.1: HBUS Branches: AA #2

County	Low	Moderate	Middle	Upper	N/A	Total Branches
Erie	0	0	0	0	1	1
Total	0	0	0	0	1	1

b. Economic Characteristics: Population, Income, Employment, Industry and Housing

Population and Income

Erie County has a population of 921,584. The adjusted median family income for 2021 is \$77,600. The AA contains 237 census tracts, over one quarter of which are low- or moderate-income, see in Table 3.2.2. According to the U.S. Census Reporter, nearly 7% of the population is foreign-born with nearly half (48%) of the foreign-born residents coming from Asia and 13% from Latin America. The median age of Erie County residents is older than the U.S. average at 40.3 compared to 38.5 for the U.S., with 61% of the population of Erie County between ages 18 and 64.

Table 3.2.2: Demographic Information (LMI): AA #2

Data Type	Total #	Low		Moderate		Middle		Upper		N/A	
		#	%	#	%	#	%	#	%	#	%
Geographies (Census tracts)	237	38	16.03%	41	17.30%	90	37.97%	60	25.32%	8	3.38%
Population by Geography	921,584	125,684	13.64%	122,539	13.30%	347,815	37.74%	310,332	33.67%	15,214	1.65%
Owner-Occupied Housing by Geography	248,889	18,364	7.38%	27,805	11.17%	104,051	41.81%	98,622	39.62%	47	0.02%
Business by Geography	74,304	7,779	10.47%	8,271	11.13%	25,348	34.11%	29,593	39.83%	3,313	4.46%
Farms by Geography	1,761	71	4.03%	88	5.00%	748	42.48%	826	46.91%	28	1.59%
Family Distribution by Income Level	229,957	50,917	22.14%	37,837	16.45%	45,648	19.85%	95,555	41.55%	0	0.00%
Distribution of LMI Families throughout AA Geographies	88,754	22,175	24.98%	17,305	19.50%	31,759	35.78%	17,436	19.65%	79	0.09%
Households Distribution by Income Level	382,846	99,324	25.94%	57,558	15.03%	62,774	16.40%	163,190	42.63%	0	0.00%
Multi-family units, 5 or more	52,702	9,171	17.40%	6,579	12.48%	19,756	37.49%	16,391	31.10%	805	1.53%
Vacant units	37,936	12,042	31.74%	8,613	22.70%	10,757	28.36%	6,296	16.60%	228	0.60%
Median Family Income	67,108										
Adjusted Median Family Income for 2021	77,600										

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

In Erie County, 14.73% of households are below the poverty line, compared with 12.3% for the U.S. Regarding education, 93% of the population has a high school degree and 33.9% have a bachelor’s degree or higher, which compares favorably to the U.S. averages (88.6% and 33.1%, respectively). Residents of the area commute an average of 21.5 minutes to work, which is about 0.8 times lower than the national average of 27.6. Over 80% drove alone.

Employment and Industry

In January 2021, Erie County unemployment was 7.9% compared to 6.3% nationally.⁹ The hardest hit sector was Leisure and Hospitality which experienced a 27.7% decline in employment year-over-year. According to the Back to Business Report by Erie County a third of all restaurants in the county closed and nearly half (46%) of all bars and lounges closed.¹⁰ The largest number of employees work in two sectors; the Trade, Transportation and Utilities sector and the Education and Health Services sector. Together these sectors accounted for 35% of all employment in the county. These sectors experienced a 4.6% and 10% decline, respectively, year-over-year. The top employer from the Fortune 500 in the AA is in Table 3.2.3.¹¹

Table 3.2.3: Major Employer: AA #2

Company	Industry
Manufacturers and Traders Trust Company	Financial Services

Table 3.2.4 shows the distribution of businesses by revenue in Erie County. Nonfarm businesses with less than \$1 million in revenue account for 82% of the businesses in the county.

Table 3.2.4: Business Counts (LMI): AA #2

Tract Description	# Tracts	Revenue N/A			Revenue ≤ \$1M			Revenue > \$1M			Total		
		Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total
1 - Low Income	38	1	829	830	69	6,435	6,504	1	515	516	71	7,779	7,850
2 - Moderate Income	41	0	1,030	1,030	86	6,722	6,808	2	519	521	88	8,271	8,359
3 - Middle Income	90	9	2,821	2,830	722	21,165	21,887	17	1,362	1,379	748	25,348	26,096
4 - Upper Income	60	13	2,470	2,483	788	25,798	26,586	25	1,325	1,350	826	29,593	30,419
0 - N/A	8	4	684	688	23	2,364	2,387	1	265	266	28	3,313	3,341
TOTAL	237	27	7,834	7,861	1,688	62,484	64,172	46	3,986	4,032	1,761	74,304	76,065

Source: Dun & Bradstreet

Housing

A majority of the housing stock is composed of single units (62%) and is owner occupied, (65%). The median value of a single-family home is \$165,500 with 60% of the housing stock valued between \$100,000 and \$300,000. In the 2019, 79 % of the housing units were built before 1970.

⁹ https://www.bls.gov/regions/new-york-new-jersey/summary/blssummary_buffalo.pdf.

¹⁰ https://www2.erie.gov/environment/sites/www2.erie.gov.environment/files/uploads/Back_to_Business_Report-Final.pdf.

¹¹ <https://fortune.com/fortune500/2021/search?hqcity=Buffalo&hqstate=NY>.

Additionally, occupancy costs exceed 30% of household income for 27% of the housing units in the county.¹² Table 3.2.5 shows the housing data for the county.

Table 3.2.5: Housing Data (LMI): AA #2

Tract Description	Families		Households		Housing Units (HU)		HU Occupied		HU Owner Occupied		HU Renter Occupied		HU Vacant	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Low	28,377	12.34%	51,522	13.46%	63,564	15.11%	51,522	13.46%	18,364	7.38%	33,158	24.75%	12,042	31.74%
Moderate	29,041	12.63%	53,599	14.00%	62,212	14.78%	53,599	14.00%	27,805	11.17%	25,794	19.26%	8,613	22.70%
Middle	88,563	38.51%	152,027	39.71%	162,784	38.69%	152,027	39.71%	104,051	41.81%	47,976	35.81%	10,757	28.36%
Upper	83,808	36.45%	125,002	32.65%	131,298	31.20%	125,002	32.65%	98,622	39.62%	26,380	19.69%	6,296	16.60%
N/A	168	0.07%	696	0.18%	924	0.22%	696	0.18%	47	0.02%	649	0.48%	228	0.60%
TOTAL	229,957	100.00%	382,846	100.00%	420,782	100.00%	382,846	100.00%	248,889	100.00%	133,957	100.00%	37,936	100.00%

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

c. Deposit Market Share

Table 3.2.6: Deposit Market Share: AA #2¹³

Selected Market:							As of 06/30/2021		
Erie County, NY							Inside of Market		
Rank	Institution Name	CERT	State	Bank Class	State/Federal Charter	No. of Offices	Deposits (\$000)	Market Share	
1	Manufacturers and Traders Trust Company	588	NY	SM	State	47	43,623,015	65.65%	
2	KeyBank National Association	17534	OH	N	Federal	43	8,243,188	12.41%	
3	HSBC Bank USA, National Association	57890	VA	N	Federal	2	3,779,743	5.69%	
4	Bank of America, National Association	3510	NC	N	Federal	18	2,966,374	4.46%	
5	Citizens Bank, National Association	57957	RI	N	Federal	33	2,007,120	3.02%	

The market accounts for \$3.7 billion or 2.44% of HBUS total domestic deposits as of June 30, 2021. HBUS ranks 3rd out of a total of 18 institutions for deposit market share in the AA, there was no change in the Bank’s rank from 2020. Three banks held the majority deposit market share in the

¹² https://data.census.gov/cedsci/table?g=0400000US36_0500000US36029&tid=ACSDP5Y2019.DP04&hidePreview=true.

¹³ <https://www7.fdic.gov/sod/sodMarketRpt.asp?barItem=2>.

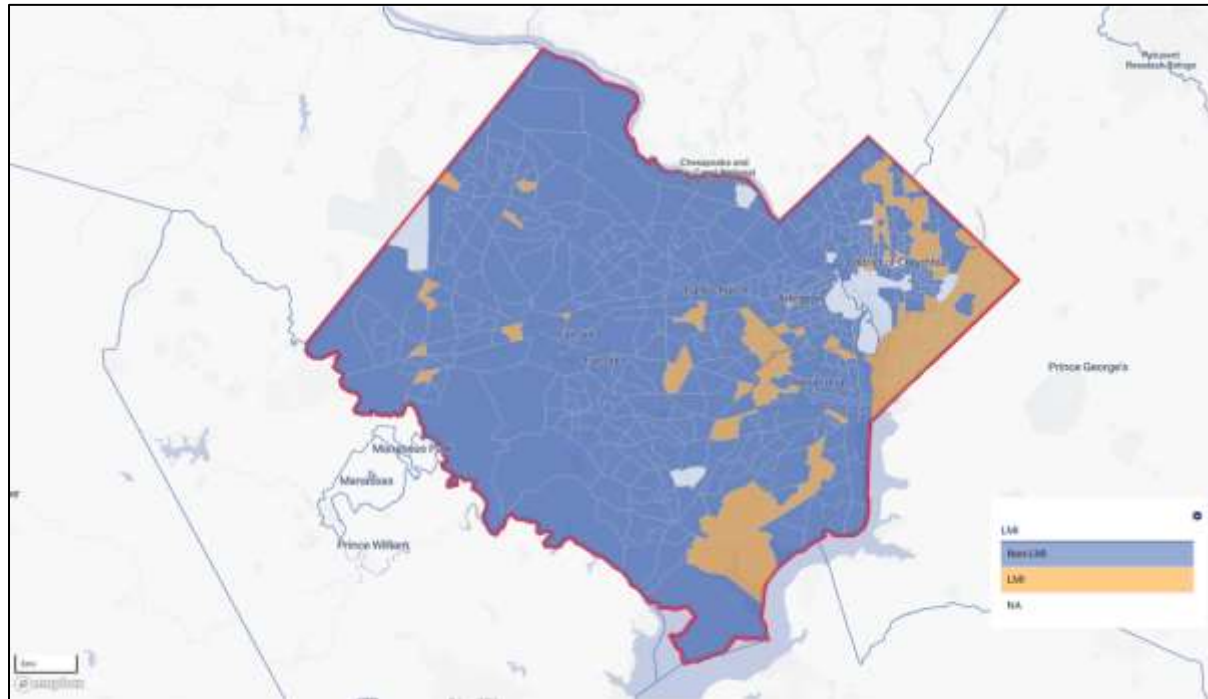
AA, collectively capturing 83% of total deposits in the market. Manufacturers and Traders Trust Company ranked 1st with approximately 65% of the market share, KeyBank National Association ranked 2nd with almost 12% of the market share, followed by HBUS that captured just over 5% of the market share. Table 3.2.6 shows the deposit share information for the top five banking organizations in the AA.

3. District of Columbia MSA

a. Map

As shown in Figure 3.3.1, this AA contains the District of Columbia (“DC”); Fairfax County, VA; Arlington County, VA; City of Fairfax, VA; City of Falls Church, VA; and the City of Alexandria, VA.

Figure 3.3.1 Map of AA #3



HBUS will have two branches located in the AA one in a census tract without an income designation and one in the middle-income census tract, as shown in Table 3.3.1.

Table 3.3.1: HBUS Branches: AA #3

County	Low	Moderate	Middle	Upper	N/A	Total Branches
District of Columbia	0	0	0	0	1	1
Fairfax	0	0	1	0	0	1
Fairfax City	0	0	0	0	0	0
Total	0	0	1	0	1	2

b. Economic Characteristics: Population, Income, Employment, Industry and Housing

Population and Income

This AA has a population of 2,186,176. The adjusted median family income for 2021 is \$122,100. The AA contains 542 census tracts, of which nearly 25% are low- or moderate-income, shown in Table 3.3.2. According to the U.S. Census Reporter, 21.5% of the larger MD population is foreign-born with 36% coming from Asia and 40% coming from Latin America. The median age of area residents is younger than the average for the U.S. at 36.9 compared to 38.5 for the U.S., and 64% of the population is between 18 and 64. DC has the lowest median income in the MD. In the MD approximately 7.7% of households are below the poverty line compared to 12.3% for the U.S. In the MD, regarding education, 91.1% of

Table 3.3.2: Demographic Information (LMI): AA #3

Data Type	Total #	Low		Moderate		Middle		Upper		N/A	
		#	%	#	%	#	%	#	%	#	%
Geographies (Census tracts)	542	72	13.28%	63	11.62%	159	29.34%	236	43.54%	12	2.21%
Population by Geography	2,186,176	272,885	12.48%	253,811	11.61%	662,542	30.31%	971,126	44.42%	25,812	1.18%
Owner-Occupied Housing by Geography	459,506	24,216	5.27%	39,877	8.68%	139,106	30.27%	254,743	55.44%	1,564	0.34%
Business by Geography	277,382	13,274	4.79%	28,666	10.33%	86,338	31.13%	145,694	52.52%	3,410	1.23%
Farms by Geography	2,724	117	4.30%	208	7.64%	941	34.54%	1,445	53.05%	13	0.48%
Family Distribution by Income Level	485,978	104,106	21.42%	66,641	13.71%	85,315	17.56%	229,916	47.31%	-	0.00%
Distribution of LMI Families throughout AA Geographies	170,747	44,766	26.22%	31,475	18.43%	54,980	32.20%	38,152	22.34%	1,374	0.80%
Households Distribution by Income Level	844,698	194,161	22.99%	121,188	14.35%	146,754	17.37%	382,595	45.29%	-	0.00%
Multi-family units, 5 or more	381,696	67,075	17.57%	55,676	14.59%	115,171	30.17%	137,287	35.97%	6,487	1.70%
Vacant units	66,718	13,882	20.81%	8,537	12.80%	17,470	26.18%	26,217	39.30%	612	0.92%
Median Family Income	106,105										
Adjusted Median Family Income for 2021	122,100										

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

the population has a high school degree and 50.5% have a bachelor’s degree or higher, which compares favorably to the U.S. averages (88.6% and 33.1%, respectively). Residents of the larger MD commute an average of 35.7 minutes to work which is about 1.3 times higher than the national average of 27.6. Over 64% drove alone in the MD, while 13% took public transportation.¹⁴

Employment and Industry

In January 2021, unemployment in the larger MSA¹⁵ was 6.1% versus 6.3% nationally. The largest decline was seen in the Leisure and Hospitality sector (31.5%). The largest number of people (49%) are employed in the Professional and Business Services Sector and Government. These areas only declined 2.8% and 0.7%, respectively.¹⁶ Table 3.3.3 provides a list of the top five Fortune 500 companies headquartered in this AA.¹⁷

Table 3.3.3: Major Employers: AA #3

Company	Industry
Fannie Mae	Finance
Freddie Mac	Finance
General Dynamics	Defense
Northrop Grumman	Defense
Capital One	Finance

Table 3.3.4 shows the distribution of businesses by revenue in the AA. Nonfarm businesses with less than \$1 million in revenue account for 86% of the businesses in the AA.

