PUBLIC DISCLOSURE

June 24, 2024

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Heritage Bank of Commerce
RSSD #2209553

224 AIRPORT PARKWAY
SAN JOSE, CA 95110

Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, California 94105

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

Institution's Community Reinvestment Act (CRA) Rating

Heritage Bank of Commerce is rated "SATISFACTORY"

The following table shows the performance level of Heritage Bank of Commerce with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	LENDING TEST*	INVESTMENT TEST	SERVICE TEST
OUTSTANDING			
HIGH SATISFACTORY		X	X
LOW SATISFACTORY	X		
NEEDS TO IMPROVE			
SUBSTANTIAL NONCOMPLIANCE			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

The major factors supporting the institution's rating include:

- Adequate lending levels that were responsive to the assessment area's credit needs.
- A high percentage of loans were originated within the bank's assessment area.
- An excellent geographic distribution of loans, with a strong penetration in low- and moderate-income geographies.
- A poor distribution of loans to businesses of different revenue sizes
- A relatively high level of community development activities that were responsive to the needs for affordable housing and community services to low- and moderate-income individuals.

INSTITUTION

Description of Institution

Heritage Bank of Commerce (HBC/bank) is a state-chartered bank headquartered in San Jose, California and has been conducting business since 1994. The bank had total assets of $5.2 billion as of December 31, 2023. HBC is a wholly owned subsidiary of Heritage Commerce Corporation, a bank holding company that was established in October 1997. The previous CRA evaluation, dated April 16, 2018, assigned HBC an overall "Satisfactory" rating using the Interagency Large Institution Examination Procedures.

HBC offers a range of deposit products and banking services to consumers and businesses. The institution's commercial product offerings include commercial real estate loans, commercial construction loans, equipment loans, term financing, and letters of credit. HBC specializes in extending government guaranteed loans and is a designated lender under the Small Business Administration's Preferred Lender Program. The bank also participated in the federal Paycheck Protection Program (PPP), an SBA-backed loan program that helped businesses during the Covid 19 pandemic.

The bank also offers personal and home equity lines of credit, as well as deposit products such as checking money market, savings accounts, and certificates of deposit. Other products and services include cash management services, online and mobile banking, and personal bill pay.

The bank's presence in the greater San Francisco Bay Area has expanded to include San Mateo County through the acquisition of United American Bank, San Mateo, California, on March 7, 2018, and San Francisco and Marin counties through the acquisition of Presidio Bank, San Francisco, California, on October 14, 2019. HBC operates seven full-service branches in Santa Clara and San Benito counties; six full-service branches in Alameda and Contra Costa counties; three full-service branches in San Francisco and San Mateo counties; and one full-service branch in Marin County. During the review period, the institution closed four branches, opened one branch, and relocated its main office/branch.

Exhibit 1 below represents the bank's loan portfolio as stated in the December 31, 2023, per the bank's Consolidated Reports of Condition and Income, and illustrates the bank's commercial lending focus.

EXHIBIT 1 LOANS AND LEASES AS OF DECEMBER 31, 2023		
Loan Type	**$ ('000s)**	**%**
Commercial/Industrial & Non-Farm Non-Residential Real Estate	2,277,256	67.9
Construction & Land Development	4,564	0.1
Secured by 1-4 Family Residential Real Estate	632,742	18.9
Multi-Family Residential Real Estate	17,199	0.5
Farm Land & Agriculture	136,686	4.1
Consumer Loans & Credit Cards	5,263	0.2
State, Political Subdivisions and All Other	278,873	8.3
Total (Gross)	**3,352,583**	**100.0**

The bank's assessment areas consist of the following:

- Santa Clara and San Benito Counties, which make up the San Jose-Sunnyvale-Santa Clara, CA Metropolitan Statistical Area (MSA)
- Three separate assessment areas within the San Francisco-Oakland-Berkeley, CA MSA:
    - Alameda and Contra Costa Counties, which make up the Oakland-Berkeley-Livermore, CA Metropolitan Division (MD)
    - San Francisco and San Mateo Counties, which make up the San Francisco-San Mateo-Redwood City, CA MD
    - Marin County, which makes up the San Rafael, CA MD

There were no legal or financial impediments that prevented the bank's ability to meet the credit needs of its communities, consistent with its business strategy, size, financial capacity, and local economic condition noted at this performance evaluation.

Scope of Examination

HBC was evaluated in accordance with the *Interagency Large Institution CRA Examination Procedures*, which consist of the lending, investment, and services tests. The evaluation period for small business loans reviewed under the lending test was January 1, 2018, through December 31, 2023. The evaluation period for community development loans, investments, and community development services was April 17, 2018, through June 24, 2024.

The lending test is weighted more heavily than either the investment or service tests. The lending test evaluation is based on the HBC's small business loan products and community development loans. The investment test is based on a review of qualified community development investments made during the review period, as well as investments made during the prior period that remained on the bank's books. The service test evaluation is based on a review of retail banking services and qualified community development services performed during the review period.

Full- and limited-scope reviews of the assessment areas were determined based on several factors, which include the bank's presence, lending level, and deposit activity within each assessment area. Both the Santa Clara-San Benito and Alameda-Contra Costa assessment areas received full-scope reviews, while the San Francisco-San Mateo and Marin assessment areas received limited-scope reviews. The Santa Clara-San Benito assessment area carries the greatest weight in determining the institution's overall CRA rating, followed by the Alameda-Contra Costa assessment area. Additionally, three recent interviews with members of the communities in which the bank operates were reviewed in connection with this examination to better understand the credit needs and market conditions of the assessment areas. The community contacts represented organizations that are involved with providing affordable housing for low- and moderate-income individuals/families and providing small business owners with capital and advice to grow their business.

A performance context was developed to identify opportunities, credit needs, and small business lending activity within the assessment areas. All lending activities are presented within the core tables presented in Appendix B.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Lending Test

HBC's overall performance under the lending test declined from a high satisfactory at the previous examination to a low satisfactory at this examination. The decline is primarily due to the poor distribution of loans among businesses of different sizes, specifically small businesses with revenue of $1 million or less. However, a high percentage of the bank's small business loans were made within its assessment areas, with a geographic distribution that reflects excellent penetration within different income levels, most notably in low- and moderate- income areas. Additionally, the bank extended a relatively high level of community development loans that were responsive to the area's developmental needs and made use of flexible lending practices in serving the credit needs of its assessment areas.

LENDING ACTIVITY

The bank's lending activities reflect adequate responsiveness to assessment area credit needs. HBC used flexible loan programs to help meet the credit in its assessment areas. The bank was an active participant in the SBA's PPP in response to the COVID 19 pandemic and accommodated customers affected by the pandemic with loan modifications and deferments. Exhibit 2 below shows the bank's loan originations by loan type for each of its assessment areas.