Table 3.3.4: Business Counts (LMI): AA #3

Tract Description	# Tracts	Revenue N/A			Revenue ≤ \$1M			Revenue > \$1M			Total		
		Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total
1 - Low Income	72	2	1,006	1,008	115	11,878	11,993	-	390	390	117	13,274	13,391
2 - Moderate Income	63	4	3,040	3,044	199	23,702	23,901	5	1,924	1,929	208	28,666	28,874
3 - Middle Income	159	27	7,120	7,147	877	74,688	75,565	37	4,530	4,567	941	86,338	87,279
4 - Upper Income	236	33	11,230	11,263	1,364	126,861	128,225	48	7,603	7,651	1,445	145,694	147,139
0 – N/A	12	1	1,478	1,479	12	1,751	1,763	-	181	181	13	3,410	3,423
TOTAL	542	67	23,874	23,941	2,567	238,880	241,447	90	14,628	14,718	2,724	277,382	280,106

Source: Dun & Bradstreet

¹⁴ <https://censusreporter.org/profiles/31400US4790047894-washington-arlington-alexandria-dc-va-md-wv-metro-division/>.

¹⁵ Washington-Arlington-Alexandria, DC-VA-MD-WV MSA.

¹⁶ https://www.bls.gov/eag/eag.dc_washington_md.htm.

¹⁷ <https://fortune.com/fortune500/2021/search?hqstate=VA>; <https://fortune.com/fortune500/2021/search?hqstate=DC>.

Housing

The median home price in the larger MSA is \$446,300, 1.8 times the U.S. median price of \$240,500. The median price in DC was higher at \$646,500. 34% of the homes in the MSA are valued between \$500,000 and \$1 million. 65% of the housing units are single family units and 64% are owner occupied. In the MSA, 34% of the housing units are multifamily and 36% are renter occupied¹⁸. In the MSA, nearly 34% of the housing units were built before 1970. Additionally, occupancy costs exceed 30% of household income for nearly one third (30%) of the occupied housing units in DC.¹⁹ Table 3.3.5 presents the housing data for the AA.

Table 3.3.5: Housing Data (LMI): AA #3

Tract Description	Families		Households		Housing Units (HU)		HU Occupied		HU Owner Occupied		HU Renter Occupied		HU Vacant	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Low	56,282	11.58%	102,284	12.11%	116,166	12.75%	102,284	12.11%	24,216	5.27%	78,068	20.27%	13,882	20.81%
Moderate	52,964	10.90%	97,243	11.51%	105,780	11.61%	97,243	11.51%	39,877	8.68%	57,366	14.89%	8,537	12.80%
Middle	145,306	29.90%	254,953	30.18%	272,423	29.89%	254,953	30.18%	139,106	30.27%	115,847	30.08%	17,470	26.18%
Upper	229,142	47.15%	382,757	45.31%	408,974	44.87%	382,757	45.31%	254,743	55.44%	128,014	33.23%	26,217	39.30%
N/A	2,284	0.47%	7,461	0.88%	8,073	0.89%	7,461	0.88%	1,564	0.34%	5,897	1.53%	612	0.92%
TOTAL	485,978	100.00%	844,698	100.00%	911,416	100.00%	844,698	100.00%	459,506	100.00%	385,192	100.00%	66,718	100.00%

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

c. Deposit Market Share

The market accounts for nearly \$2.7 billion or 1.77% of HBUS total domestic deposits as of June 30, 2021. HBUS ranks 10th out of a total of 50 institutions for deposit market share in the AA, a decrease from its 2020 ranking of 9th. Four banks held the majority deposit market share in the AA, collectively capturing 62% of total deposits in the market. Capital One ranked 1st with approximately 16% of the market share, Bank of America ranked 2nd with 15.9% of the market share, followed by Wells Fargo with 15.8% of the market and finally Truist Bank ranked 4th capturing almost 14 % of the market share. Table 3.3.6 shows the deposit share information for the top five banking organizations in the AA.

¹⁸ <https://censusreporter.org/profiles/31000US47900-washington-arlington-alexandria-dc-va-md-wv-metro-area/>.

¹⁹ <https://data.census.gov/cedsci/table?t=Housing&g=310M500US47900&tid=ACSDP1Y2019.DP04&hidePreview=true>.

Table 3.3.6: Deposit Market Share: AA #3²⁰

Selected Market:						As of 06/30/2021		
DC Metro Area						Inside of Market		
Rank	Institution Name	CERT	State	Bank Class	State/Federal Charter	No. of Offices	Deposits (\$000)	Market Share
1	Capital One, National Association	4297	VA	N	Federal	22	25,651,416	16.92%
2	Bank of America, National Association	3510	NC	N	Federal	56	24,184,947	15.96%
3	Wells Fargo Bank, National Association	3511	SD	N	Federal	69	24,019,154	15.85%
4	Truist Bank	9846	NC	NM	State	78	21,180,392	13.97%
5	PNC Bank, National Association	6384	DE	N	Federal	64	11,397,108	7.52%

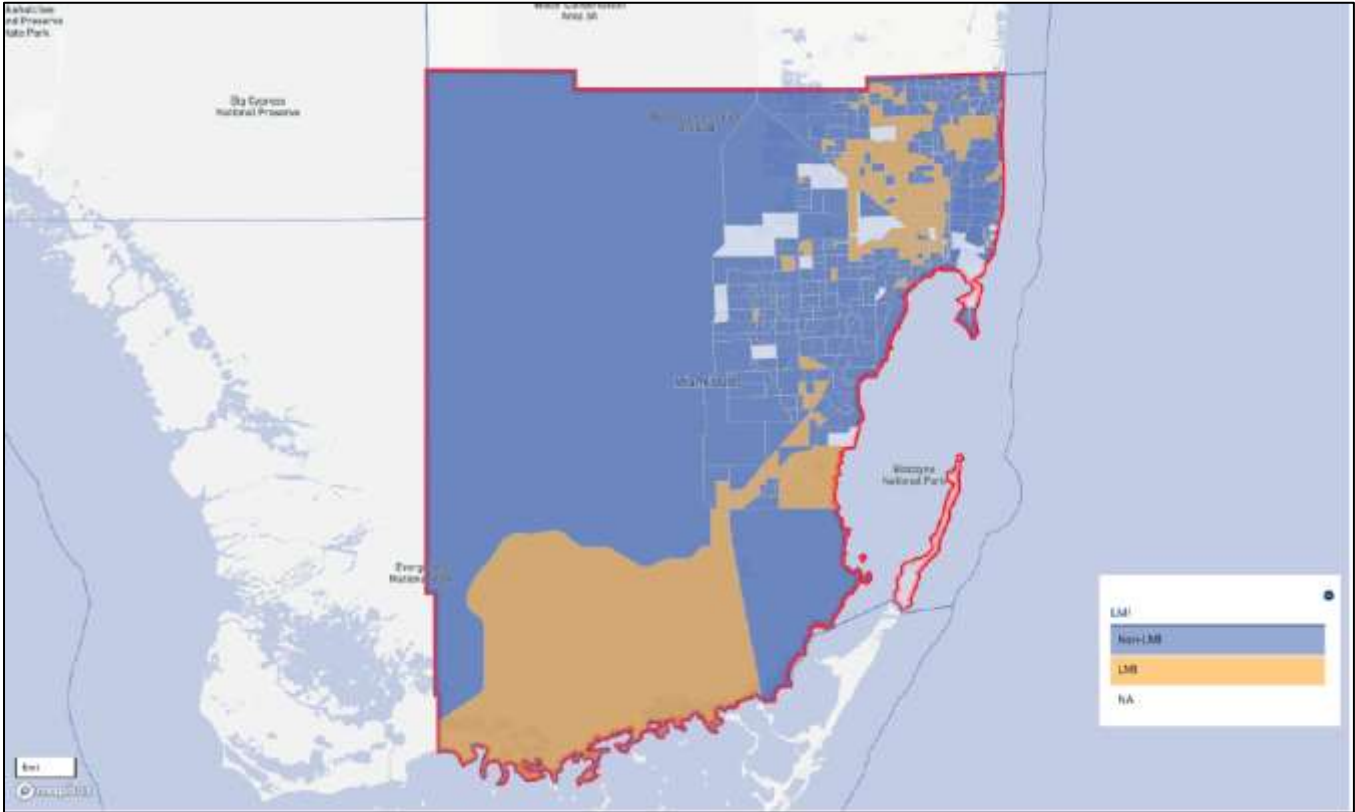
4. Miami-Dade County, FL

a. Map

As shown in the AA map in Figure 3.4.1, Miami-Dade County is located in the southeastern part of Florida, and it makes up the Miami-Miami Beach-Kendall, FL MD. Miami-Dade County, together with Broward and Palm Beach counties, make up the Miami-Fort Lauderdale-Pompano Beach, FL MSA.

²⁰ <https://www7.fdic.gov/sod/sodMarketBank.asp?barItem=2>

Figure 3.4.1 Map of AA #4



HBUS will have one branch located in a moderate-income census tract and one branch located in upper-income census tracts. The OCC has identified one census tract as underserved as shown in Table 3.4.1.

Table 3.4.1: HBUS Branches: AA #4

County	Low	Moderate	Middle	Upper	N/A	Total Branches
Miami-Dade	0	1	0	1	0	2
Total	0	1	0	1	0	2

b. Economic Characteristics: Population, Income, Employment, Industry and Housing

Population and Income

Miami-Dade County has a population of 2,639,042. The adjusted median family income for 2021 is \$59,100. The AA contains 519 census tracts, over one third of which are low or moderate income, shown in Table 3.4.2. According to the U.S. Census Reporter²¹, over half (54.6%) of the population is foreign-born with 93% coming from Latin America and 3% from Asia. The median age of area residents is older than the average for the U.S. at 40.5 compared to 38.5 for the U.S., and 63% of the population is between 18 and 64. In the AA, 20.7% of households are below the poverty line compared to 12.3% for the U.S. Regarding education, 86.1% of the population has a high school degree and 41% have a bachelor’s degree or higher, which compares favorably to the U.S. averages (88.6% and 33.1%, respectively). Residents of the area commute an average of 32.8 minutes to work which is about 1.2 times higher than the national average of 27.6. Over 77% drove alone.

Table 3.4.2: Demographic Information (LMI): AA #4

Data Type	Total #	Low		Moderate		Middle		Upper		N/A	
		#	%	#	%	#	%	#	%	#	%
Geographies (Census tracts)	519	30	5.78%	144	27.75%	150	28.90%	177	34.10%	18	3.47%
Population by Geography	2,639,042	145,206	5.50%	782,478	29.65%	815,663	30.91%	876,124	33.20%	19,571	0.74%
Owner-Occupied Housing by Geography	452,826	9,001	1.99%	97,114	21.45%	144,514	31.91%	201,131	44.42%	1,066	0.24%
Business by Geography	639,909	19,988	3.12%	134,353	21.00%	168,382	26.31%	302,942	47.34%	14,244	2.23%
Farms by Geography	6,893	258	3.74%	1,615	23.43%	1,881	27.29%	3,089	44.81%	50	0.73%
Family Distribution by Income Level	572,388	137,487	24.02%	94,747	16.55%	96,619	16.88%	243,535	42.55%	0	0.00%
Distribution of LMI Families throughout AA Geographies	232,234	21,291	9.17%	98,100	42.24%	70,601	30.40%	41,474	17.86%	768	0.33%
Households Distribution by Income Level	842,153	219,506	26.06%	127,240	15.11%	133,803	15.89%	361,604	42.94%	0	0.00%
Multi-family units, 5 or more	424,962	28,380	6.68%	118,879	27.97%	113,251	26.65%	158,885	37.39%	5,567	1.31%
Vacant units	156,680	6,812	4.35%	30,344	19.37%	38,527	24.59%	78,897	50.36%	2,100	1.34%
Median Family Income	49,264										
Adjusted Median Family Income for 2021	59,100										

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

Employment and Industry

In January 2021, unemployment in Miami-Dade County was 10.1% compared with 6.3% nationally. During 2020, total nonfarm employment fell 8.8%. The largest declines were seen in the Leisure and Hospitality sector (28.9%) and Other Services (11.9%). The largest number of people are

²¹ <https://censusreporter.org/profiles/05000US12086-miami-dade-county-fl/>.

employed in the Trade, Transportation and Utilities Sector and the Education and Health Services Sector. These areas only declined 8.6% and 4.8%, respectively.²² Table 3.4.3 provides a list of the top 5 major employers in Miami-Dade County.²³

Table 3.4.3: Major Employers: AA #4

Company	Industry
Royal Caribbean Group	Hospitality/ Tourism
Miami-Dade County Public Schools	Education
Ryder System	Transportation
Burger King	Restaurant
Norwegian Cruise Line	Tourism

Table 3.4.4 shows the distribution of businesses by revenue in Miami-Dade County. Nonfarm businesses with less than \$1 million in revenue account for 93% of the businesses in the county.

Table 3.4.4: Business Counts (LMI): AA #4

Tract Description	# Tracts	Revenue N/A			Revenue ≤ \$1M			Revenue > \$1M			Total		
		Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total
1 - Low Income	30	2	1,014	1,016	251	18,423	18,674	5	551	556	258	19,988	20,246
2 - Moderate Income	144	17	5,323	5,340	1,578	125,565	127,143	20	3,465	3,485	1,615	134,353	135,968
3 - Middle Income	150	14	5,561	5,575	1,849	159,809	161,658	18	3,012	3,030	1,881	168,382	170,263
4 - Upper Income	177	29	12,749	12,778	2,986	283,122	286,108	74	7,071	7,145	3,089	302,942	306,031
0 - N/A	18	2	1,382	1,384	46	11,973	12,019	2	889	891	50	14,244	14,294
TOTAL	519	64	26,029	26,093	6,710	598,892	605,602	119	14,988	15,107	6,893	639,909	646,802

Source: Dun & Bradstreet

Housing

The median home price in Miami-Dade County is \$330,500, 1.3 times the U.S. median price of \$240,500. Almost half (49%) of the homes are valued between \$200,000 and \$400,000. Unlike the U.S. as a whole, there is an even split between single family and multi-unit housing and owner

²² https://www.bls.gov/eag/eag.fl_miami_md.htm.

²³ <https://www.zippia.com/advice/largest-companies-in-florida/>.

and renter occupied housing. Over 36% of the housing units were built before 1970. Additionally, occupancy costs exceed 30% of household income for over 47.6% of the occupied housing units in the county.²⁴ See county housing data in Table 3.4.5.

Table 3.4.5: Housing Data (LMI): AA #4

Tract Description	Families		Households		Housing Units (HU)		HU Occupied		HU Owner Occupied		HU Renter Occupied		HU Vacant	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Low	27,891	4.87%	46,512	5.52%	53,324	5.34%	46,512	5.52%	9,001	1.99%	37,511	9.63%	6,812	4.35%
Moderate	164,741	28.78%	244,369	29.02%	274,713	27.50%	244,369	29.02%	97,114	21.45%	147,255	37.82%	30,344	19.37%
Middle	177,461	31.00%	254,468	30.22%	292,995	29.33%	254,468	30.22%	144,514	31.91%	109,954	28.24%	38,527	24.59%
Upper	200,815	35.08%	292,520	34.73%	371,417	37.19%	292,520	34.73%	201,131	44.42%	91,389	23.47%	78,897	50.36%
N/A	1,480	0.26%	4,284	0.51%	6,384	0.64%	4,284	0.51%	1,066	0.24%	3,218	0.83%	2,100	1.34%
TOTAL	572,388	100.00%	842,153	100.00%	998,833	100.00%	842,153	100.00%	452,826	100.00%	389,327	100.00%	156,680	100.00%

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

c. Deposit Market Share

Table 3.4.6: Deposit Market Share: AA #4²⁵

Selected Market:							As of 06/30/2021		
Miami-Dade County, FL							Inside of Market		
Rank	Institution Name	CERT	State	Bank Class	State/Federal Charter	No. of Offices	Deposits (\$000)	Market Share	
1	Bank of America, National Association	3510	NC	N	Federal	70	27,300,906	15.23%	
2	Wells Fargo Bank, National Association	3511	SD	N	Federal	67	20,722,437	11.56%	
3	JPMorgan Chase Bank, National Association	628	OH	N	Federal	80	18,363,963	10.25%	
4	Citibank, National Association	7213	SD	N	Federal	28	17,193,000	9.59%	
5	City National Bank of Florida	20234	FL	N	Federal	23	15,654,794	8.74%	

The market accounts for approximately \$6.3 billion or 4.04% of HBUS total domestic deposits as of June 30, 2021. HBUS ranks 8th out of a total of 55 institutions for deposit market share in the AA, there was no change in rank from 2020. Five banks held the majority deposit market share in

²⁴ <https://data.census.gov/cedsci/table?g=0500000US12086&tid=ACSDP5Y2019.DP04&hidePreview=true>.