EXHIBIT 2 SUMMARY OF LENDING ACTIVITY JANUARY 1, 2018 TO DECEMBER 31, 2023				
Loan Type	#	%	$ ('000s)	%
Total Small Business related	5,991	100	$1,694,368	100
Total Loans	**5,991**	**100**	**$1,694,368**	**100**

ASSESSMENT AREA CONCENTRATION

A high percentage of loans by number and dollar volume were made within the bank's assessment areas. Exhibit 3 below shows the number and dollar volume of loans extended within HBC's assessment areas during the review period. The tables in Appendix B provide additional information on the lending volumes of each assessment area.

EXHIBIT 3 LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREAS JANUARY 1, 2018 TO DECEMBER 31, 2023								
Loan Type	Inside				Outside			
	#	%	$ ('000s)	%	#	%	$ ('000s)	%
Small Business	5,024	83.9	1,459,493	86.1	967	16.1	234,875	13.9
Total Loans	5,024	83.9	1,459,493	86.1	967	16.1	234,875	13.9

GEOGRAPHIC AND BORROWER DISTRIBUTION

HBC's geographic distribution of small business loans reflects excellent dispersion among census tracts of different income levels. The bank's performance level generally exceeded that of aggregate lenders operating in the assessment areas, particularly in low- and moderate-income geographies. With limited exception, the bank's small business lending within low- and moderate-income tracts exceeded the percentage of area businesses within those tracts.

The distribution of HBC's small business loans across businesses of different sizes was generally consistent with aggregate lending levels in 2018 and 2019 in all assessment areas. However, the bank's performance for the remainder of the evaluation period markedly lagged aggregate lending levels, demonstrating poor penetration among businesses with revenue size of $1 million or less. These performance levels for geographic and borrower distribution are discussed further within the respective assessment area analyses.

COMMUNITY DEVELOPMENT LENDING

HBC makes a relatively high level of community development loans during the span of the review period. The bank's performance compares well to the community development lending levels of other similarly situated institutions. The bank extended 246 community development loans totaling $341 million that benefitted the bank's assessment areas. Of these loans, 61 were community development loans extended under the PPP to help businesses keep their workforce employed during the COVID 19 crisis.

Investment Test

HBC's performance under the investment test is high satisfactory. HBC made a significant level of qualified community development investments, donations, and grants that demonstrated good responsiveness to the community development needs of the bank's assessment areas. These investments were primarily in mortgage backed-securities secured by mortgage loans extended to low- or moderate-income borrowers. A summary of the bank's investment activities within its assessment areas is presented in Table 26 in Appendix B, and individual activities are discussed further in the respective assessment area analyses.

Overall, the bank made a total of 105 investments totaling $145.4 million. This amount includes $140.2 million in current period investments, and $5.2 million in prior period investments on the bank's books. There were two prior period investments totaling $2.5 million in low-income housing tax credit that subsidize the creation of affordable rental housing units; these prior period investments benefited individuals or geographies in a broader regional area that includes the bank's assessment areas. In addition, HBC made 544 donations and grants totaling $1.5 million during the current review period.

Service Test

HBC's performance under the service test is high satisfactory. Delivery systems are readily accessible to the bank's geographies and individuals of different income levels in its assessment area. During the review period, the bank closed four branches located in the cities of Sunnyvale, San Mateo, Half Moon

Bay, and San Ramon. The bank also opened a branch in Oakland and moved its San Jose main office/branch to a new location that is within a four-mile vicinity of the former location. The institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Branch hours and services do not vary in a way that negatively impacts accessibility to low- and moderate-income individuals or geographies. In addition, HBC employees provided a relatively high level of qualified community development services within its assessment areas.

RETAIL BANKING SERVICES

HBC's delivery systems are reasonably accessible to all geographies and individuals of different income levels within the bank's assessment areas. Of the bank's 17 full-service branches, one is located in a low-income census tract and three are in moderate-income census tracts. The bank offers various products and services that are available at all branches. In addition, the bank offers alternative delivery channels that enhance accessibility such as mobile banking, internet banking, and remote deposit capture to provide customers with access to banking services after normal business hours. The bank also provides automated teller machines at certain branches.

COMMUNITY DEVELOPMENT SERVICES

Bank employees provided a relatively high level of community development services that were responsive to community development needs in its assessment areas. During the review period HBC employees provided 4,358 community development service hours to 86 organizations located within its assessment areas. These organizations promote affordable housing, provide community services to low- and moderate-income individuals and families, and give technical assistance to small businesses.

Fair Lending or Other Illegal Practices Review

Concurrent with this CRA evaluation, the Federal Reserve Bank of San Francisco conducted a review of the Bank's compliance with consumer protection laws and regulations and found no violations of the substantive provisions of anti-discrimination, fair lending, or other illegal credit practice rules, laws or regulations that were inconsistent with helping to meet community credit needs.

FULL-SCOPE ASSESSMENT AREA CONCLUSIONS

For each assessment area where a full-scope review was performed using the examination procedures.

Santa Clara-San Benito Assessment Area

DESCRIPTION OF OPERATIONS IN SANTA CLARA-SAN BENITO

The Santa Clara-San Benito assessment area consists of Santa Clara and San Benito Counties in their entireties, comprising the San Jose-Sunnyvale-Santa Clara MSA. Santa Clara County is located at the southern end of the San Francisco Bay and is home to Santa Clara Valley, which is also known as Silicon Valley. With a population of more than 1.9 million people[1], Santa Clara is the most populous county in the San Francisco Bay Area and in Northern California. San Benito County is in California's central region and bordered to the north by Santa Cruz and Santa Clara counties; to the east by Merced and Fresno counties; and Monterey County to the south and west. San Benito County has a population of approximately 64,000[2], and Hollister is the largest city and the primary job center in the area.

As of June 30, 2023, the assessment area had 41 Federal Deposit Insurance Corporation-insured commercial institutions operating 312 offices. HBC operates in a very competitive banking environment as the marketplace includes three[3] of the nation's largest financial institutions with a combined network of 158 branches and deposits of $78.3 billion, representing 48.7 percent of the deposit market share. HBC operated six branches in Santa Clara County and one branch in San Benito County; these seven branches had total deposits of $2.6 billion, representing 1.6 percent of the market.

Exhibit 4 on the next page, presents combined key demographic and business information used to help develop a performance context for the assessment area.

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[1] U.S. Census Bureau 2020 Decennial Census.
[2] Ibid.
[3] Wells Fargo Bank, NA; Bank of America, NA; and JP Morgan Chase, NA.

	EXHIBIT 4						
	ASSESSMENT AREA DEMOGRAPHICS						
	ASSESSMENT AREA: SANTA CLARA-SAN BENITO						
Income Categories	**Tract Distribution**		**Families by Tract Income**		**Families < Poverty Level as % of Families by Tract**		**Families by Family Income**
	#	%	#	%	#	%	#	%
Low	32	7.6	26,625	5.7	3,143	11.8	109,788	23.4
Moderate	96	22.9	95,651	20.4	6,627	6.9	76,614	16.3
Middle	167	39.8	194,975	41.6	7,014	3.6	88,028	18.8
Upper	124	29.5	151,198	32.2	3,914	2.6	194,488	41.5
Unknown	1	0.2	469	0.1	35	7.5	0	0.0
Total AA	**420**	**100.0**	**468,918**	**100.0**	**20,733**	**4.4**	**468,918**	**100.0**
	Housing Units by Tract	**Housing Type by Tract**					
		Owner-occupied			**Rental**		**Vacant**
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	40,830	13,110	3.5	32.1	26,174	64.1	1,546	3.8
Moderate	138,403	64,690	17.5	46.7	67,708	48.9	6,005	4.3
Middle	293,469	151,188	40.8	51.5	126,856	43.2	15,425	5.3
Upper	214,379	140,898	38.1	65.7	62,130	29.0	11,351	5.3
Unknown	1,030	355	0.1	34.5	594	57.7	81	7.9
Total AA	**688,111**	**370,241**	**100.0**	**53.8**	**283,462**	**41.2**	**34,408**	**5.0**
	Total Businesses by Tract		**Businesses by Tract & Revenue Size**				
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**
	#	%	#	%	#	%	#	%
Low	4,995	5.3	4,551	5.2	419	5.6	25	5.5
Moderate	18,126	19.1	16,111	18.5	1,951	26.0	64	14.1
Middle	36,708	38.6	33,822	38.8	2,711	36.2	175	38.6
Upper	35,108	36.9	32,516	37.3	2,404	32.1	188	41.5
Unknown	150	0.2	136	0.2	13	0.2	1	0.2
Total AA	**95,087**	**100.0**	**87,136**	**100.0**	**7,498**	**100.0**	**453**	**100.0**
Percentage of Total Businesses:			**91.6**		**7.9**		**0.5**
	Total Farms by Tract		**Farms by Tract & Revenue Size**				
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**
	#	%	#	%	#	%	#	%
Low	20	3.1	16	2.6	4	11.8	0	0.0
Moderate	187	28.8	171	27.8	16	47.1	0	0.0
Middle	270	41.5	262	42.5	8	23.5	0	0.0
Upper	173	26.6	167	27.1	6	17.6	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**650**	**100.0**	**616**	**100.0**	**34**	**100.0**	**0**	**0.0**
Percentage of Total Farms:			**94.8**		**5.2**		**0.0**
Source: *2023 FFIEC Census Data*							
2023 Dun & Bradstreet Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: *Percentages may not total 100.0 percent due to rounding.*							

Economic Conditions

Early in the review period, Santa Clara County's economy was in the forefront of national expansion with professional/business services, healthcare, information, and manufacturing leading the growth. Federal, state, and local government were the largest employers in the area with 96,833 members of the

workforce. The top five private sector employers were: Apple Inc with 25,000 employees; Alphabet Inc with 20,000; Stanford University with 16,919 employees; Cisco Systems Inc with 15,700 employees; and Kaiser Permanente with 12,500 employees. While tech companies continued to fuel the area's economic expansion, other smaller, emerging companies were on the rise as well.

About 200 non-farm jobs were created in San Benito County with the largest gains in manufacturing, leisure and hospitality, education and healthcare, and government. Government is the largest employer in the area with nearly 2,900 jobs in 2018.[4] In the private sector, manufacturing is among the top employer accounting for 13 percent of the total job market. Manufacturing firms primarily convert agricultural commodities into finished products ready for consumption. Agriculture is San Benito County's largest industry.

As shown in Exhibit 5 below, the 2019 unemployment rate in Santa Clara was at 2.5 percent, well below California's statewide 4.1 percent unemployment rate. San Benito County has a large share of agricultural workers, and an unemployment rate below 6.0 percent in the area signifies a fully employed workforce, as agriculture is a seasonal industry.[5]

EXHIBIT 5 UNEMPLOYMENT RATES ASSESSMENT AREA: SANTA CLARA – SAN BENITO						
Area	2018	2019	2020	2021	2022	2023
San Benito County, CA	5.1%	5.0%	9.9%	7.3%	5.0%	6.0%
Santa Clara County, CA	2.6%	2.5%	7.1%	4.8%	2.6%	3.5%
San Jose-Sunnyvale-Santa Clara CA MSA	2.7%	2.6%	7.2%	4.9%	2.7%	3.6%
California	4.2%	4.1%	10.1%	7.3%	4.2%	4.8%
2018 – 2022 Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics *2023 Source: State of California Employment Development Department*						

California was the first state to implement stay-at-home orders in 2020 due to the Covid-19 pandemic, which halted most business activities and disrupted employment and business cycles in the area. According to Moody's Analytics March 2020, closures of nonessential businesses resulted in layoffs and falling income. The concentration of manufacturing employment in the area, is twice the national average, so disruptions to global supply chains had significant economic effects. The pandemic resulted in steep job losses, pushing the unemployment rate to a high 7.2 percent in the assessment area, but to a lesser extent than California's double digit unemployment rate of 10.1 percent as shown in Exhibit 5.

In March 2020, the federal PPP was launched by the Treasury Department with the goal of helping small businesses survive the pandemic-related lockdowns.[6] As a result, growth in lending occurred within banks of all sizes nationwide. Overall small banks increased lending to small businesses and small farms by an average of 23 percentage points more than expected during the first half of 2020, and lending by medium and large banks increased by 38 and 35 percentage points, respectively, during the same time period. According to the borrower firms that elected to report their industry, most loans under

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[4]   San Benito Economic Forecast – prepared by CA DOT.
[5]   Ibid.
[6]   Federal Reserve Bank of San Francisco, Economic Letter, Small Business Lending during COVID-19, November 23, 2020; available from https://www.frbsf.org/economic-research/publications/economic-letter/2020/november/small-business-lending-during-covid-19/.

$1 million made as of August 2020 were made to businesses in the professional, scientific, and technical services industry, followed by other services (except public administration) industry, the health care and social assistance industry, and the construction industry.

By 2021 and 2022, economic conditions in the assessment area were recovering and about two-thirds of jobs have been recouped and growth improved over the course of those years, thereby resulting in lower unemployment rates as illustrated in the Exhibit 5. Santa Clara County has the highest concentration of computer/electronics manufacturing in the country by a large margin, and tech (which includes manufacturing) led job gains. However, increased telecommuting weighed on the area's overall recovery as an employer's location does not account for the location of the employee. While tech expanded, it was unclear if the workers were in the area, supporting local industries. Without workers returning to the office, the leisure/hospitality, retail and personal services industries faced a protracted recovery. In San Benito County, 300 non-farm jobs were restored during 2021, and 810 jobs were expected to be created in 2022. Projections reflected that employment by the end of 2022 was expected to be fully restored from the 2020 pandemic recession.[7]

The assessment area's economy cooled off and experienced a rise in unemployment in 2023. Layoffs across Silicon Valley led to significant disruption as most major firms pared payrolls, with Google, Cisco, PayPal, and Meta among the most aggressive companies in doing so, with several smaller firms in the region following suit. High interest rates also made it difficult to raise capital, and investor funding has pulled back due to broader economic uncertainty and concern of a potential recession. Moreover, many tech firms expanded rapidly at the beginning of the COVID-19 pandemic due to society's increased reliance on gadgets as remote work and social distancing altered behavior. As life gets back to normal, some broader correction was inevitable.