²⁵ <https://www7.fdic.gov/sod/sodMarketRpt.asp?barItem=2>.

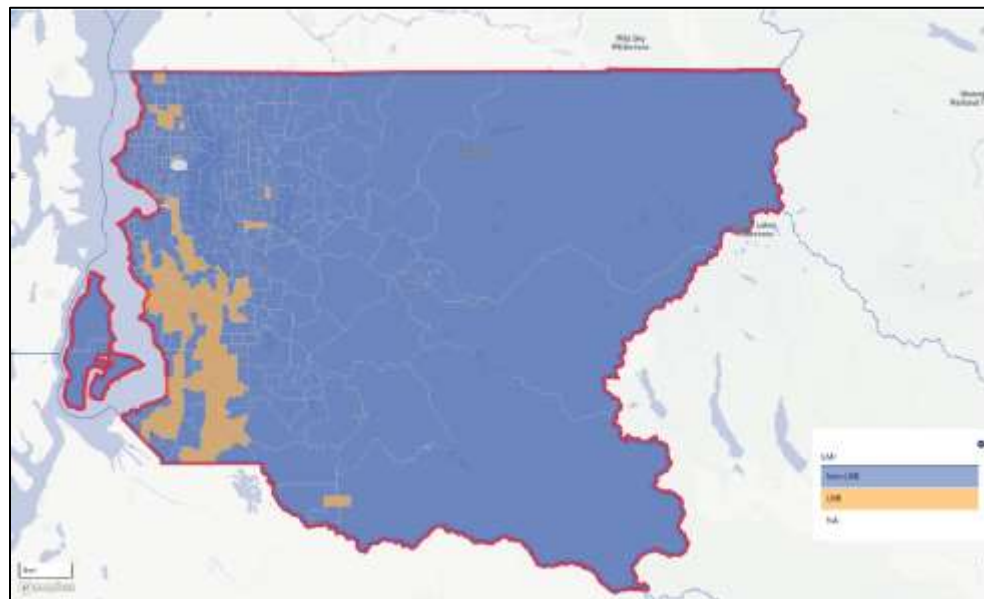
the AA, collectively capturing 52% of total deposits in the market. Bank of America ranked 1st with approximately 15% of the market share, Wells Fargo Bank ranked 2nd with 11% of the market share, followed closely by JPMorgan Chase that captured 10% of the market share. Citibank and City National Bank of Florida were also close behind, capturing approximately 9% and 8% of the market share each. Table 3.4.6 shows the deposit share information for the top five banking organizations in the AA.

5. King County, WA

a. Map

King County is situated between Puget Sound to the west and the crest line of the Cascade Range to the east. King County along with Snohomish County to the north and Pierce County to the South comprise the Seattle–Tacoma–Bellevue MSA. Figure 3.5.1 presents a map of the AA.

Figure 3.5.1: Map of AA #5



HBUS will have one branch located in a middle-income census tract and one branch located in an upper-income census tract. The OCC has identified one census tract as underserved as shown in Table 3.5.1.

Table 3.5.1: HBUS Branches: AA #5

County	Low	Moderate	Middle	Upper	N/A	Total Branches
King	0	0	1	1	0	2
Total	0	0	1	1	0	2

b. Economic Characteristics: Population, Income, Employment, Industry and Housing

Population and Income

King County has a population of 2,045,756 making it the most populous county in Washington, and the 12th most populous in the U.S. The adjusted median family income for 2021 is \$113,300. The AA contains 398 census tracts, over one quarter of which are low or moderate income, see Table 3.5.2. According to the U.S. Census Reporter²⁶, nearly a quarter (24.8%) of the population is foreign-born with 55% coming from Asia and 17% coming from Latin America. The median age of area residents is younger than the average for the U.S. at 36.9 compared to 38.5 for the U.S.,

Table 3.5.2: Demographic Information (LMI): AA #5

Data Type	Total #	Low		Moderate		Middle		Upper		N/A	
		#	%	#	%	#	%	#	%	#	%
Geographies (Census tracts)	398	20	5.03%	80	20.10%	154	38.69%	141	35.43%	3	0.75%
Population by Geography	2,045,756	104,938	5.13%	420,006	20.53%	777,977	38.03%	735,020	35.93%	7,815	0.38%
Owner-Occupied Housing by Geography	470,632	12,661	2.69%	71,663	15.23%	190,001	40.37%	196,227	41.69%	80	0.02%
Business by Geography	268,420	13,175	4.91%	42,218	15.73%	91,976	34.27%	119,608	44.56%	1,443	0.54%
Farms by Geography	4,299	141	3.28%	646	15.03%	1,795	41.75%	1,710	39.78%	7	0.16%
Family Distribution by Income Level	488,006	102,467	21.00%	79,962	16.39%	95,061	19.48%	210,516	43.14%	0	0.00%
Distribution of LMI Families throughout AA Geographies	182,429	17,561	9.63%	54,953	30.12%	69,859	38.29%	39,800	21.82%	256	0.14%
Households Distribution by Income Level	819,651	198,572	24.23%	127,868	15.60%	139,465	17.02%	353,746	43.16%	0	0.00%
Multi-family units, 5 or more	281,484	20,499	7.28%	68,988	24.51%	93,366	33.17%	96,669	34.34%	1,962	0.70%
Vacant units	52,185	2,886	5.53%	11,648	22.32%	18,894	36.21%	18,618	35.68%	139	0.27%
Median Family Income	92,317										
Adjusted Median Family Income for 2021	113,300										

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

and 66% of the population is between 18 and 64. Adjusted median income is \$59,100, about 90% of the U.S. median income. In King County 10.17% of households are below the poverty line compared to 12.3% for the U.S. Regarding education, 93.1% of the population have a high school

²⁶ <https://censusreporter.org/profiles/05000US53033-king-county-wa/>.

degree and 54.1% have a bachelor’s degree or higher, which compares favorably to the U.S. averages (88.6% and 33.1%, respectively). Residents of the area commute an average of 30.2 minutes to work which is about 10% higher than the national average of 27.6. Over 60% drove alone.

Employment and Industry

In January 2021, unemployment in King County was 6.3% compared with 6.5% nationally.²⁷ During 2020, total nonfarm employment fell 8.8% in the Seattle–Tacoma–Bellevue MSA. The largest declines were seen in the Leisure and Hospitality sector (38.3%) and Manufacturing (15%). The largest number of people are employed in the Trade, Transportation and Utilities Sector and the Professional and Business Services Sector. These areas only declined 1.6% and 1.8%, respectively.²⁸ Table 3.5.3 presents a list of the top five Fortune 500 companies in King County.²⁹

Table 3.5.3: Major Employers: AA #5

Company	Industry
Amazon	E-commerce
Costco	Retail
Microsoft	Technology
Starbucks	Coffee
Paccar	Manufacturing

Table 3.5.4: Business Counts (LMI): AA #5

Tract Description	# Tracts	Revenue N/A			Revenue ≤ \$1M			Revenue > \$1M			Total		
		Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total
1 - Low Income	20	4	1,824	1,828	135	10,492	10,627	2	859	861	141	13,175	13,316
2 - Moderate Income	80	15	3,541	3,556	623	37,101	37,724	8	1,576	1,584	646	42,218	42,864
3 - Middle Income	154	29	5,394	5,423	1,726	83,297	85,023	40	3,285	3,325	1,795	91,976	93,771
4 - Upper Income	141	21	6,718	6,739	1,646	108,959	110,605	43	3,931	3,974	1,710	119,608	121,318
0 – N/A	3	0	227	227	6	1,139	1,145	1	77	78	7	1,443	1,450
TOTAL	398	69	17,704	17,773	4,136	240,988	245,124	94	9,728	9,822	4,299	268,420	272,719

Source: Dun & Bradstreet

Table 3.5.4 shows the distribution of businesses by revenue in King County. Nonfarm businesses with less than \$1 million in revenue account for 77% of the businesses in the county.

²⁷ <https://esd.wa.gov/labormarketinfo/monthly-employment-report>.

²⁸ https://www.bls.gov/eag/eag.wa_seattle_msa.htm.

²⁹ <https://fortune.com/fortune500/2021/search?hqstate=WA>.

Housing

The median home price in King County is \$643,000, 2.6 times the U.S. median price of \$240,500. Almost half (46%) of the homes are valued between \$500,000 and \$1 million. Like the U.S. as a whole, 57% of the housing units are single family units and 56% are owner occupied. Over 37% of the housing units were built before 1970. Additionally, occupancy costs exceed 30% of household income for nearly one third (32.9%) of the occupied housing units in the county.³⁰ Table 3.5.5 shows the housing data for the county.

Table 3.5.5: Housing Data (LMI): AA #5

Tract Description	Families		Households		Housing Units (HU)		HU Occupied		HU Owner Occupied		HU Renter Occupied		HU Vacant	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Low	22,442	4.60%	38,495	4.70%	41,381	4.75%	38,495	4.70%	12,661	2.69%	25,834	7.40%	2,886	5.53%
Moderate	91,020	18.65%	161,062	19.65%	172,710	19.81%	161,062	19.65%	71,663	15.23%	89,399	25.61%	11,648	22.32%
Middle	188,515	38.63%	314,795	38.41%	333,689	38.27%	314,795	38.41%	190,001	40.37%	124,794	35.76%	18,894	36.21%
Upper	185,722	38.06%	303,439	37.02%	322,057	36.94%	303,439	37.02%	196,227	41.69%	107,212	30.72%	18,618	35.68%
N/A	307	0.06%	1,860	0.23%	1,999	0.23%	1,860	0.23%	80	0.02%	1,780	0.51%	139	0.27%
TOTAL	488,006	100.00%	819,651	100.00%	871,836	100.00%	819,651	100.00%	470,632	100.00%	349,019	100.00%	52,185	100.00%

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

c. Deposit Market Share

Table 3.5.6: Deposit Market Share: AA #5³¹

Selected Market:						As of 06/30/2021		
King County, WA						Inside of Market		
Rank	Institution Name	CERT	State	Bank Class	State/Federal Charter	No. of Offices	Deposits (\$000)	Market Share
1	Bank of America, National Association	3510	NC	N	Federal	83	33,784,610	28.25%
2	JPMorgan Chase Bank, National Association	628	OH	N	Federal	78	19,149,526	16.01%
3	Wells Fargo Bank, National Association	3511	SD	N	Federal	59	15,324,764	12.81%
4	U.S. Bank National Association	6548	OH	N	Federal	43	12,266,771	10.26%
5	Keybank National Association	17534	OH	N	Federal	58	10,875,571	9.09%

³⁰ <https://data.census.gov/cedsci/table?g=0500000US53033&tid=ACSDP5Y2019.DP04&hidePreview=true>.

³¹ <https://www7.fdic.gov/sod/sodMarketRpt.asp?barItem=2>.

The market accounts for over \$1.6 billion or 1.09% of HBUS total domestic deposits as of June 30, 2021. HBUS ranks 13th out of a total of 45 institutions for deposit market share in the AA, a decrease from its 10th place rank in 2020. Three banks held the majority deposit market share in the AA, collectively capturing 57% of total deposits in the market. Bank of America ranked 1st with approximately 28% of the market share, JP Morgan Chase Bank ranked 2nd with 16% of the market share, followed by Wells Fargo Bank with approximately 13% of the market share. Table 3.5.6 shows the deposit share information for the top five banking organizations in the AA.

6. Northern California AA

a. Maps

The AA consists of a portion of the San Jose-San Francisco-Oakland, CA CSA (San Jose CSA) consisting of Alameda, San Francisco, and Santa Clara counties. Figure 3.6.1 provides is a map of the AA.

Figure 3.6.1: Map of AA #6



HBUS will have three branches in the AA, one located in a low-income census tract, 1 in the middle-income census tract and one in the upper, as shown in Table 3.6.1.

Table 3.6.1: HBUS Branch : AA #6

County	Low	Moderate	Middle	Upper	N/A	Total Branches
Alameda	0	0	1	0	0	1
San Francisco	1	0	0	0	0	1
Santa Clara	0	0	0	1	0	1
Total	1	0	1	1	0	3

b. Economic Characteristics: Population, Income, Employment, Industry and Housing

Population and Income

Table 3.6.2: Demographic Information (LMI): AA #6

Data Type	Total #	Low		Moderate		Middle		Upper		N/A	
		#	%	#	%	#	%	#	%	#	%
Geographies (Census tracts)	930	116	12.47%	200	21.51%	299	32.15%	302	32.47%	13	1.40%
Population by Geography	4,293,895	497,246	11.58%	952,406	22.18%	1,451,937	33.81%	1,370,467	31.92%	21,839	0.51%
Owner-Occupied Housing by Geography	776,178	39,277	5.06%	130,325	16.79%	273,814	35.28%	331,444	42.70%	1,318	0.17%
Business by Geography	445,883	52,843	11.85%	80,900	18.14%	132,474	29.71%	175,714	39.41%	3,952	0.89%
Farms by Geography	5,407	481	8.90%	1,007	18.62%	1,826	33.77%	2,072	38.32%	21	0.39%
Family Distribution by Income Level	977,526	246,183	25.18%	152,882	15.64%	176,496	18.06%	401,965	41.12%	0	0.00%
Distribution of LMI Families throughout AA Geographies	399,065	77,570	19.44%	117,396	29.42%	129,787	32.52%	72,930	18.28%	1,382	0.35%
Households Distribution by Income Level	1,533,657	418,694	27.30%	224,816	14.66%	248,191	16.18%	641,956	41.86%	0	0.00%
Multi-family units, 5 or more	505,844	97,361	19.25%	115,869	22.91%	154,366	30.52%	129,428	25.59%	8,820	1.74%
Vacant units	86,067	14,435	16.77%	16,618	19.31%	26,434	30.71%	27,381	31.81%	1,199	1.39%
Households Below Poverty Level	11.00%										
Unemployment Rate (2021 US Census)	5.18%										

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

The AA has a population of 4,293,895 and contains 930 census tracts, 34% of which are low or moderate income, see Table 3.6.2. According to the U.S. Census reporter, in the larger CSA, close to one third of the population is foreign-born with 55% coming from Asia and 33% coming from

Latin America. The median age of area residents is similar in age to the average for the U.S. of 38.2 and 63% of the population is between 18 and 64. Residents of the area have more income and are better educated than the average for the US. Adjusted median income is \$102,175 almost double the median income for the U.S. San Francisco is the seventh-highest-income county in the United States. In the CSA, 8.7% of households are below the poverty line compared to 12.3% for the U.S. Regarding education, 87.6% of the population has a high school degree and 44.5% have a bachelor’s degree or higher, which compares favorably to the U.S. (88.6% and 33.1%, respectively). Residents of the area commute an average of 33.2 minutes to work which is 1.2 times the national average of 27.6. 10% of residents in the CSA took public transportation.