In San Benito County, closure of the community's only hospital and other health care facilities in the area resulted in the 712 employee layoffs in 2023.[8] Additionally, San Benito's working population consists of 31,150 residents. As there are only 18,000 wage and salary jobs reported in the county, about 42 percent of working residents commute to the adjacent Santa Clara or Monterey Counties to work or are self-employed.[9] Seasonal job losses, the loss of employment in healthcare, and Silicon Valley's cooled economy were contributing factors in the rise of unemployment in San Benito County.

As shown in Exhibit 6 on the next page, the number of small business loans originated within the assessment area generally increased during the review period except for 2020, when loan trends in Santa Clara County dipped below prior years' small business lending volume. By 2021, loan trends picked up, increasing 8.5 percent since the prior year. Labor markets tightened in 2022 as the Federal Reserve System increased interest rates to levels not seen since 2018. Lending to small businesses is critical for the support of the local economy given that small businesses represent 91.6 percent of all businesses in the assessment area, as depicted in Exhibit 4 above.

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[7]   2022 San Benito County Economic Forecast – DOT.
[8]   https://edd.ca.gov/siteassets/files/jobs_and_training/warn/warn-report-for-7-1-2022-to-06-30-2023.pdf.
[9]   2023 San Benito County Economic Forecast – DOT.

EXHIBIT 6 SMALL BUSINESS LOAN TRENDS ASSESSMENT AREA: SANTA CLARA-SAN BENITO					
Area	**2018**	**2019**	**2020**	**2021**	**2022**
San Benito County, CA	1,103	1,263	1,334	1,483	1,332
Santa Clara County, CA	56,629	59,307	57,402	62,258	58,201
San Jose-Sunnyvale-Santa Clara MSA	57,732	60,570	58,736	63,741	59,533
California	1,072,551	1,146,375	1,182,917	1,342,194	--
Source: Federal Financial Institutions Examination Council (FFIEC) Community Reinvestment Act Aggregate Data					

Credit and Community Development Needs

The economic data described above and feedback from community contacts indicate that credit and community development needs are present in the assessment area. According to the U.S. Census Bureau's Weekly Small Business Pulse Survey, as of April 17, 2022, 25.7 percent of small businesses in California were still experiencing a large negative effect on their businesses as a result of the pandemic, which was higher than the national average of 21.6 percent.[10] According to that same data, 44.1 percent of small businesses in California reported a negative effect, which was slightly higher than the national average of 43.9 percent.[11] At that time, 16 percent of small businesses in California reported that they would need to attain financial assistance or additional capital within the next six months, as compared to the national average of 13.9 percent.[12] Despite the increase in small business lending during the pandemic as described above, survey results indicate there are unmet credit needs for small businesses.

A representative from a community development financial institution (CDFI) that helps small businesses with access to capital was interviewed during the examination. The contact indicated that its credit extensions range from $10 thousand to $100 thousand, and examples of their lending concentration include restaurants, retail, and cafes with two to three employees and an annual revenue ranging from $200 thousand to $300 thousand. These businesses are often too small to qualify for a bank loan.

Per the CDFI contact, small businesses that were able to continue operations after the pandemic saw revenue increase; however, this was offset by a significant rise in the cost of packaging, transportation, and salaries. Without access to larger banks, many small businesses took out online "predatory" loans, which were granted within hours but had short repayment periods and large repayment penalties. The contact mentioned that there is a large demand for construction loans, which are not often supported by non-profit lenders such as CDFIs. For example, city projects (i.e., repairing lights in the city's public transit parking station) would be contracted to small businesses, which in turn would need working capital to be able to fund the project. The contact also mentioned that business credit cards are very helpful to small business owners but is not the best form of credit since they are expensive.

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[10]   U.S. Census Bureau, Weekly Small Business Pulse Survey, Week 72, Collection Date April 11, 2022-April 17, 2022 available from State and Metro | Small Business Pulse Survey (arcgis.com).
[11]   Ibid.
[12]   Ibid.

A community contact representing a small business development center indicated that financial institutions could help meet the credit needs of their community by offering technical assistance to low-income small business owners, affordable housing, small business grants, and SBA programs.

Another community contact from an organization focused on affordable housing indicated that even with COVID, rent levels and affordable housing shortages have been increasing. The contact stated that the main credit needs are additional tax-exempt bonds to create more opportunities for affordable housing organizations to develop new properties. The contact indicated that the city of San Jose has the most need for affordable housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SANTA CLARA-SAN BENITO

Lending Test

HBC's performance in the Santa Clara-San Benito assessment area is adequate. This assessment is based upon satisfactory responsiveness to the credit needs within the community. The bank exhibited excellent geographic distribution with lending levels exceeding the aggregate level in low- and moderate-income tracts for a vast majority of the review period. The distribution of loans among businesses of different revenue sizes, including very small businesses is considered poor as the bank's lending to small businesses with revenue of $1 million or less was below aggregate levels. The bank made a relatively high level of community development loans in the assessment area and makes use of flexible lending practices in serving area credit needs.

Lending Activity

Lending levels in the Santa Clara – San Benito assessment area reflect adequate responsiveness to assessment area credit needs. The bank used innovative and/or flexible lending programs to help meet the credit needs of small businesses by offering PPP loans during the COVID 19 pandemic, modifying and deferring loans for customers affected by the pandemic, offering SBA 504 and 7A loans, and instituting several programs for the extension of micro loans/credit to businesses within its community.

Lending Distribution by Geography

The geographic distribution of loans reflects excellent penetration throughout census tracts of all income levels. As shown in Exhibits 7, 8, and 9 on the next page, the bank's percentage of lending in low- and moderate-income geographies exceeded the lending distribution of other lenders in the Santa Clara-San Benito assessment area. Noteworthy is the bank's lending volume in low- and moderate-income areas, where the bank's performance consistently exceeded the percentage of business entities that are situated in those geographies. There were no conspicuous lending gaps throughout the bank's assessment area and most lending occurred near HBC branches.

							EXHIBIT 7							
							DISTRIBUTION OF **2018** AND **2019** SMALL BUSINESS LENDING BY INCOME LEVEL OF GEOGRAPHY							
							ASSESSMENT AREA: SANTA CLARA – SAN BENITO							

Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2018						**2019**						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	47	11.9	5.8	7,461	8.1	6.2	41	10.3	6.1	9,669	9.8	7.0	6.0
Moderate	131	33.2	19.1	26,718	29.2	20.5	122	30.7	19.7	35,509	35.9	21.6	19.2
Middle	141	35.8	37.1	34,828	38.0	37.2	151	38.0	36.9	33,962	34.3	36.4	35.9
Upper	75	19.0	37.1	22,619	24.7	35.3	83	20.9	36.3	19,845	20.0	34.1	38.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.2
Tract-Unk	0	0.0	0.9	0	0.0	0.8	0	0.0	0.9	0	0.0	0.9	
Total	394	100.0	100.0	91,626	100.0	100.0	397	100.0	100.0	98,985	100.0	100.0	100.0

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

							EXHIBIT 8							
							DISTRIBUTION OF **2020** AND **2021** SMALL BUSINESS LENDING BY INCOME LEVEL OF GEOGRAPHY							
							ASSESSMENT AREA: SANTA CLARA – SAN BENITO							

Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2020						**2021**						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	40	6.4	7.1	15,071	8.5	6.0	32	7.1	6.6	13,814	10.5	6.5	6.1
Moderate	177	28.2	21.1	48,752	27.5	22.8	125	27.6	20.4	36,790	27.9	22.4	19.3
Middle	221	35.2	36.3	65,034	36.6	36.8	164	36.2	36.9	46,264	35.1	36.8	35.6
Upper	189	30.1	35.0	48,600	27.4	33.9	132	29.1	35.5	34,841	26.5	34.2	38.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.5	0	0.0	0.4	0	0.0	0.6	0	0.0	0.1	
Total	627	100.0	100.0	177,457	100.0	100.0	453	100.0	100.0	131,709	100.0	100.0	100.0

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

							EXHIBIT 9							
							DISTRIBUTION OF **2022** AND **2023** SMALL BUSINESS LENDING BY INCOME LEVEL OF GEOGRAPHY							
							ASSESSMENT AREA: SANTA CLARA – SAN BENITO							

Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2022						**2023**						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	16	9.4	6.1	8,071	11.6	6.6	8	4.6	5.1	3,457	5.5	5.9	5.3
Moderate	46	26.9	19.6	20,097	29.0	22.6	46	26.4	18.2	15,951	25.2	20.7	19.1
Middle	66	38.6	39.8	25,643	37.0	37.9	80	46.0	40.3	30,366	47.9	39.5	38.6
Upper	43	25.1	33.9	15,579	22.5	32.7	40	23.0	36.0	13,585	21.4	33.8	36.9
Unknown	0	0.0	0.1	0	0.0	0.1	0	0.0	0.1	0	0.0	0.1	0.2
Tract-Unk	0	0.0	0.4	0	0.0	0.1	0	0.0	0.2	0	0.0	0.1	
Total	171	100.0	100.0	69,390	100.0	100.0	174	100.0	100.0	63,359	100.0	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Lending Distribution by Business Revenue

Overall, the distribution of HBC's lending to small businesses with revenue size of $1 million or less reflects poor performance. The bank's performance in 2018 and 2019 was generally consistent with aggregate performance as shown in Exhibit 10 below. However, for the rest of the evaluation period, the bank's lending to small businesses sharply declined, as shown in Exhibits 11 and 12 on the next page. The most prominent downturn occurred in 2020 when the bank's lending volume declined to 8.9 percent in comparison to the aggregate's 44.0 percent lending volume to small businesses. In prior years, the bank's lending distribution to small businesses was enhanced through the purchase of small business loan pools from a non-profit organization that provided underserved small businesses with access to credit. In 2020, the non-profit organization received other sources of funding for their loan program and no longer sold their small business loan pools.

There were high levels of HBC loans with unknown revenue amounts in 2020 and 2021, at 68.0 percent and 62.0 percent of total business loans, respectively. In both these years, the bank's lending primarily consisted of PPP loans, wherein revenue information was not collected. The bank's lending data indicates a willingness to extend small dollar loans as HBC's loan extensions between $100,001 and $250,000 were comparable to or exceeded aggregate levels. A community contact indicated that the average loan size their organization extends is in the $100 thousand range.

EXHIBIT 10													
DISTRIBUTION OF 2018 AND 2019 SMALL BUSINESS LENDING BY REVENUE SIZE OF BUSINESSES													
ASSESSMENT AREA: SANTA CLARA – SAN BENITO													
	Bank And Aggregate Loans By Year												**Total Businesses %**
	2018						**2019**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
By Revenue													
$1 Million or Less	197	50.0	46.8	15,645	17.1	33.4	199	50.1	52.8	19,616	19.8	34.2	91.2
Over $1 Million	175	44.4		64,317	70.2		178	44.8		69,007	69.7		8.4
Revenue Unknown	22	5.6		11,664	12.7		20	5.0		10,362	10.5		0.4
Total	394	100.0		91,626	100.0		397	100.0		98,985	100.0		100.0
By Loan Size													
$100,000 or Less	201	51.0	96.0	6,416	7.0	50.9	204	51.4	96.1	8,625	8.7	50.5	
$100,001 - $250,000	68	17.3	2.1	13,969	15.2	12.5	72	18.1	2.1	14,355	14.5	12.7	
$250,001 - $1 Million	125	31.7	1.9	71,241	77.8	36.6	121	30.5	1.8	76,005	76.8	36.8	
Total	394	100.0	100.0	91,626	100.0	100.0	397	100.0	100.0	98,985	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	172	87.3		4,158	26.6		166	83.4		5,988	30.5		
$100,001 - $250,000	7	3.6		1,365	8.7		15	7.5		2,434	12.4		
$250,001 - $1 Million	18	9.1		10,122	64.7		18	9.0		11,194	57.1		
Total	197	100.0		15,645	100.0		199	100.0		19,616	100.0		

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

EXHIBIT 11												
DISTRIBUTION OF 2020 AND 2021 SMALL BUSINESS LENDING BY REVENUE SIZE OF BUSINESSES												
ASSESSMENT AREA: SANTA CLARA – SAN BENITO												

	Bank And Aggregate Loans By Year											Total Businesses %
	2020					2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue												
$1 Million or Less	56	8.9	44.0	13,989	7.9	25.7	49	10.8	48.5	12,225	9.3	25.1	91.7
Over $1 Million	140	22.3		56,829	32.0		123	27.2		50,628	38.4		7.9
Revenue Unknown	431	68.7		106,639	60.1		281	62.0		68,856	52.3		0.4
Total	627	100.0		177,457	100.0		453	100.0		131,709	100.0		100.0
By Loan Size												
$100,000 or Less	203	32.4	88.6	11,330	6.4	35.4	159	35.1	92.9	9,315	7.1	39.6	
$100,001 - $250,000	187	29.8	6.8	31,937	18.0	20.5	120	26.5	4.2	21,622	16.4	18.5	
$250,001 - $1 Million	237	37.8	4.6	134,190	75.6	44.1	174	38.4	2.9	100,772	76.5	41.9	
Total	627	100.0	100.0	177,457	100.0	100.0	453	100.0	100.0	131,709	100.0	100.0	
By Loan Size and Revenues $1 Million or Less												
$100,000 or Less	29	51.8		1,908	13.6		26	53.1		1,943	15.9		
$100,001 - $250,000	8	14.3		1,545	11.0		8	16.3		1,457	11.9		
$250,001 - $1 Million	19	33.9		10,536	75.3		15	30.6		8,825	72.2		
Total	56	100.0		13,989	100.0		49	100.0		12,225	100.0		