Employment and Industry

In January 2021, employment declined more sharply and recovered more slowly in the MSA than for the U.S. as a whole. Unemployment was 6.7% compared to 6.3% nationally. Total nonfarm employment fell 11.4%. The largest declines were seen in the Leisure and Hospitality sector (49.3%) and Other Services (25.7%). The largest number of people are employed in the and Professional and Business Sector (21%) and this area only declined 5.2%.³²

According to a Brookings report, San Francisco is the home of tech conglomerates like Salesforce and Adobe and features major corporate offices for many of the large Silicon Valley tech companies. COVID-19, while a net loser for all of society, is a relative winner for technology firms and correspondingly, on a relative basis, for their main cities.³³ The top five Fortune 500 companies in AA are listed in Table 3.6.3.³⁴

Table 3.6.3: Major Employers: AA #6

Company	Industry
Wells Fargo	Financial Services
Facebook	Social Networking
HP	Computer Hardware
Cisco Systems	Networking Hardware
Hewlett Packard Enterprise	Financial Technology

Table 3.6.4 shows the distribution of businesses by revenue in the AA. Nonfarm businesses with less than \$1 million in revenue account for 87% of the businesses in the AA.

³² https://www.bls.gov/regions/west/ca_sanfrancisco_msa.htm#eag

³³ <https://www.brookings.edu/research/explaining-the-economic-impact-of-covid-19-core-industries-and-the-hispanic-workforce/>

³⁴ <https://fortune.com/fortune500/2020/search?hqcity=San%20Jose&hqstate=CA;>
<https://fortune.com/fortune500/2020/search?hqcity=San%20Francisco&hqstate=CA;>
<https://fortune.com/fortune500/2020/search?hqcity=Menlo%20Park&hqstate=CA>

Table 3.6.4: Business Counts (LMI): AA #6

Tract Description	# Tracts	Revenue N/A			Revenue ≤ \$1M			Revenue > \$1M			Total		
		Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total
1 - Low Income	116	10	4,670	4,680	446	44,739	45,185	25	3,434	3,459	481	52,843	53,324
2 - Moderate Income	200	34	6,949	6,983	941	69,862	70,803	32	4,089	4,121	1,007	80,900	81,907
3 - Middle Income	299	42	9,193	9,235	1,722	117,218	118,940	62	6,063	6,125	1,826	132,474	134,300
4 - Upper Income	302	51	11,002	11,053	1,972	156,840	158,812	49	7,872	7,921	2,072	175,714	177,786
0 – N/A	13	2	615	617	19	3,113	3,132	0	224	224	21	3,952	3,973
TOTAL	930	139	32,429	32,568	5,100	391,772	396,872	168	21,682	21,850	5,407	445,883	451,290

Source: Dun & Bradstreet

Housing

The median home price in the larger CSA is \$811,900, more than double the U.S. median price, \$240,500. Approximately 26% of homes are valued at less than \$500,000 and 37% are between \$500,000 and \$1 million. Similar to the U.S. as a whole, a majority of the housing stock is composed of single units (64%) and is owner occupied (56%)³⁵. 50% of the housing units were built before 1970. Additionally, occupancy costs exceed 30% of household income for 16% of the occupied housing units in the county.³⁶ Table 3.6.5 shows the housing data for the county.

Table 3.6.5: Housing Data (LMI): AA #6

Tract Description	Families		Households		Housing Units (HU)		HU Occupied		HU Owner Occupied		HU Renter Occupied		HU Vacant	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Low	98,720	10.10%	171,610	11.19%	186,045	11.49%	171,610	11.19%	39,277	5.06%	132,333	17.47%	14,435	16.77%
Moderate	198,148	20.27%	316,380	20.63%	332,998	20.56%	316,380	20.63%	130,325	16.79%	186,055	24.56%	16,618	19.31%
Middle	335,659	34.34%	518,523	33.81%	544,957	33.65%	518,523	33.81%	273,814	35.28%	244,709	32.31%	26,434	30.71%
Upper	342,681	35.06%	517,747	33.76%	545,128	33.66%	517,747	33.76%	331,444	42.70%	186,303	24.60%	27,381	31.81%
N/A	2,318	0.24%	9,397	0.61%	10,596	0.65%	9,397	0.61%	1,318	0.17%	8,079	1.07%	1,199	1.39%
TOTAL	977,526	100.00%	1,533,657	100.00%	1,619,724	100.00%	1,533,657	100.00%	776,178	100.00%	757,479	100.00%	86,067	100.00%

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

c. Deposit Market Share

The market accounts for over \$10 billion or 6.78% of HBUS total domestic deposits as of June 30, 2021. HBUS ranks 11th out of a total of 68 institutions for deposit market share in the AA, there was no change in its rank from 2020. Three banks held the majority deposit market share in

³⁵ <https://censusreporter.org/profiles/33000US488-san-jose-san-francisco-oakland-ca-csa/>.

³⁶ https://data.census.gov/cedsci/table?g=0400000US36_0500000US36029&tid=ACSDP5Y2019.DP04&hidePreview=true.

the AA, collectively capturing 63% of total deposits in the market. Bank of America ranked 1st with approximately 31% of the market share and Silicon Valley Bank ranked 2nd with around 17% of the market share. Wells Fargo ranked 3rd with over 14% of the market share. Table 3.6.6 shows the deposit share information for the top five banking organizations in the AA.

Table 3.6.6: Deposit Market Share: AA #6³⁷

		Selected Market:				As of 06/30/2021		
		San Jose-San Francisco-Oakland, CA CSA				Inside of Market		
Rank	Institution Name	CERT	State	Bank Class	State/Federal Charter	No. of Offices	Deposits (\$000)	Market Share
1	Bank of America, National Association	3510	NC	N	Federal	134	215,012,659	31.16%
2	Silicon Valley Bank	24735	CA	SM	State	2	121,473,804	17.61%
3	Wells Fargo Bank, National Association	3511	SD	N	Federal	136	99,867,376	14.47%
4	First Republic Bank	59017	CA	NM	State	24	51,584,804	7.48%
5	JPMorgan Chase Bank, National Association	628	OH	N	Federal	133	48,539,668	7.04%

7. Los Angeles-Long Beach-Anaheim MSA

a. Map

Los Angeles County together with Orange County make up the Los Angeles-Long Beach-Anaheim, CA MSA. Los Angeles County borders 70 miles of coast on the Pacific Ocean and encompasses mountain ranges, valleys, forests, islands, lakes, rivers, and desert. Orange County’s southwest border is 40 miles of coast on the Pacific Ocean and its northern border is Los Angeles County. Figure 3.7.1 provides a map of the assessment area. HBUS will have three branches in the AA, one of which is located in a moderate-income census tract and two in upper-income census tracts. The OCC identified nine middle-income census tracts as underserved in the AA as shown in Table 3.7.1.

³⁷ <https://www7.fdic.gov/sod/sodMarketRpt.asp?barItem=2>.

Figure 3.7.1: Map of AA #7

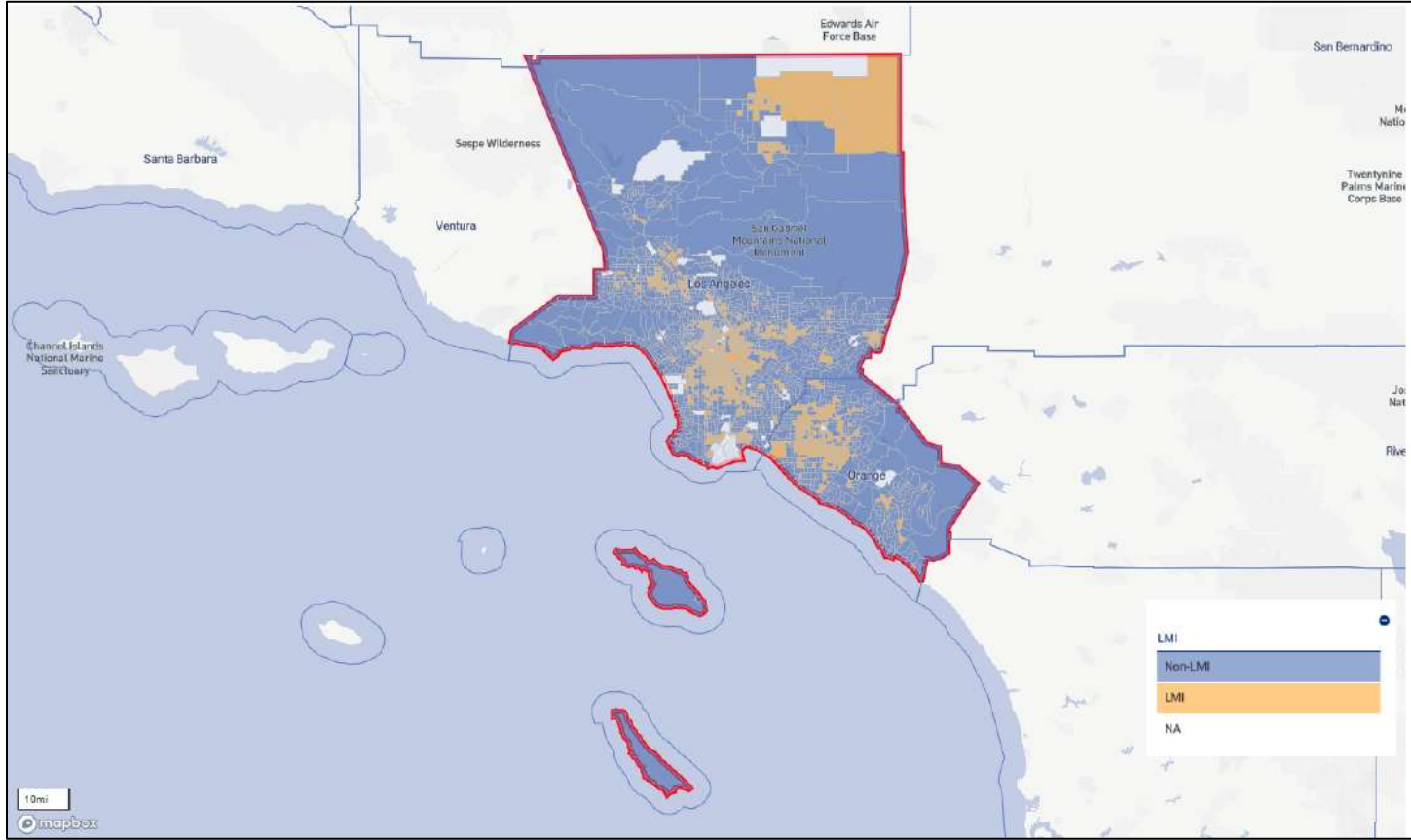


Table 3.7.1: HBUS Branches: AA #7

County	Low	Moderate	Middle	Upper	N/A	Total Branches
Los Angeles	0	1	0	1	0	2
Orange	0	0	0	1	0	1
Total	0	2	0	2	0	3

b. Economic Characteristics: Population, Income, Employment, Industry and Housing

Population and Income

The AA has a population of 13,214,799³⁸. The adjusted median family income for 2021 is \$90,150. The AA contains 2,929 census tracts, nearly 40% of which are low or moderate income, shown in Table 3.7.2. Approximately one-third of the larger MSA³⁹ population is foreign-born with 39% coming from Asia and 52% coming from Latin America. The median age of area residents is slightly younger than the average for the U.S. at 37.4,

Table 3.7.2: Demographic Information (LMI): AA #7

Data Type	Total #	Low		Moderate		Middle		Upper		N/A	
		#	%	#	%	#	%	#	%	#	%
Geographies (Census tracts)	2,929	266	9.08%	821	28.03%	760	25.95%	1,028	35.10%	54	1.84%
Population by Geography ⁴⁰	13,154,457	1,129,265	8.58%	3,805,375	28.93%	3,538,411	26.90%	4,604,135	35.00%	77,271	0.59%
Owner-Occupied Housing by Geography	2,082,030	55,545	2.67%	366,014	17.58%	572,472	27.50%	1,086,537	52.19%	1,462	0.07%
Business by Geography	1,455,905	70,662	4.85%	277,008	19.03%	358,267	24.61%	722,314	49.61%	27,654	1.90%
Farms by Geography	14,582	533	3.66%	2,651	18.18%	3,902	26.76%	7,365	50.51%	131	0.90%
Family Distribution by Income Level	2,913,538	709,608	24.36%	475,249	16.31%	495,614	17.01%	1,233,067	42.32%	0	0.00%
Distribution of LMI Families throughout AA Geographies	1,184,857	169,817	14.33%	480,985	40.59%	300,123	25.33%	232,301	19.61%	1,631	0.14%
Households Distribution by Income Level	4,272,422	1,094,837	25.63%	661,490	15.48%	686,915	16.08%	1,829,180	42.81%	0	0.00%
Multi-family units, 5 or more	1,459,862	180,783	12.38%	455,137	31.18%	344,839	23.62%	461,991	31.65%	17,112	1.17%
Vacant units	268,938	21,520	8.00%	66,196	24.61%	65,667	24.42%	113,366	42.15%	2,189	0.81%
Households Below Poverty Level	15.42%										
Unemployment Rate (2021 US Census)	6.11%										

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

³⁸ RiskExec Data references 2015 ACS Data, per the population of 13,154,457. The Census Report references 2019 ACS Data, thus the variance in population numbers.

³⁹ Los Angeles-Long Beach-Anaheim, CA MSA.

⁴⁰ RiskExec Data references 2015 ACS Data, per the population of 13,154,457. The Census Report references 2019 ACS Data, thus the variance in population numbers.

and 64% of the population is between 18 and 64. In the MSA, 12.4% of households are below the poverty line compared to 12.3% for the U.S. Regarding education, 81.4% of the population has a high school degree and 35.5% have a bachelor’s degree or higher, which is favorable to the U.S. averages (88.6% and 33.1%, respectively). Residents of the area commute an average of 31.7 minutes to work which is 1.1 times higher than the national average of 27.6. 75% drove alone.⁴¹

Employment and Industry

In January 2021, unemployment in the MSA was 11.5% compared with 6.3% nationally. During 2020, employment declined more sharply and recovered more slowly in the MSA than for the U.S. as a whole. Total nonfarm employment fell 12.2% in the MSA. The largest declines were seen in the Leisure and Hospitality sector (40%) and Other Services (28.2%). The largest number of people are employed in the Trade, Transportation and Utilities Sector and the Education and Health Services Sector. These areas only declined 6.2% and 4.4%, respectively.⁴² Table 3.7.3 provides a list of the top five Fortune 500 companies in the AA.⁴³ Table 3.7.4 shows the distribution of businesses by revenue in the AA. Nonfarm businesses with less than \$1 million in revenue account for 89% of the businesses in the county.

Table 3.7.3: Major Employers: AA #7

Company	Industry
AECOM	Professional Services
Reliance Steel & Aluminum	Metals
KB Home	Homebuilding
Mercury General	Insurance
Air Lease	Aircraft leases

Table 3.7.4: Business Counts (LMI): AA #7

Tract Description	# Tracts	Revenue N/A			Revenue ≤ \$1M			Revenue > \$1M			Total		
		Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total	Farm	Non-Farm	Total
1 - Low Income	266	16	4,680	4,696	494	62,329	62,823	23	3,653	3,676	533	70,662	71,195
2 - Moderate Income	821	56	17,729	17,785	2,507	246,182	248,689	88	13,097	13,185	2,651	277,008	279,659
3 - Middle Income	760	98	22,522	22,620	3,672	318,324	321,996	132	17,421	17,553	3,902	358,267	362,169
4 - Upper Income	1,028	165	34,941	35,106	7,021	663,828	670,849	179	23,545	23,724	7,365	722,314	729,679
0 – N/A	54	18	4,209	4,227	104	20,882	20,986	9	2,563	2,572	131	27,654	27,785
TOTAL	2,929	353	84,081	84,434	13,798	1,311,545	1,325,343	431	60,279	60,710	14,582	1,455,905	1,470,487

Source: Dun & Bradstreet

⁴¹ <https://censusreporter.org/profiles/31000US31080-los-angeles-long-beach-anaheim-ca-metro-area/>.