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

													Total Businesses %
Exhibit 12													
DISTRIBUTION OF 2022 AND 2023 SMALL BUSINESS LENDING BY REVENUE SIZE OF BUSINESSES													
ASSESSMENT AREA: SANTA CLARA – SAN BENITO													

	Bank And Aggregate Loans By Year												**Total Businesses %**
	2022						**2023**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	37	21.6	55.4	9,411	13.6	33.3	41	23.6	59.1	9,625	15.2	34.6	91.6
Over $1 Million	114	66.7		48,990	70.6		118	67.8		45,912	72.5		7.9
Revenue Unknown	20	11.7		10,989	15.8		15	8.6		7,822	12.3		0.5
Total	171	100.0		69,390	100.0		174	100.0		63,359	100.0		100.0
By Loan Size													
$100,000 or Less	39	22.8	96.3	2,853	4.1	51.1	46	26.4	97.1	3,248	5.1	56.3	
$100,001 - $250,000	36	21.1	2.1	7,858	11.3	14.1	43	24.7	1.6	8,004	12.6	12.3	
$250,001 - $1 Million	96	56.1	1.6	58,679	84.6	34.7	85	48.9	1.3	52,107	82.2	31.4	
Total	171	100.0	100.0	69,390	100.0	100.0	174	100.0	100.0	63,359	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	23	62.2		1,539	16.4		24	58.5		1,693	17.6		
$100,001 - $250,000	3	8.1		620	6.6		8	19.5		1,235	12.8		
$250,001 - $1 Million	11	29.7		7,252	77.1		9	22.0		6,697	69.6		
Total	37	100.0		9,411	100.0		41	100.0		9,625	100.0		

Source: *2023 FFIEC Census Data*
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

Community Development Lending

HBC made a relatively high level of community development loans in the Santa Clara-San Benito assessment area. The bank extended 162 community development loans, totaling $168.4 million and compared favorably to other peer institutions in about the same period. These loans supported the articulated need for affordable housing and community services targeted to low- and moderate-income individuals. Below are examples of notable activities.

- 15 loans totaling $10.9 million to a non-profit organization in Santa Clara County that develops dwellings for the area's low-income populations.
- 16 loans totaling, $40.2 million extended through the Small Business Administration's 504 loan program designed to promote business growth and job creation in Santa Clara County.
- 12 loans, totaling $15.2 million to a non-profit organization that develop and enhance employment opportunities for the educationally and economically disadvantaged in the Santa Clara area.
- Four loans, totaling $1.4 million to a group home that assist with foster care for youths in San Benito County.
- Four loans, totaling $18 million to a non-profit organization that provide social services to the low income and vulnerable populations of Santa Clara County.

Investment Test

The bank's performance under the investment test is adequate. Most investments are in mortgage-backed securities (MBS) that are secured by mortgage loans extended to low- and moderate-income borrowers. Although investments in the form of MBS are not considered innovative or complex, the bank extended 28 current period MBS totaling $32.7 million, which were secured by mortgages to low- and moderate-income borrowers in Santa Clara and San Benito Counties. There were 8 prior period investments amounting to $1.5 million in this assessment area. The bank also provided over $1 million in donations and grants to organizations promoting community development services, including affordable housing and community services to low- and moderate-income individuals. Examples of noteworthy donations are provided below.

- A $125,000 donation to a college preparatory school to support the school's financial aid program for low- and moderate-income students.
- A $148,000 donation to a faith-based organization that provides programs and services to LMI individuals and families, such as food, housing, education, health, and economic security.
- A total of $22,950 in donations to several organizations working towards and supporting affordable housing in Santa Clara County, including counseling services for credit, homeownership and other financial services education.
- A $2,750 donation to an organization that provides shelter and assistance to victims of domestic violence in San Benito County.
- A total of $17,500 to organizations that provides free legal services to low-income individuals or families in the areas of housing, health, and youth.

Service Test

The bank's performance under the service test is good based on the accessibility of retail banking services and delivery systems and high level of community development service hours.

Retail Banking Services

HBC's delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area. The seven branches in this assessment area provide consistent product offerings and business hours. In addition to the branches, the bank offers alternative delivery systems including telephone banking, online and mobile banking to facilitate banking needs after hours. Several branches have ATM access.

The bank's main office/branch relocation in 2020 and the closure of its Sunnyvale branch in 2022 have not adversely affected the availability of retail banking services in low- and moderate-income geographies and individuals.

Community Development Services

HBC provides an adequate level of community development service hours in this assessment area. Bank personnel provided 1,790 community development service hours to 38 organizations. Most of these

hours included providing financial expertise to organizations engaged in community services for low- and moderate-income individuals. Examples of the bank's community development services include:

- Employees provided 687 hours of financial literacy education focusing on banking and budgeting to 733 low- and moderate-income middle and high school students, as well as 69 low- and moderate-income adult clients of non-profit organizations in Santa Clara County.
- Employees provided 90 hours as members of a committee that reviewed applications for grants that benefit community projects for the homeless and low-income seniors and youths in San Benito County.
- A bank employee provided 180 hours of community development services as a board member for a local non-profit that provides services to low- and moderate-income individuals and families in Santa Clara County.

Alameda-Contra Costa Assessment Area

DESCRIPTION OF OPERATIONS IN ALAMEDA – CONTRA ASSESSMENT AREA

The Alameda – Contra Costa assessment area consists of Alameda County and Contra Costa County in their entireties and make up the Oakland-Berkeley-Livermore, CA MD, which is part of the San Francisco-Oakland-Berkeley MSA. Alameda County is located along the eastern side of San Francisco Bay and extends east to the San Joaquin Valley. Contra Costa County is located north of Alameda County and is bordered by the San Pablo Bay, Suisun Bay and partially by the San Francisco Bay. With a population of more than 1.7 million people, Alameda County is the most populated county in the San Francisco-Oakland-Berkeley MSA followed by Contra Costa County with a population of 1.1 million.

The Alameda-Contra Costa assessment area has a very competitive banking environment. As of June 30, 2023, there were 46 Federal Deposit Insurance Corporation-insured commercial institutions operating 431 offices. Three of the nation's largest retail and commercial banks operate within the area and through their respective 198 offices, hold 60.6 percent of the deposit market share. HBC operates six branches and captured 0.9 percent of deposits in the market.

Exhibit 13 on the next page, presents key demographic and business information used to help develop a performance context for the assessment area.

EXHIBIT 13							
ASSESSMENT AREA DEMOGRAPHICS							
ASSESSMENT AREA: ALAMEDA-CONTRA COSTA							
Income Categories	**Tract Distribution**		**Families by Tract Income**		**Families < Poverty Level as % of Families by Tract**		**Families by Family Income**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	60	9.7	53,826	8.1	10,413	19.3	153,377	23.0
Moderate	149	24.0	147,965	22.2	12,826	8.7	111,304	16.7
Middle	208	33.5	228,691	34.3	9,282	4.1	129,621	19.4
Upper	191	30.8	234,224	35.1	5,864	2.5	273,219	40.9
Unknown	13	2.1	2,815	0.4	296	10.5	0	0.0
Total AA	**621**	**100.0**	**667,521**	**100.0**	**38,681**	**5.8**	**667,521**	**100.0**

	Housing Units by Tract	**Housing Type by Tract**					
		Owner-occupied			**Rental**		**Vacant**	
		#	**% by tract**	**% by unit**	**#**	**% by unit**	**#**	**% by unit**
Low	88,609	25,687	4.5	29.0	57,308	64.7	5,614	6.3
Moderate	240,815	108,437	18.9	45.0	120,483	50.0	11,895	4.9
Middle	353,241	202,587	35.3	57.4	133,140	37.7	17,514	5.0
Upper	327,906	235,419	41.0	71.8	79,017	24.1	13,470	4.1
Unknown	10,263	1,389	0.2	13.5	8,006	78.0	868	8.5
Total AA	**1,020,834**	**573,519**	**100.0**	**56.2**	**397,954**	**39.0**	**49,361**	**4.8**

	Total Businesses by Tract		**Businesses by Tract & Revenue Size**					
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	8,606	6.9	7,865	6.8	696	7.5	45	7.1
Moderate	25,825	20.6	23,794	20.6	1,912	20.7	119	18.7
Middle	40,309	32.1	37,235	32.2	2,881	31.1	193	30.3
Upper	48,642	38.8	44,834	38.8	3,540	38.3	268	42.1
Unknown	2,035	1.6	1,802	1.6	221	2.4	12	1.9
Total AA	**125,417**	**100.0**	**115,530**	**100.0**	**9,250**	**100.0**	**637**	**100.0**
Percentage of Total Businesses:			**92.1**		**7.4**		**0.5**	

	Total Farms by Tract		**Farms by Tract & Revenue Size**					
			Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	36	5.3	35	5.3	1	4.8	0	0.0
Moderate	137	20.1	131	19.8	6	28.6	0	0.0
Middle	183	26.8	178	26.9	5	23.8	0	0.0
Upper	320	46.9	311	47.0	9	42.9	0	0.0
Unknown	7	1.0	7	1.1	0	0.0	0	0.0
Total AA	**683**	**100.0**	**662**	**100.0**	**21**	**100.0**	**0**	**0.0**
Percentage of Total Farms:			**96.9**		**3.1**		**0.0**	

Source:	2023 FFIEC Census Data
	2023 Dun & Bradstreet Data
	2016-2020 U.S. Census Bureau: American Community Survey
Note:	Percentages may not total 100.0 percent due to rounding.

Economic Conditions

Economic conditions in the Alameda – Contra Costa assessment area strongly expanded at the start of the review period. Spillover growth caused by San Francisco's and San Jose's technology revival and soaring business and living costs were the main catalysts for this growth. The area's proximity to San

Francisco, lower costs, and skilled workforce renders it a desirable place for tech companies to expand. Government is the top employer in the area with 175,093 employees at the Federal, State and Local levels. In the private sector, the top five employers are the University of California, Berkeley with 23,962 employees, Safeway Inc., with 15,682 employees, Kaiser Permanente with 11,734 employees, Tesla with 10,000 employees; and Chevron Corp. with 8,000 employees. The assessment area has a thriving manufacturing sector of which Tesla[13] is the major catalyst and one of the area's most important employers.

The outbreak of the coronavirus abruptly halted expansion in the assessment area and disrupted supply chains. Job growth slowed in 2020 due to a tight labor market and the fallout from the COVID-19 outbreak. Cargo volumes were down at the Port of Oakland, which is one of the nation's largest seaports, as resurgence of COVID 19 infections caused partial shutdowns of Asian ports, the origin of much of the area's incoming cargo. Nearly one-fifth of the area's manufacturing jobs are in computer/electronic and particularly reliant on component imports from China. As shown in Exhibit 14 below, the unemployment rates significantly increased in the Alameda – Contra Costa area in 2020 and 2021 but remained below the state's double-digit level.

EXHIBIT 14 UNEMPLOYMENT RATES ASSESSMENT AREA: ALAMEDA – CONTRA COSTA						
Area	2018	2019	2020	2021	2022	2023
Alameda County, CA	3.1%	3.0%	8.9%	6.1%	3.3%	4.1%
Contra Costa County, CA	3.2%	3.1%	9.0%	6.4%	3.5%	4.1%
Oakland-Berkeley-Livermore CA	3.1%	3.0%	9.0%	6.2%	3.4%	4.1%
California	4.2%	4.1%	10.1%	7.3%	4.2%	4.8%
2018 – 2022 Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics 2023 Source: State of California Employment Development Department						

The area's economy lags behind other large regional economies but is moving in the right direction. A full jobs recovery is still in process, but over half of private sector industries are adding jobs, led by leisure/hospitality and healthcare. Unemployment is comfortably below the prerecession rate despite upward pressure from labor force additions. [14] While tech will remain the pivotal long-term driver, higher interest rates and recession fears have decreased venture capital funding sharply. [15]

The Alameda – Contra Costa economy is slowing in step with California and the nation. Professional/business services are backtracking and manufacturing has paused, but healthcare, construction and leisure/hospitality are maintaining overall payroll growth.[16] The unemployment rate is edging higher, but this is partly due to labor force gains. [17] The area faces broader headwinds, including

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[13]   Per Moody's analytics August 2018, Tesla is one of the fastest-growing largest and most important employers in the area. It has filed more than 400 building permits worth more than $80 million since it began produce the Model 3. Tesla was hiring 400 workers per week to supercharge its productive capacity, which is the only thing holding it back from meeting overwhelming consumer demand. The company has also attracted several automobile suppliers, tech suppliers, and automation and robotic investment.

[14]   Moody's analytics August 2022

[15]   Ibid

[16]   Moody's analytics August 2023

[17]   Ibid

tight monetary policy. The forecast does not call for a recession, but high interest rates and lower price-to-earnings ratios will cause tech investors to channel funds elsewhere.