⁴² https://www.bls.gov/regions/west/summary/blssummary_losangeles.pdf.

⁴³ <https://fortune.com/fortune500/2020/search/?hqcity=Los%20Angeles&hqstate=CA>.

Housing

The median home price in Los Angeles \$666,900, 2.7 times the U.S. median price of \$240,500⁴⁴. More than half (54%) of the homes are valued between \$500,000 and \$1 million. Like the U.S. as a whole, a majority of the housing stock is composed of single-family units (56%). 48% of the housing stock is owner occupied. Over 54% of the housing units were built before 1970. Additionally, occupancy costs exceed 30% of household income for over 43% of the occupied housing units in the county.⁴⁵ Table 3.7.5 shows the housing data for the county.

Table 3.7.5: Housing Data (LMI): AA #7

Tract Description	Families		Households		Housing Units (HU)		HU Occupied		HU Owner Occupied		HU Renter Occupied		HU Vacant	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Low	221,796	7.61%	318,984	7.47%	340,504	7.50%	318,984	7.47%	55,545	2.67%	263,439	12.03%	21,520	8.00%
Moderate	788,614	27.07%	1,105,199	25.87%	1,171,395	25.79%	1,105,199	25.87%	366,014	17.58%	739,185	33.75%	66,196	24.61%
Middle	773,794	26.56%	1,121,941	26.26%	1,187,608	26.15%	1,121,941	26.26%	572,472	27.50%	549,469	25.09%	65,667	24.42%
Upper	1,126,100	38.65%	1,709,229	40.01%	1,822,595	40.13%	1,709,229	40.01%	1,086,537	52.19%	622,692	28.43%	113,366	42.15%
N/A	3,234	0.11%	17,069	0.40%	19,258	0.42%	17,069	0.40%	1,462	0.07%	15,607	0.71%	2,189	0.81%
TOTAL	2,913,538	100.00%	4,272,422	100.00%	4,541,360	100.00%	4,272,422	100.00%	2,082,030	100.00%	2,190,392	100.00%	268,938	100.00%

Sources: 2015 ACS Data with 2020 FFIEC Updates (Prelim)

c. Deposit Market Share

The market accounts for over \$7.4 billion or 4.81% of HBUS total domestic deposits as of June 30, 2021. HBUS ranks 18th out of a total of 116 institutions for deposit market share in the AA, down from 17th in 2020. Four banks held the majority deposit market share in the AA, collectively capturing 52% of total deposits in the market. Bank of America ranked 1st with approximately 16% of the market share, Wells Fargo Bank ranked 2nd with just over 15% of the market share, followed by JPMorgan Chase that captured 13% of the market share and MUFG Union Bank that captured about 7%. Table 3.7.6 shows the deposit share information for the top five banking organizations in the AA.

⁴⁴ <https://censusreporter.org/profiles/31000US31080-los-angeles-long-beach-anaheim-ca-metro-area/>.

⁴⁵ <https://data.census.gov/cedsci/table?g=310M500US31080&tid=ACSDP5Y2019.DP05&hidePreview=true>.

Table 3.7.6: Deposit Market Share: AA #7⁴⁶

Selected Market:						As of 06/30/2021		
Los Angeles MSA						Inside of Market		
Rank	Institution Name	CERT	State	Bank Class	State/Federal Charter	No. of Offices	Deposits (\$000)	Market Share
1	Bank of America, National Association	3510	NC	N	Federal	322	128,451,285	16.74%
2	JPMorgan Chase Bank, National Association	628	OH	N	Federal	371	116,516,169	15.18%
3	Wells Fargo Bank, National Association	3511	SD	N	Federal	314	106,273,901	13.85%
4	MUFG Union Bank, National Association	22826	CA	N	Federal	101	53,904,129	7.02%
5	City National Bank	17281	CA	N	Federal	37	48,118,084	6.27%

⁴⁶ <https://www7.fdic.gov/sod/sodMarketRpt.asp?barItem=2&sZipCode=&InfoAsOf=2020&SortBy=Market%20Share&reRun=Y> =2.

SECTION 4: COMMUNITY NEEDS ASSESSMENT

A. Review of Regional and Local Community Development Plans (FHLB AND HUD)

Table 4.A.1: Priority Needs for FHLB Plans Summary

Priority Needs - FHLB Plans				
Jurisdiction	Date	Priority #1	Priority #2	Priority #3
New York – FHLB (AA #1, AA #2)	2021	Greater funding and long-term protections for the most vulnerable renters, and improved access to homeownership across the district.	More support for wrap-around services to keep people safe and stable and let them build for the future.	Incentives for investments that incorporate tenant-focused attributes that improve health and bring down costs.
Virginia, DC, Florida – FHLB (AA #3, AA #4)	2021	When combined with increases in population and disparity in median household income, elevated poverty levels create an environment where essential services such as affordable housing are in particularly high demand.	Increasing home values across the Bank’s district is making affordability a challenge for low-to moderate-income residents.	Rental housing throughout the Bank’s district remains unaffordable for the average renter.
Washington – FHLB (AA #5)	2021	Affordable housing for households with incomes at or below 30% of area median.	Homeownership for households with incomes at or below 30% and 50% of area median.	Housing for homeless and special needs households, including veterans and households carrying significant health care costs.
Des Moines – FHLB - Washington Special Circumstances (AA #5)	2021	Rental units for households earning up to 30% of area median income, particularly in the Puget Sound region and southeast and southwestern parts of the state.	The housing stock of mostly single-family homes is not a match for the demands of its changing demographics driven by smaller and nonfamily households.	The most severely cost burdened demographic is households under the age of 35. In addition, Washington identified that low-income and non-white households are more likely to face challenges related to housing discrimination.
Des Moines – FHLB (AA #5)	2021	Affordable housing for households with incomes at or below 30% of area median. Downtown revitalization and cure of blight. And Brownfield revitalization.	Homeownership for households with incomes at or below 30% and 50% of area median. Public facilities and infrastructure, especially to spur employment.	Housing for homeless and special needs households, including veterans and households carrying significant health care costs. Rural broadband extension and provision.
San Francisco – FHLB (AA #6)	2021	Increase availability of affordable rental homes for ELI renters.	Decrease homelessness.	Increase availability of affordable homes for homebuyers.

The OCC has pointed to the Federal Home Loan Banks’ Targeted Community Lending Plans (“FHLB TCLPs”) and local or state Consolidated Plans submitted to HUD for community planning and development programs as reliable sources that articulate local needs and opportunities based

on interactions with the community and other types of research. Below are the assessments from the relevant FHLB TCLPs and HUD Consolidated Plans. Table 4.A.1 summarizes the needs identified by these four FHLBs in whose districts HBUS operates.

B. HUD Consolidated Plans⁴⁷

In 1994, the U.S. Department of Housing and Urban Development (“HUD”) issued new rules consolidating the planning, application, reporting, and citizen participation processes for four formula grant programs: Community Development Block Grants (“CDBG”), Home Investment Partnerships (“HOME”), Emergency Solutions Grants (“ESG”), and Housing Opportunities for Persons with HIV/AIDS (“HOPWA”). The new single-planning process, termed the Consolidated Plan for Housing and Community Development, was intended to more comprehensively fulfill three basic goals: to offer decent housing, to provide a suitable living environment, and to expand economic opportunities.

According to HUD, the Consolidated Plan is designed to be a collaborative process whereby a community establishes a unified vision for housing and community development actions. It offers participants the opportunity to shape these housing and community development programs into effective, coordinated housing and community development strategies. It also allows for strategic planning and citizen participation to occur in a comprehensive context, thereby reducing duplication of effort. The following table lists the priorities identified in the Consolidated Plans covering the geographies that contain HBUS’ AAs.⁴⁸

⁴⁷ All HUD Consolidated Plans can be found at <https://www.hudexchange.info/programs/consolidated-plan/con-plans-aaps-capers/>.

⁴⁸ There were no HUD Consolidated Plans for the following counties/areas: Bronx, Putnam, Queens, Richmond and Rockland counties of NY.

Table 4.A.2: Priority Needs HUD Plans Summary

Priority Needs - HUD Plans				
Jurisdiction	Date	Priority #1	Priority #2	Priority #3
Essex County, NJ (AA #1)	2020-2024	<p>Expand the supply of affordable housing units for low and moderate-income persons.</p> <p>Maintain the existing supply of affordable housing units for low and moderate-income persons.</p> <p>Provide assistance to low and very low-income households that are in danger of becoming homeless.</p> <p>Provide increased housing opportunities with support for first time homebuyers.</p>	<p>Provide homeless prevention services to those individuals and families who are in danger of becoming homeless through no fault of their own.</p>	<p>The County intends to work with the CEAS Committee – Comprehensive Emergency Assistance System –to ensure that homeless individuals and families are offered the services they need to find and retain permanent, affordable housing. The funds will also be used to upgrade homeless shelters to better accommodate the homeless populations they serve.</p>
Morris County, NJ (AA #1)	2020-2024	<p>Maintain or upgrade infrastructure and public facilities to improve the quality of life in the low-income areas.</p>	<p>Expand and continue non-housing community development supportive services.</p>	<p>Develop affordable housing for low income individuals and families, provide rehabilitation assistance for homeowners and rent assistance and affordable rents for renters. Development of new affordable housing opportunities for both renters and buyers is also needed as there is shortage of supply.</p>
Union County, NJ (AA #1)	2020 (Draft)	<p>The County identified the preservation of affordable single-family housing stock throughout the County as a high priority need. A corresponding need is the need for code enforcement.</p>	<p>Rental households earning less than 50% of area median income; Rental households earning between 50% and 80% of area median income</p>	<p>The County will make CDBG funds available to participating cities, boroughs, townships, and town to make infrastructure improvements to low-and moderate-income areas of their community. Potential infrastructure projects include, but are not limited to, water and sewer lines, street and sidewalk improvements, and drainage improvements. Many of these needs are considered necessary line items in municipal budgets. In Union County municipalities, these repairs and upgrades cannot be afforded by the municipality. Local municipality revenues are inadequate.</p>

New York State (AA #1)	2016-2020	An individual or family with a disabling condition who has been continuously homeless for a year or more or who has had at least four episodes of homelessness in the past three years.	Households which include adults and children who are experiencing homelessness.	Veterans who are experiencing homelessness.
Nassau County, NY (AA #1)	2020-2024	Elimination of substandard housing is a priority need for all household types and income categories. Most of the substandard housing units identified throughout the County are likely occupied by households earning less than 80% of median income. Many of these units need energy efficiency improvements and may also have lead based paint. It is more cost effective to rehabilitate existing housing than have it deteriorate and need to be replaced.	The Needs Assessment section of the Consolidated Plan identifies cost burden, households paying more than 30% of income for housing, as the most significant housing problem for households throughout the County.	Homeless needs in Nassau County are met by the Nassau County Office of Community Development (OCD), the Long Island Continuum of Care Group (CoC), and a network of housing organizations who provide housing and services for the homeless. Most of the funds and programs earmarked for homeless assistance emanate from these agencies.
Suffolk County, NY (AA #1)	2020-2024 (Draft)	Affordable Housing: this priority relates to all non-homeless housing throughout the Consortium geography. The acquisition, construction and rehabilitation of housing for both owners and renters to assist low- and moderate-income households. This priority will include rental housing as well, through development and incentives. Affordable homeownership down payment assistance programs are included in this priority.	Homelessness and Special Needs: are primarily addressed through a referral system. The Suffolk County Department of Social Services (DSS) and the Continuum of Care (CoC) provide emergency housing through a group of nonprofit members. These member providers either directly or through referrals deliver case management for special needs such as financial assistance, street outreach, mental health assessments, and treatment as well as drug and alcohol treatment services.	Non-Housing Community Development: includes programs to improve accessibility at public facilities, improve parks and playgrounds, streetscaping activities, improve commercial facades, and other improvements to public facilities. This priority includes services to low- and moderate-income persons, elderly, persons with AIDS, homeless persons, victims of domestic violence and other groups that benefit from public service activities. These services could include counseling, youth programs, senior services, food pantries, soup kitchens, overnight sheltering, case management referrals, and other services. This priority is applicable throughout the entire Consortium geography.

<p>New York City, NY (AA #1)</p>	<p>2021-2025</p>	<p>The provision of affordable housing assistance for persons living with HIV/AIDS (PLWHA) include tenant-based rental assistance (TBRA), short-term rental, mortgage and utility assistance (STRMU), permanent supportive housing and permanent housing placement services.</p>	<p>Operated by DHS, New York City's emergency shelter system is one of the most comprehensive in the nation, providing connections to mainstream services and a variety of resources to help individuals become stably housed as quickly as possible. Additionally, DHS operates homeless street solutions outreach and drop-in services to bring chronic unsheltered homeless off the streets and into housing.</p>	<p>Through a variety of strategies, the prevention programs within NYC will help to prevent adult families and individuals at-risk of homelessness from entering shelter. Services will include family or tenant/landlord mediation, household budgeting, emergency rental assistance, and benefits advocacy.</p>
<p>Westchester County, NY (AA #1)</p>	<p>2019-2023</p>	<p>Fair and affordable housing. Housing activities that will be available to low and/or moderate income households through activities that will provide rental assistance, housing counseling services and referrals, fair housing counseling especially to minority households, mortgage/foreclosure default counseling, mobility housing counseling, production of new homeownership and rental housing units, rehabilitation of existing housing units either single-family homes or multi-family rental buildings, secure homeownership status for first-time homebuyers, homeless assistance, rapid re-housing and senior services, handicapped services and other support services.</p>	<p>Sustainable investment in communities. This priority relates to comprehensive neighborhood revitalization projects that identify the need for: 1) public improvements such as sidewalks, parks/recreational, streetscape (furnishings, lighting), water/sewer system, parking facilities, pedestrian/bike path, transit facilities, etc., 2) neighborhood revitalization projects that can build on affordable housing developments, economic development and social services (day care services, senior citizen services, employment training, and other eligible CDBG public services), 3) activities that will address energy conservation as well as green technology to the construction or rehabilitation of public facilities and/or community centers or any other eligible CDBG public facilities, 4) activities that will address storm water management that mitigates flood conditions, and activities that will provide pedestrian friendly improvements for livable downtowns and promote better transportation services.</p>	<p>N/A</p>

<p>Erie County, NY (AA #2)</p>	<p>2020-2024</p>	<p>Improvements to sewer and water service, deteriorated roads – reconstruction and repair, sidewalks, bicycle and vehicular access, and storm drainage and flood protection facilities in targeted low-income neighborhoods.</p>	<p>Improve and/or expand public facilities that address community needs. Such facilities may include; community centers, libraries, and youth centers, parks, recreation, open space facilities, commercial centers, and senior center facilities.</p>	<p>Provide senior service program enhancements such as adult day care and senior citizen services, recreation programs for all ages, transportation services for health, income and personal needs and nutrition, employment, supportive housing and transportation. Fill gaps in services, which support community revitalization and enhance the quality of life for low/moderate income residents. Provide fair housing assistance to those who are discriminated against in search of affordable housing.</p>
<p>Fairfax, VA (AA #3)</p>	<p>2022-2026</p>	<p>There is a need to prevent and end homelessness for both individuals and families and to re-house those who are homeless.</p>	<p>The need exists for rental housing that a low-income household can financially afford and still meet other basic living needs.</p>	<p>Households need access to homeownership through homebuyer programs and to be able to rehabilitate homes that they own.</p>
<p>Washington DC (AA #3)</p>	<p>2016-2021</p>	<p>Federal and local funds will be used to retain the city's existing subsidized housing stock. Constructing new units to expand the supply of affordable units while being cognizant of the growing racial and ethnic diversity of the city is vital. Funds are restricted to households earning 80% of AMI or less. Local Housing Production Trust Fund monies will follow regulatory requirements - 40% of funds for households earning under 30% AMI, 40% of funds to</p>	<p>The Inter-Agency Council on Homelessness, the State Continuum of Care Provider, housing agencies, and other government partners will continue to implement the Homeward DC Plan - a strategic plan to end homelessness- without further concentrating poverty. To help meet the housing needs for the homeless, funding will expand the number of permanent supportive housing units, transitional housing with appropriate supports to move them into more permanent housing solutions. In emergency cases, tenant based rental</p>	<p>Increasing housing affordability and accessibility in high-opportunity neighborhoods, ensuring District services are prioritized by corresponding agencies so that neighborhoods in transition are not negatively impacted by new development; integrating neighborhoods racially, ethnically, and economically, In lower opportunity areas, DHCD is committed to non-housing investments that increase the desirability of distressed neighborhoods through increasing community amenities, public investments, and economic opportunities.</p>

		households earning under 50% AMI, and 20% of funds to households earning under 80% AMI. The Housing Trust Fund will specifically target extremely low-income households that earn less than 30% AMI.	assistance may be used to prevent homelessness. The District is also undergoing major shelter redevelopment efforts and may use federal resources to promote small, community-based shelters. The National Housing Trust Fund (NHTF) will be used to prevent homelessness for extremely low-income individuals through the expansion of affordable housing. Preference points will be offered to NHTF projects that produce permanent housing and offer supportive service to chronically homeless individuals and families.	To balance unintentional housing cost increases as a result of infrastructure or community amenity investments, DHCD is committed to preserving existing affordable housing and promoting new affordable housing opportunities through programs such as the Tenant Opportunity to Purchase Act (TOPA).
Miami-Dade County, FL (AA #4)	2020-2024	Foster economic development activities to create jobs for low- and moderate-income persons, create or expand community-based businesses, and assist businesses of the County's Eligible Block group areas.	Decrease rent burden for very low-income Renter Households with income levels under 30% AMI and Rent Burden >50%.	Provide operating support for the Emergency Shelter, for Homeless Families and Individuals.
King County, WA (AA #5)	2020-2024	Enhance opportunities for equitable development and the creation/preservation of affordable housing.	Work to develop a cohesive and coordinated homeless system that is grounded in the principle of Housing First.	Establish and maintain a suitable living environment and expand economic opportunities for low- and moderate-income people.
Alameda County, CA (AA #6)	2015-2020	Affordable rental housing for households at or below 80% of the AMI	Preserve existing affordable rental and ownership housing for households at or below 80% of AMI.	Assist low and moderate-income first-time homebuyers.
San Francisco County, CA (AA #6)	2020-2025	Development of new affordable housing and the preservation and maintenance of the existing affordable housing stock.	Affordable homeownership opportunities must also be provided to help increase financial mobility up the housing ladder by expanding down payment assistance programs or educating homebuyers/homeowners prior to or after purchasing a home. Strengthening the housing application system and community-based organizations' capacity to assist clients finding housing must also expand access to rental and homeownership opportunities.	Create an adequate supply of permanent affordable housing. Develop a plan to prevent homelessness as the most cost-effective strategy.
Santa Clara County, CA (AA #6)	2015-2020	As stated in the Needs Assessment, cost burden is the most common housing problem, with 32% of households in the Urban County experiencing either cost burden or	The Santa Clara region is home to the fourth-largest population of homeless individuals (6,681 single individuals and the highest percentage of unsheltered homeless of any major city (75% of	Consolidated Plan forum and survey participants emphasized the need to support a broad range of community services. Low income households and special needs populations require a

		<p>severe cost burden. Among owner households, 32% are cost burdened and 13% are severely cost burdened. Among renter households, 36% are cost burdened and 18% are severely cost burdened.</p> <p>The Housing Authority of the County of Santa Clara assists approximately 17,000 households countywide through the federal Section 8 Housing Choice Voucher program (Section 8). The Section 8 waiting list contains 21,256 households — an estimated 10-year wait.</p>	homeless people sleep in places unfit for human habitation).	multifaceted network to address basic needs such as food, clothing, health, and shelter, as well as other services outlined in NA-50 Non-Housing Community Development Needs.
Los Angeles County, CA (AA #7)	2018-2023	Improve residential units (single- or multi-family housing), including activities in support of housing such as code enforcement as well as infrastructure development specifically to support housing development.	Provide services exclusively to persons who are homeless or at risk of homelessness.	Provide services exclusively to individuals with special needs that are not homeless or at risk of homelessness.
Orange County, CA (AA #7)	2020-2024	Data collected from the needs assessment survey indicated affordable housing as a high priority need.	Homelessness is a high priority need based on the needs assessment survey.	Public services and public facilities improvement is a high priority need based on the comments received during the community outreach process.

Affordable rental housing is a credit need in all of HBUS’ identified AAs. As reported in the discussion of economic and demographic factors for each of HBUS’ AAs, these geographies have some of the highest median value of owner-occupied housing in the US. Accordingly, each geography discussed has a significant portion of households that are cost-burdened in that occupancy costs exceed 30% of household income. The National Low-Income Housing Coalition (“NLIHC”) report “The Gap” finds that all the states where HBUS has AAs have fewer than 41 affordable and available rental homes per 100 extremely low-income rental households⁴⁹. The disparity is the greatest in California and Florida where there are only 24 and 28 available and affordable rental homes per 100 extremely low-income households, respectively.

Of the eight MSAs where HBUS has AAs, seven have less than the national average of available and affordable rental units per 100 households at or below the extremely low-income threshold. As presented in Section 3, 3 of 7 AAs have more than one-third of their total stock of housing units

⁴⁹ https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2021.pdf.

classified as unaffordable⁵⁰. The other four AAs have between one-sixth and one-third of their total housing stock classified as unaffordable. The need for public infrastructure and facilities was a need specifically identified in 10 of the 19 plans discussed above. Finally, closely related to the affordability issue is the need for economic opportunities that would increase family incomes.

C. Impact of COVID-19

The Pandemic has accentuated the need for affordable housing. More people are out of work, housing prices are up as are rents in many places. The unemployment rate in the U.S. hit 14.7% in April 2020. While more people are getting back to work, the number of people that are not counted as unemployed because they have not searched for work in the last four weeks or because they are employed part-time for economic reasons has risen. The Bureau of Labor Statistics estimates that the unemployment rate counting these additional people was 10.7% as of April 2, 2021 versus the reported unemployment rate of 6.0%. Additionally, the percentage of people unemployed for more than 15 weeks has more than doubled over the last year (March, 2020 through March 2021).⁵¹ With more people out of work and underemployed and people remaining unemployed for more than 15 weeks, the number of cost burdened households will increase. In addition, a majority of the MSAs where HBUS has AAs had deeper declines and slower recoveries in the unemployment rate during 2020 than for the U.S. as a whole. The Census Household Pulse Survey reports that as of the third week in March 17% of the households in the U.S. expect a loss of household income in the next four weeks. All metro areas where HBUS has AAs were at or above the U.S. average.

The rise in unemployment has impacted lower income wage earners disproportionately, particularly those employed in the leisure and hospitality industry. In the Federal Reserve's February, 2021, Monetary Policy Report they discuss how social distancing measures put in force to curb the spread of COVID-19 and the inability of low wage earners to work from home has had a disproportionate impact on these lower wage earners. The Federal Reserve found that, "as of mid-January, employment in the lowest-paying jobs was about 20 percent below its pre-pandemic level. In comparison, employment in the higher-paying job tiers is now about 10 percent or less below pre-pandemic levels."⁵²

Unemployment has increased housing insecurity. The Census Household Pulse Survey shows that 7.2% of households in the U.S. were not current on last month's rent in the fourth week in August.⁵³ In the metro areas where HBUS has AAs only Seattle, San Francisco and the DC metro area are below (i.e., have fewer households that are not current) the U.S. average. In fact, Miami has the second highest percentage of all metro areas in the survey at 12%. When eviction moratoriums come to an end these households could be looking for other housing. The Household Survey also reports

⁵⁰ Housing costs exceed 30% of income.

⁵¹<https://www.bls.gov/news.release/empsit.t15.htm>.

⁵² https://www.federalreserve.gov/monetarypolicy/files/20210219_mprfullreport.pdf, page 12.

⁵³ <https://www.census.gov/data-tools/demo/hhp/#/>.

the percent of households at risk of eviction or foreclosure. In the fourth week of August 33.4% of survey respondents reports they were at risk of eviction or foreclosure. All the metro areas where HBUS has AAs except Miami and Los Angles have rates below the U.S. average.

Housing prices and rents have also been impacted by the pandemic. The average monthly rent for a one-bedroom apartment increased in 2020 in the six states where HBUS has AAs.⁵⁴ HBUS' AAs included seven of the ten cities with the highest average monthly rent for a one-bedroom apartment.⁵⁵ The Case-Shiller Inflation Adjusted Housing Price Index, which measures average home price in metro areas, was up 11.2% in the 12 months through January, 2021, the highest year-over-year price move in 15 years. Demand for housing has been fueled by low interest rates and people searching for bigger houses away from crowded cities; a side effect of a year in quarantine.⁵⁶

The supply of single and multifamily housing has also been impacted as shortages of everything from appliances to lumber to workers as well as transportation and trade disruptions have caused construction delays. Moody's reported that just over 150,000 multifamily units came online throughout 2020, a 43% decline compared to the firm's forecasts in the fourth quarter of 2019. While the number of housing permits issued is up 28.9% from February 2020 to February 2021, the number of houses completed is only up 5%.⁵⁷

D. Implications for the Bank's CRA Compliance Strategy

Affordable housing was an identified need in all 7 of HBUS' assessment areas and the impact of COVID-19 has accentuated the need. In the Consolidated Plans reviewed above for the 7 AAs, affordable rental housing was listed as a top priority nine times, increased access to homeownership was listed as a priority six times and decreasing homelessness and improving resources for those impacted by homelessness was listed five times as a top priority. A related need identified in ten plans is the need for public infrastructure. Finally, increased economic opportunities is another way to reduce the cost burden housing represents in all of these AAs.

Community Development lending and investment is one way to make a significant impact on these identified needs of affordable housing, infrastructure and economic development. Section 6 discusses how HBUS has crafted its goals to address these needs.

⁵⁴ It did not increase in the District of Columbia.

⁵⁵ <https://www.rentable.co/blog/annual-rent-report/>.

⁵⁶ <https://www.wsj.com/articles/why-are-home-prices-soaring-11617834557?page=1>.

⁵⁷ <https://www.census.gov/construction/nrc/pdf/newresconst.pdf>.

SECTION 5: PERFORMANCE CONTEXT

A. Business Strategy

HBUS is a subsidiary of HSBC North America Holdings Inc., which is a subsidiary of HSBC Holdings plc, a British multinational investment bank and financial services holding company. HSBC Holdings plc is the sixth largest bank in the world, and the largest in Europe, with total assets of nearly US \$3.0 trillion as of December 31, 2020.

HBUS is an interstate bank headquartered in Tysons Corner, Virginia, with its principal executive offices in New York City. As of December 31, 2021, HBUS had total assets of nearly \$188 billion and total deposits of \$156 billion. Today HBUS has 22 domestic branches, down from 484 branches ten years ago. Over 80% of the deposits are booked in one branch in New York City and are wholesale deposits. Loans make up approximately 30% of total assets and net interest income represented 66% of total income. HBUS net income totaled \$813 million in 2021 compared a loss of \$776 million in 2020.

Over the past decade HBUS has undertaken a number of strategic efforts targeting its U.S. business. Most recently in February 2020, the HBUS Board of Directors approved a strategic plan to restructure its U.S. operations in alignment with HSBC's global strategy to refocus wholesale operations to better serve international corporate clients and restructure retail operations to better meet the needs of globally mobile and affluent clients. The plan also includes streamlining the functional and operations support model by removing duplication and reducing the size of the balance sheet to better align with the scope and scale of the U.S. opportunity. The U.S. transformation and restructuring efforts aim to create a more focused, simpler, and more profitable organization.

HSBC's global strategy aims to:

- Be the global leader in cross-border banking flows aligned to major trade and capital corridors
- Lead the world in serving mid-market corporates globally
- Become a market leader in wealth management, with a particular focus on Asia; and
- Invest at scale domestically where HSBC's opportunity is greatest

In support of HSBC's Group's strategy, U.S. operations are focused on the core activities of three global businesses and a Corporate Center, and the positioning of activities towards international connectivity strategies between the U.S. and HSBC's global franchise.

- Commercial Banking (“CMB”) serves corporate and business banking clients, focused on selected large cities with strong international trade ties. CMB serves three client groups, Large Corporate, Middle Market and Business Banking. The International Subsidiary Banking team supports the three client groups and provides solutions to international subsidiaries operating in the US. In addition, a specialized Commercial Real Estate group focuses on selective business opportunities in markets with strong international connectivity. Whether it is through commercial centers, the retail branch network, or via the online banking channel, CMB provides customers with the products and services needed to grow their businesses internationally and delivers those products and services through its relationship managers who operate within a robust, customer focused compliance and risk culture, and collaborate across the HSBC Group to capture a larger percentage of a relationship. The products and services offered include Global Liquidity and Cash Management (“GLCM”), Global Trade and Receivables Finance (“GTRF”), Lending and Transaction Management and any products and services offered by Global Banking and Markets that are appropriate.
- Global Banking and Markets (“GBM”) serves top-tier multinational clients across the Americas and globally. Global Banking's sector-focused advisory and relationship management teams, as well as product-focused teams, collectively provide U.S. dollar funding along with other investment banking products and services, and GBM offers a wide range of products across fixed income, foreign exchange and equities. GBM offers a full range of capabilities, including: banking and financing advice and solutions for sovereign, corporate and institutional clients, including loans, and working capital; GTRF product offerings; GLCM product and service offerings; leveraged and acquisition finance; project and infrastructure finance; asset finance; mergers and acquisitions advisory; capital raising in the debt and equity capital markets; and a markets business with 24-hour coverage and knowledge of world-wide local markets, which provides services in credit and rates, foreign exchange, precious metals trading, equities and securities services.
- Wealth and Personal Banking (“WPB”), created in 2020 by merging retail banking and private banking provides a range of banking and wealth products and services to individuals and certain small businesses, including high net worth and ultra-high net worth individuals and their families in several international hubs across the U.S. A range of banking and wealth products and services are provided through branches, on-line channels as well as dedicated relationship managers and representative offices. Services provided include asset-driven services, such as credit and lending; liability-driven services, such as deposit taking; and account services and fee- or commission-driven services, such as investment advisory and securities brokerage; as well as the sale of certain third-party insurance solutions.

In 2020, HBUS completed the creation of WPB and the consolidation of the retail branch network, closing 76 branches during the year. As a result of these actions, HBUS lowered staffing levels by approximately 13% and reduced risk-weighted assets by approximately 11% as compared with December 31, 2019. In May 2021, HBUS disclosed plans to sell an additional 90 branches and wind down 36 others leaving 22 branches located in New York City, Buffalo, Los Angeles, San Francisco, Seattle, Miami and Washington DC. The transaction closed in February 2022. HBUS will no longer include the following states in its AAs; Connecticut, Pennsylvania, Delaware and Maryland. Additionally, HBUS will no longer include the following counties in its AAs: Bergen County, NY; Middlesex County, NY; Contra Costa County, CA; San Mateo County, CA; Broward County, FL and Palm Beach County, FL.

As a result of this reorganization, HBUS exited its mass-market retail banking business and pivoted to a niche wealth management bank catering to international and internationally-minded affluent clientele. In addition to the sale of the branches, the sale of U.S. mass-market retail will include: all clients and their associated accounts (deposits, mortgage, unsecured loans, credit cards, investments) that do not qualify for HBUS' retained wealth management business (clients in the Advance and Personal propositions who generally have less than \$75,000 in combined deposit and investment assets); open market and mass retail banking credit card portfolio; and the entire Retail Business Banking (RBB), which includes retail commercial clients with less than \$5 million in annual turnover, and their associated accounts. After completion of the sale and reorganization, the smaller organization will have an international customer base of approximately 300,000 customers. HBUS will offer mortgages mainly as an accommodation to its WPB customers as part of the comprehensive financial products and services it offers these clients. However, HBUS will continue to offer affordable mortgage products in partnership with its community partners.

Even with this new strategic focus HBUS remains committed to investing in the communities where it has a presence. In 2019, HBUS provided \$900 million of community development loans and investments to preserve an additional 840,000 housing units and 350,000 jobs.⁵⁸ Between 2018 and 2020 HBUS employees provided over 12,200 hours of community service. In 2020, the bank announced plans to improve diversity and inclusion. One of the six objectives for this strategic focus is Strategic Giving and Community Engagement which will target strategic giving to support equality-focused and diverse organizations and initiatives.⁵⁹ The goals presented in this plan builds HBUS' demonstrated commitment to meeting the credit needs of the communities in its AAs.

B. Competitive Environment

All seven of the designated AAs are in metro areas where there is no shortage of available banking services.⁶⁰ Table 5.B.1 lists the number of banks in each AA, HBUS' deposit market share and the market share of the top three banks in each AA. Further details on the competition in each AA can be found in Section 3 under the description of each AA. Two key conclusions are evident from this data; first, each AA has many insured depository institutions and second, a few institutions dominate each market. The figures are historical and do not reflect the deposit shares HBUS expects to have in the future. As part of the restructuring described above in Section 5.A, HBUS has sold 90 branches and the associated deposits with these branches. With these transactions, HBUS has an even smaller portion of the deposit market in these AAs.

⁵⁸ <https://www.us.hsbc.com/hsbc-in-us/representing-our-communities/>.

⁵⁹ HSBC 2020 10-K, <https://www.about.us.hsbc.com/investor-relations/hsbc-usa>.

⁶⁰ This data only includes FDIC insured institutions and therefore does not include credit unions and other financial firms that do not offer FDIC insured deposits.

Table 5.B.1: HBUS Market Position

Assessment Area	Number of Banks in the Assessment Area	HBUS Rank	HBUS Deposit Market Share	Market Share of Top 3 Banks
New York-New Jersey-White Plains, NY-NJ MD	155	6	5.1%	52.9%
Erie County, NY	18	3	5.7%	83.8%
Washington-Arlington-Alexandria, DC-VA-MD-WV MD	50	10	1.8%	48.7%
Miami-Miami Beach-Kendall, FL MD	55	8	3.5%	37.0%
King County, WA	45	13	1.4%	57.1%
San Jose-Oakland-San Francisco, CA MSA	68	11	1.5%	63.2%
Los Angeles-Long Beach-Anaheim, CA, MSA	116	18	1.0%	45.8%

Table 5.B.2 presents a picture of the competitive market for 1-4 family mortgages in each AA. Each AA has hundreds of bank and nonbank mortgage lenders to LMI borrowers and these lenders have lent millions to LMI borrowers in these AAs. With a limited retail presence, HBUS can best address the credit needs in these AAs through its established community development lending and investment programs that provide assistance to CDFIs and other nonprofits that have deep roots in these AAs.

Table 5.B.2: Competitive Market for 1-4 Family Mortgages per Assessment Area

Assessment Area	Number of Lenders	Number of 1-4 Family Mortgages	Amount (000s) of 1-4 Family Mortgages	HBUS Number of Originations	HBUS Amount (000s) of Originations
New York-New Jersey-White Plains, NY-NJ MD: New York Counties	837	537,197	\$277,812,865	2,467	\$1,642,555
Erie County, NY	294	39,883	\$7,238,145	213	\$41,895
Miami-Miami Beach-Kendall, FL MD	825	137,291	\$46,951,685	195	\$177,185
Washington-Arlington-Alexandria, DC-VA-MD-WV MD	757	192,928	\$90,007,920	100	\$62,520
Seattle-Tacoma-Bellevue MSA: King County, WA	720	238,048	\$111,333,210	322	\$273,170
San Jose-San Francisco-Oakland, CA MSA	813	371,608	\$227,100,670	1,125	\$1,138,175
Los Angeles-Long Beach-Anaheim, CA, MSA	995	1,009,781	\$522,094,815	1,062	\$1,088,950

C. Bank Capacity

HBUS' change in business strategy and the reduction in its branch network has impacted its capacity to offer retail mortgages. With fewer branches, fewer customers and a focus on wealth management, HBUS will have a reduced capacity to be a significant provider of mortgage loans. HBUS intends to offer mortgage products as an accommodation to its WPB and business clients and will continue to offer affordable mortgage products with its community partners. HBUS will also continue to offer small business loans to its corporate clients. This change in strategy does not impact HBUS' capacity to meet the credit needs of its AAs through community development lending and investment leveraging its strong relationships with its community partners.

SECTION 6. STRATEGIC PLAN MEASURABLE GOALS

There will be two main goals of the HBUS strategic plan over the three-year plan period to earn an “Outstanding” CRA rating. The first goal is to undertake \$4.4 billion in CRA Eligible Activities. The second goal is to provide 10,000 volunteer hours of community development services (“CD Services”) The framework and methodology for each of these two goals are discussed below. These goals are an extension of HBUS’ long-standing strategy which is to form viable and flexible partnerships with community development intermediaries and those high-capacity community development production organizations. In addition, the Bank seeks to work with housing officials to foster the development of affordable housing, small business assistance and neighborhood revitalization in LMI communities. Through its signature loan, investment and grant products and through collaborative program development to address specific needs; HBUS builds and strengthens the capacity of its community partners to ensure their continued ability to bring capital and technical resources to LMI communities. HBUS’ community development partnerships complement and enhance HBUS’ direct affordable housing, residential mortgage and small business lending in LMI communities. HBUS recognizes that its growth as a business is directly related to the growth and economic vitality of the communities we serve.

A. Methodology and Peer Analysis

HBUS leveraged its past experience with the credit needs in its defined AAs, knowledge of community groups active in these AAs, a review of the demographic data presented in Section 3 and analysis of the activities of other institutions. Below is a discussion of the peer analysis.

Table 6.A.1: Strategic Plan Banks

Strategic Plan Banks	Regulator	Head Office	Assets (\$Billions)	Assessment Areas (#)	Satisfactory Goal	Outstanding Goal
					(% of Tier 1 Capital)	(% of Tier 1 Capital)
UBS Bank USA	FDIC	Salt Lake City, UT	53.49	1	5%	6%
Morgan Stanley Private Bank, N.A.	OCC	Purchase, NY	65.12	1		4%
Discover Bank	FDIC	Greenwood, DE	108.02	1	5%	6%

UBS Bank USA (“UBS Bank”)

UBS Bank’s business strategy focuses on wealth management. It is a state-chartered industrial bank, established in 2003, with a single location in Salt Lake City, Utah. While UBS Bank operates out of its office in Salt Lake City, UT, the bank has affiliates that perform bank operations out of offices located in Weehawken, NJ; New York City, NY; Plano, TX; Jacksonville, FL; and Nashville, TN. UBS Bank offers products and services,

including residential mortgage loans, to the client base of its affiliate, UBS Financial Services, Inc. (“FSI”), a broker dealer affiliate of UBS, as well as UBS employees. The bank’s primary lending product is securities-backed loans, which are typically demand and/or uncommitted lines of credit, secured by the client’s equity securities, fixed income instruments and other investments. The bank also has a small credit card portfolio and offers debit cards associated with FSI’s wealth management accounts. While UBS Bank’s primary funding source is sweep accounts in the form of money market deposit accounts, the bank also began offering certificates of deposits; these deposits are considered brokered deposits.

The bank’s strategic plan established measurable goals for new and combined community development loans, investments, and grants expressed as a percentage of the bank’s total average assets for each plan year. New loans for a plan year include loan originations and purchases, including loan participations and lines of credit, as well as renewals or refinancing of such loans during the plan year.

Discover Bank

Discover Bank markets and originates Discover credit cards and operates the Discover Network credit card interchange. Discover Bank provides financial services nationwide via the internet, mail, and mobile devices. It focuses on consumer products including personal credit cards, personal loans, student loans, and home equity loans. The bank also offers small business credit cards. Deposit products include checking accounts, savings accounts, money market accounts, and certificates of deposit. Discover’s goals include making community development loans and investments within its AA and broader statewide or regional area as a percentage of average assets, making grants and donations, providing service hours and making consumer loans (consumer credit cards, personal loans, and student loans) within moderate-income geographies in its AA.

Morgan Stanley Private Bank, N.A. (“MSPBNA”)

MSPBNA is headquartered in Purchase, NY (Westchester County) and is a subsidiary of Morgan Stanley & Company a global financial services institution providing a wide range of securities, investment banking, investment management, and wealth management services. The bank’s deposit base is sweep deposits from the firm’s wealth management clients’ brokerage accounts and brokered deposits. MSPBNA offers lending products primarily to customers of its affiliates and to Morgan Stanley’s employees. MSPBNA has the following key lending businesses: residential mortgage, tailored lending, and liquidity access line. Tailored lending provides credit through MSPBNA to ultra-high net worth clients of the firm, including individuals, trusts, foundations, not-for-profits, limited partnerships, or private corporations for a variety of purposes, including working capital and asset acquisitions. The portfolio includes capital call subscription facilities, commercial real estate, securities-based loans, and unsecured loan types. The liquidity access line product provides credit through MSPBNA to firm clients, including financial flexibility to borrow against eligible securities for multiple purposes (other than purchasing “margin stock”). Purposes include the purchase of real estate, tax obligations, education expenses, small business opportunities, debt consolidation, and unexpected expenses. MSPBNA’s strategic plan goals are established for loans, grants and investments and service hours. Affiliates conduct most of the bank’s community development activity for MSPBNA and other banks in the Morgan Stanley organization. The most recent public evaluation of MSPBNA only reports the strategic plan goals for outstanding performance.

HBUS also reviewed the CRA performance of wholesale banks as reported in their most recent Public Evaluations because in many ways these banks are closer peers than the banks listed above. The PEs only report the actual performance and the corresponding rating, so Table 6.A.2 lists the volume of community development loans and investments reported in the PE and the corresponding rating. These banks received CRA ratings for community development loans and investments within the same range as reported by the CRA strategic plan banks in the Table 6.A.1.

Table 6.A.2: CRA Performance of Wholesale Banks

Wholesale Banks	Regulator	Head Office	Assets (\$Billions)	Assessment Areas (#)	Satisfactory Goal	Outstanding Goal
					(% of Tier 1 Capital)	(% of Tier 1 Capital)
The Northern Trust Company	FRS	Chicago, IL	123.55	21		10%
Bank of New York Mellon	FRS	New York, NY	257.58	1	3%	
Goldman Sachs Bank USA	FRS	New York, NY	164.54	2		5%
State Street Bank and Trust Company	FRS	Boston, MA	242.04			3%
Morgan Stanley Bank, N.A.	OCC	Salt Lake City, UT	149.82	1		15%

B. Measurable Goals and Execution

OCC Guidelines for submitting a strategic plan state, “a focus on one or more performance categories may be appropriate if responsive to the characteristics and credit needs of the bank's assessment area(s), considering public comment and the bank’s capacity and constraints, product offerings, and business strategy.”⁶¹ For these reasons HBUS is focusing on the two goals described below.

CRA Eligible Activities Goals

Of the banks that have approved strategic plans and the wholesale banks, HBUS’ business strategy is most similar to UBS Bank and MSPBNA. Due to HBUS’ limited retail presence and employee base, it is a challenge to compete against local banks and lenders with substantial retail banking infrastructures and penetration rates in these areas. HBUS can leverage its existing relationships with CDFI’s and nonprofits focused on meeting the credit needs of low- and moderate-income people in HBUS’ AAs. HBUS can make a real difference in the AAs by providing funding to these groups with strong ties to their communities. Additionally, while affordable housing is a key need identified in each of HBUS’ AAs, the pandemic has

⁶¹ <https://www.occ.gov/news-issuances/bulletins/2019/bulletin-2019-39.html#ft3>.

accentuated the need for affordable rental housing, a need HBUS can address through community development lending and investments. The pandemic has also accentuated the need for business financing.

Given the analysis above HBUS is proposing the following goals for CRA eligible activities for satisfactory and outstanding ratings in the designated AAs and the broader statewide or regional area (defined below) for the term of the plan. The goal includes financing originated or renewed during the evaluation period as well as unfunded commitments and any investments made in previous years which are outstanding at year-end. The targets within each AA will be allocated by the percentage of HBUS' deposits in each AA.⁶² Once the Satisfactory target has been achieved in an AA, CRA eligible activities in the broader statewide or regional area for that AA will be counted. Any amounts in excess of the outstanding target in one AA can be counted toward overall performance. Any amount in excess of the overall outstanding target in a particular year can be carried over to the following year within the term of the plan. Appendices B and C describe the lending and investment products that HBUS has specifically designed to support CDFIs and other nonprofits

HBUS CRA Eligible Activities will include the following:

- Community development lending defined as loans that have a primary purpose community development, have not been reported by HBUS or an affiliate for consideration in the HBUS assessment as a home mortgage, small business, small farm, or consumer loan, unless the loan is for a multifamily dwelling (as defined in § 1003.2(n) of this title) and benefit the HBUS assessment areas or a broader statewide or regional area that includes the HBUS assessment areas.
- Community development qualified investments including grants to non-profit organizations;
- Small business loans and loans to small businesses within HBUS' AAs, including loans with a primary business purpose collateralized by residential or commercial real estate;
- Qualifying mortgages; and
- Donations.

The amount for any plan year will include financing originated or renewed and unfunded commitments as of the plan year-end as well as any investments made in previous years which are outstanding at year-end. The overall targets are set as a percentage of HBUS' Tier 1 capital based on year-end Tier 1 capital reported at year-end the previous year.⁶³ The annual interim goals increase over time. With the sale of approximately 80% of

⁶² Currently over 90% of HBUS deposits are in the branches located in New York and California. It is expected that the branches in these states will continue to hold a majority of HBUS deposits.

⁶³ An exception will be the first year of the plan where the allocation will be based on Tier 1 capital reported March 31, 2022 due to the divestures that took place during the first quarter of 2022.

HBUS’ branches, it will take time to reorient HBUS’ CRA program to the new strategy. Even so, the goals proposed for the first year of the plan exceed many of the goals put forward by the identified peer banks.

Table 6.B.1: Broader Statewide or Regional Area for Each AA

Assessment Area	Broader Statewide or Regional Area
AA #1	New York-Newark, NY-NJ-CT-PA CSA
AA #2	Buffalo-Cheektowaga-Olean, NY CSA
AA #3	Washington-Baltimore-Arlington, DC-MD-VA-WV-PA CSA
AA #4	Miami-Port St. Lucie-Fort Lauderdale CSA
AA #5	Seattle-Tacoma-Olympia, WA CSA
AA #6	San Jose-San Francisco-Oakland, CA CSA
AA #7	Los Angeles-Long Beach, CA CSA

Table 6.B.2: CRA Eligible Activities

CRA Eligible Activities (% of Tier 1 Capital)		Satisfactory	Outstanding
Dollar Value of 3.5-Year Plan Goal:		\$4.2B	\$5.3B
Interim annual goal for:	Plan Year 1	7.00%	9.00%
	Plan Year 2	7.25%	9.25%
	Plan Year 3	7.50%	9.50%
	Plan Year 4	8.00%	10.00%

In compliance with CFR § 25.27(f)(1)(i) HSBC will allocate the bank wide goal across its AAs according to the share of deposits in each AA. Table 6.B.3 shows the current deposit share by branch.^{64 65 66} Deposit data will be taken from the prior period’s Summary of Deposit data.

⁶⁴ An exception will be the first year of the plan where the allocation will be based on the 2022 Summary of Deposits due to the divestures taking place during the first quarter of 2022.

⁶⁵ The AA goal will be calculated by taking the bank-wide goal and multiplying it by the relevant deposit share. For example, the goal for Satisfactory performance for AA#1=\$4.2B*88.5%=\$3.7B.

⁶⁶ Percentages in Table 6.B.2 exceed 100% due to rounding.

Table 6.B.3: Deposit Share by Branch

Assessment Area #	Deposits (\$000)	Deposit Share
AA # 1	\$106,492,605	88.46%
AA # 2	\$53,295	0.04%
AA # 3	\$346,980	0.29%
AA # 4	\$920,039	0.76%
AA # 5	\$1,072,391	0.89%
AA # 6	\$9,703,642	8.06%
AA # 7	\$2,867,855	2.38%

Service Goals

HBUS will also have a service goal. Service hours are not cumulative from year to year, but rather reflect the number of service hours to be performed during that plan year. There was a wide variation in the service goals reported by banks in their strategic plans and PEs. HBUS has long exceeded its community service targets. These are a few of HBUS' existing service programs which will continue:

- Once the pandemic hit and altered the lives of families through job loss or reduced hours, and increasing costs for necessary goods, HBUS understood that financial education was more important now than ever before. When the country was essentially closed, HBUS mobilized quickly and launched its YourMoneyCounts curriculum virtually, offering bi-weekly workshops from April 2020-June 2021. HBUS connected with several of our nonprofit partners to reach their clients that would benefit the most from YourMoneyCounts to get them back on track or better yet, to give them the tools needed to keep them on track. Workshop topics included Money Management, Banking, Understanding Credit (personal & small business) and Identity Theft. Workshops were delivered in English, Spanish and Mandarin.
- FHLB's Homebuyers Dream Program. This program provides households with incomes at or below 80% of median income to assist with the down payment and /or closing costs for the purchase of a home. Employees work with nonprofit partners to assist with outreach, delivery of workshops (English & Spanish), review of applications and enrollment of LMI households to ensure they meet the program guidelines.
- FHLB's Affordable Housing Program (AHP). FHLB members such as HBUS work with nonprofits to submit applications for funds to assist with purchase, rehabilitation or construction of affordable housing. The FHLB will not accept an application that is not submitted by a member bank. This is a highly competitive program and there is an extensive application process. If the award is made, HBUS employees are responsible for working with the nonprofit developer and the first-time homebuyer to ensure that all transactions are in compliance with program requirements.

- **HBUS Involve Program.** Since its launch in 2017, the Involve grant program has awarded over \$ 1,755,000 million to 154 nonprofit organizations selected by HBUS employees. The program provides all employees with the opportunity to sponsor a grant application for a project with an existing or new nonprofit partner within our assessment areas. The employees work directly with the nonprofit to develop a project that advances its mission. HBUS employees submit the project for consideration for a grant, and if approved, the nonprofit will be awarded a grant of up to \$ 15,000 and have an agreed upon number of HBUS volunteers for a year to execute one or more activities. An additional \$ 30,000 is awarded by our CEO to three organizations every year. Although it is not a requirement of the program that the projects meet CRA eligibility requirements, many do.⁶⁷

The proposed service goals were set based on the history HBUS has in providing community services in its AAs and keeping in mind the reduced number of branch staff available to provide these services. As was the case for the CRA Eligible Activities Goal, the service hour goal will be allocated across the AAs according to the AA’s share of its deposits in each AA. Service area goals will be established for each AA as a percentage of deposits as described in footnote 66.

Table 6.B.4: Community Development Services (Hours)

Community Development Services (hours)		Satisfactory	Outstanding
3.5-Year Plan Goal:		7,850	11,300
Interim annual goal for:	Plan Year 1 (half year)	850	1,200
	Plan Year 2	1,850	2,850
	Plan Year 3	2,350	3,350
	Plan Year 4	2,800	3,800

C. Alternative Evaluation Method

HBUS is committed, at the very minimum, to meeting this Strategic Plan’s measurable goals for a “Satisfactory” rating. However, as provided for in 12 C.F.R. §25.27(f)(4), if HBUS “fails to meet substantially its plan goals for a satisfactory rating,” HBUS may elect to be evaluated under the Lending, Investment and Service tests for large banks.

⁶⁷ HBUS will only count hours spent on CRA eligible projects.

SECTION 7: OTHER INFORMATION

A. Input into the Development of the Plan

As described in above in Section 2E, Factors Considered in the Development of the Strategic Plan, this CRA Strategic Plan benefitted from the information collected by our relationship managers on the goals and objectives of the 43 CDFIs and nearly 100 nonprofits that HBUS partners with to meet the credit needs in its AAs. HBUS reviewed the local and regional community development plans as well along with the economic data presented here to contribute to the understanding gained from working with our CDFI and nonprofit partners. As described in Section 2D, Program Oversight and Resources, this Plan was presented to the CRA Executive Steering Committee and the HBUS Board for their input and approval.

B. Public Comments on the Strategic Plan

A draft of the public notice is in Appendix A. The notice will be published in the following papers.

Table 7.B.1: Public Notice Publishing Newspapers

Assessment Area	Newspaper	Circulation
New York-New Jersey-White Plains, NY-NJ MD	New York Post	5,496,000
Erie County, NY	The Buffalo News	138,895
Miami-Dade County, FL	Miami Herald	147,130
District of Columbia MSA	The Washington Post	254,379
King County, WA	Seattle Times	229,764
Northern California AA	San Francisco Chronicle	173,514
Los Angeles-Long Beach-Anaheim, CA MSA	LA Times	446,391

C. Changes to the Strategic Plan

Under 12 C.F.R. §25.27 (h) during the term of the plan a bank may request an amendment to their CRA plan when there has been a material change in circumstances. HBUS understands that an amendment to a plan must comply with the public participation process described in 12 C.F.R. §25.27 (d). As described under Program Oversight and Resources any amendments to the plan first be approved by Community Reinvestment Act Executive Steering Committee and presented for approval to the HBUS Board of Directors.

D. Monitoring Strategic Plan Performance

As described above in Section 2D, Program Oversight and Resources, the CRA Executive Steering Committee oversees HBUS' compliance with CRA targets including this CRA Strategic Plan. The Committee is chaired by the HBUS CEO and membership includes Community Development Department ("CDD") management and senior management from each of the businesses responsible for meeting the Bank's CRA objectives. The committee meets quarterly or no less than three times per year. Committee activity is presented to the HBUS Board of Directors on a semi-annual basis. Additionally, each line of businesses responsible for meeting CRA obligations has formed a CRA Steering Committee that meets on a monthly basis to discuss progress toward fulfilling the Banks CRA performance objectives. Community Reinvestment Act Snapshot Reports ("CRA Snapshots") are created to serve as a self-assessment of the Bank's CRA performance against the established objectives. CRA Snapshots are distributed monthly to senior management and the results are also presented to the CRA Executive Steering Committee. Semi-annually this information is presented to the Board of Directors.

E. Public File

12 C.F.R. 25.43 requires that the bank must maintain a public file. This file will contain the approved CRA Strategic Plan as well as the other information detailed in 12 C.F.R. 25.43. The regulation requires that all information in the file be current as of April 1 each year. HBUS' public file will be located at its operational headquarters location, which is:

**HSBC Bank USA, National Association
452 5th Avenue
New York, New York 10018**

SECTION 8: APPENDICES

Appendix A. Draft Public Notice

REQUEST FOR PUBLIC COMMENT
Community Reinvestment Act Strategic Plan of
HSBC Bank USA, National Association

HSBC Bank USA, National Association (“HSBC Bank”), 1800 Tysons Boulevard, Suite 50, Tysons Corner, VA 22102, has developed a Strategic Plan for purposes of evaluation by the Office of the Comptroller of the Currency under the Community Reinvestment Act of 1977 (12 U.S.C. § 2901) and its related regulations (12 C.F.R. § 25.27).

You are invited to submit comments in writing on the Strategic Plan. Please submit all comments to **Community.Development@us.hsbc.com**. The comment period will end on *[date that is 30 days after publication]*. Copies of all written comments you provide from the date of this publication through *[date that is 30 days after publication]* will be submitted to the Office of the Comptroller of the Currency.

The Strategic Plan is available for review at no cost at [HSBC Bank, 1800 Tysons Boulevard, Suite 50, Tysons Corner, VA 22102 and at every branch of HSBC Bank. In addition, you may request that a copy of the Strategic Plan be delivered to you at no cost either by email or via U.S. mail. To request a copy of the Strategic Plan, please send your request, along with your email or mailing address to **Community.Development@us.hsbc.com**. HSBC Bank received a rating of “Outstanding” on its last Performance Evaluation under the Community Reinvestment Act, as of October 1, 2018. Copies of same are also available upon request.

Appendix B. HBUS Community Development Loan Products

Product	Purpose	Term	Repayment	Collateral & Credit Enhancement
Revolving Credit Term Loan (RCTL)	Capitalize a CDFI's revolving loan fund	Up to 7 years	Interest only with (i) principal due at maturity or (ii) principal amortization during TL period (potential Credit Policy Exception)	Unsecured. Loan Loss Reserve, subordinate debt, 3 rd party guarantees as credit enhancement
	Participate in a multi-lender syndicate for affordable and/or supportive housing financing	Up to 30 years (Credit Policy Exception)	Principal repayment based on amortization of underlying loans	Pro rata assignment of underlying collateral, typically first mortgages. LLR on underlying loans
	Warehouse line	Up to 4 years	Principal repayment based on takeout financing of underlying loans	Springing lien or pro rata assignment of underlying collateral, typically first mortgages
Line of Credit (LOC)	Working capital, acquisition, pre-development for non-profit developers of affordable housing	Up to 7 years	Interest only with principal due at maturity (potential Credit Policy Exception)	Under \$1MM unsecured; over \$1MM blanket lien of borrower's assets or first lien on real estate
	Pre-development and bridge loans to developers of affordable housing utilizing LIHTCs	Up to 2 years	Takeout financing (construction, tax credit equity)	Top loss (up to 20%) provided by borrower. Parent guarantee where possible
	Bridge loans to healthcare providers	Up to 7 years	Medicaid and other receivables	Assignment of receivables
Term Loan (TL)	Post RC conversion (not typically originated)	Up to 7 years	Interest only with (i) principal due at maturity or (ii) principal amortization (potential Credit Policy Exception)	Varies

Appendix C. HBUS Community Development Investment Products

Affordable rental housing is a credit need in all of HBUS' identified AAs. As reported in the discussion of economic and demographic factors for each of HBUS' AAs, these geographies have some of the highest median value of owner-occupied housing in the US. Accordingly, each geography discussed has a significant portion of households that are cost-burdened in that occupancy costs exceed 30% of household income. The following lending and investment products contribute to the availability of affordable housing.

Mortgage Backed Securities

HBUS' CRA Eligible investments are, in part, comprised of a portfolio of MBS. To qualify for CRA credit the MBS must be backed by mortgages provided to low- or moderate-income borrowers. The MBS that HBUS invests in are issued by agencies such as Fannie, Freddie or GNMA and thus are backed with agency credit support as well as the mortgaged properties

Commercial Backed Securities

Investments are secured by projects, such as multi-family housing or other projects that benefit low- or moderate-income families. Projects can be backed with support from Government Sponsored Agencies.

Private Equity Investments

HBUS' CRA Eligible PE investments are typically investments in Small Business Investment Corporations ("SBICs") that themselves invest in debt with equity participation features issued by mid-to-late stage businesses.

LIHTC Investments

HBUS' LIHTC investments take the form of investments in partnerships that provide funding to developers of housing projects in CRA targeted areas rented to low-income tenants. Almost all of the investor's return comes in terms of tax deductions for the investment made and tax credits awarded in respect of the projects.

LIHTC is the most socially impactful CRA investment available to HBUS: It creates safe and affordable rental housing for low- and moderate-income households, seniors, and the disabled. In recognition of this, examiners treat LIHTC commitments at the full value of the commitment from the time they are committed, not only (as is the case with other eligible investments) when funded.

Appendix D. Pro Forma Financial Highlights

HBUS Pro Forma Financial Highlights					
(Dollar Amounts in Thousands; Ratios in Percent)					
	Actual	Projected As of December 31:¹			
	Call Report	Pro Forma			
	12/31/2021	12/31/22	12/31/23	12/31/24	12/31/25
Total Assets	187,956,756	170,736,000	170,631,000	161,889,000	169,591,000
Retail Offices (#)	22	22	22	22	22
Total Loans (Gross)	58,959,242	65,477,000	66,028,000	68,105,000	70,688,000
Total Equity Capital	20,618,084	17,531,433	15,706,356	14,961,035	15,832,437
Tier 1 Capital	20,165,475	16,648,591	15,052,222	14,306,901	15,178,303

¹ Retail Offices as of February 28, 2022

HBUS' December 31, 2021 Call Report can be found here:

<https://cdr.ffiec.gov/public/ViewPDFFacsimile.aspx?subID=1638859&FIName=HSBC%20BANK%20USA,%20NATIONAL%20ASSOCIATION&CertNum=57890&PDF508=false>

Appendix E. Definitions (12 C.F.R. § 25.12)

Broader Statewide or Regional Area or “BSRA” shall include, for purposes of HBUS, the entire MSA that contains an AA.

Community development includes:

- Affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
- Community services targeted to low- or moderate-income individuals;
- Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 C.F.R. 121.301) or have gross annual revenues of \$1 million or less; or
- Activities that revitalize or stabilize low-or moderate-income geographies; designated disaster areas; or distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, FDIC, and the OCC.

Community development loan means a loan, line of credit, or commitment to lend that has as its primary purpose community development; and benefits the HBUS assessment areas or a broader-statewide or regional-areas that include the HBUS assessment areas. Additionally, it includes loans that have not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless the loan is for a multifamily dwelling (as defined in § 1003.2(n) of this title);

Community development investment means a lawful investment, membership share, deposit, legally binding commitment to invest, or monetary or in-kind donation that has as its primary purpose community development

Community development service means a service that has as its primary purpose community development and is related to the provision of financial services

CRA Eligible Activity means an activity that qualifies under the lending, investment or service test for CRA as defined in 12 C.F.R. Subpart B

In-kind donation means a contribution of goods, commodities, or other non-monetary resources.

New Originations for a calendar year will include new CD Investments, new CRA Eligible Loans either originated or purchased by HBUS, and existing CD Loans that are renewed and credit underwritten that year (can only count each loan once per year).

Monetary donation means a grant, monetary contribution, or monetary donation.

Retail loan means a home mortgage loan, small loan to a business, small loan to a farm, or consumer loan.

Small business loans or small farm loans mean loans included in “loans to small businesses” or “loans to small farms” as defined in the instructions for the Consolidated Report of Condition and Income.