As shown in Exhibit 15 below, economic growth in the assessment area can also be seen in small business lending trends. A review of small business loan data reported by banks subject to the CRA shows that small business lending level have generally trended upward apart from 2022. Markets tightened in 2022 as the Federal Reserve System increased interest rates to levels not seen since 2018. Lending to small businesses is critical for the support of the local economy given that small businesses represent 92.1 percent of all businesses in the assessment area, as depicted in Exhibit 13 above.

EXHIBIT 15 SMALL BUSINESS LOAN TRENDS ASSESSMENT AREA: ALAMEDA – CONTRA COSTA						
Area	2017	2018	2019	2020	2021	2022
Alameda County, CA	40,773	47,028	49,468	49,871	55,515	49,412
Contra Costa County, CA	24,716	28,013	29,876	31,162	35,733	31,652
Oakland-Berkeley-Livermore CA MD	65,489	75,041	79,344	81,033	91,248	81,064
California	961,046	1,072,551	1,146,375	1,182,917	1,342,194	---
Source: Federal Financial Institutions Examination Council (FFIEC) Community Reinvestment Act Aggregate Data						

Credit and Community Development Needs

The economic data described above and feedback from community contacts indicate that credit needs, and community development needs are similar to those of the bank's Santa Clara – Alameda assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ALAMEDA – CONTRA COSTA ASSESSMENT AREA

Lending Test

The bank's performance in the Alameda – Contra Costa assessment area is adequate and demonstrates sufficient responsiveness to the credit of its community. HBC showed good geographic distribution of small business loans in the assessment area. However, the bank's distribution of loans to small businesses with revenue of $1 million or less is poor. The bank made a relatively high level of community development loans in the assessment area and makes use of flexible lending practices in serving area credit needs.

Lending Activity

Lending levels reflect good responsiveness to credit need within the assessment area. The percentage of loans originated in the Alameda-Contra Costa assessment area at 34.4 percent (see Appendix B Table 1) exceeds the concentration of deposits held in this assessment area at 0.9 percent, as noted in Appendix B Table 27. Similar to its activities in the Santa Clara-San Benito assessment area, the bank made use of innovative and/or flexible lending programs in this area to help meet the credit needs of small businesses, including PPP loans, modifications and deferrals, SBA 504 and 7A loans, and programs for the extension of micro loans/credit to businesses.

Lending Distribution by Geography

The geographic distribution of the bank's loans reflects good penetration throughout the census tracts of all income levels. The bank's lending in low- and moderate-income geographies exceeded aggregate, and was generally consistent with the percentage of areas businesses within these tracts. In 2020 and 2021, the bank's performance declined and was below both aggregate performance and area demographics. However, the bank's performance improved in 2022 and 2023, and was generally consistent with aggregate performance and demographic indicators. There were no conspicuous lending gaps throughout the bank's assessment area and most of the lending occurred near the bank's branches.

EXHIBIT 16												
DISTRIBUTION OF 2018 AND 2019 SMALL BUSINESS LENDING BY INCOME LEVEL OF GEOGRAPHY												
ASSESSMENT AREA: ALAMEDA – CONTRA COSTA												
Geographic Income Level	**Bank And Aggregate Loans By Year**											**Total Businesses %**
	2018					**2019**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
Low	32	9.9	7.7	1,983	3.1	8.0	39	10.7	7.9	5,382	7.0	8.5	9.1
Moderate	68	21.1	18.9	9,847	15.3	19.7	73	20.0	19.0	11,251	14.5	18.5	20.6
Middle	84	26.0	30.2	14,930	23.2	29.5	110	30.1	30.8	19,467	25.2	30.1	30.5
Upper	139	43.0	42.1	37,613	58.4	41.7	141	38.6	41.2	40,714	52.6	41.7	39.7
Unknown	0	0.0	0.1	0	0.0	0.1	2	0.5	0.1	566	0.7	0.1	0.1
Tract-Unk	0	0.0	1.0	0	0.0	1.1	0	0.0	1.0	0	0.0	1.1	
Total	323	100.0	100.0	64,373	100.0	100.0	365	100.0	100.0	77,380	100.0	100.0	100.0

Source: 2019 FFIEC Census Data
 2019 Dun & Bradstreet Data
 2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

EXHIBIT 17												
DISTRIBUTION OF 2020 AND 2021 SMALL BUSINESS LENDING BY INCOME LEVEL OF GEOGRAPHY												
ASSESSMENT AREA: ALAMEDA – CONTRA COSTA												
Geographic Income Level	**Bank And Aggregate Loans By Year**											**Total Businesses %**
	2020					**2021**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
Low	15	3.4	8.7	6,975	5.7	7.6	16	5.1	8.5	5,307	6.1	7.7	9.1
Moderate	50	11.4	19.7	17,014	13.9	19.3	41	13.0	19.7	14,304	16.5	20.1	20.6
Middle	118	26.9	30.4	28,635	23.4	31.1	90	28.5	31.0	24,553	28.3	31.5	30.6
Upper	253	57.8	40.7	69,049	56.5	41.4	168	53.2	40.2	42,549	49.0	40.6	39.6
Unknown	2	0.5	0.1	469	0.4	0.1	1	0.3	0.1	138	0.2	0.1	0.1
Tract-Unk	0	0.0	0.5	0	0.0	0.5	0	0.0	0.6	0	0.0	0.1	
Total	438	100.0	100.0	122,142	100.0	100.0	316	100.0	100.0	86,851	100.0	100.0	100.0

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

EXHIBIT 18 **DISTRIBUTION OF 2022 AND 2023 SMALL BUSINESS LENDING BY INCOME LEVEL OF GEOGRAPHY** **ASSESSMENT AREA: ALAMEDA – CONTRA COSTA**												
	Bank And Aggregate Loans By Year											
Geographic **Income Level**	**2022**						**2023**					**Total** **Businesses %**
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
Low	11	6.9	6.5	5,921	9.5	5.9	12	9.3	6.0	4,648	10.4	6.2	6.9
Moderate	25	15.7	19.9	10,650	17.1	19.7	25	19.4	19.1	8,293	18.5	19.0	20.6
Middle	41	25.8	33.2	14,500	23.3	33.2	32	24.8	33.2	12,211	27.2	31.7	32.1
Upper	81	50.9	38.8	30,991	49.7	39.8	60	46.5	40.3	19,745	44.0	41.3	38.8
Unknown	1	0.6	1.1	235	0.4	1.2	0	0.0	1.1	0	0.0	1.7	1.6
Tract-Unk	0	0.0	0.4	0	0.0	0.1	0	0.0	0.3	0	0.0	0.1	
Total	159	100.0	100.0	62,297	100.0	100.0	129	100.0	100.0	44,897	100.0	100.0	100.0

Source: *2023 FFIEC Census Data*
                2023 Dun & Bradstreet Data
                2016-2020 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

Lending Distribution by Borrower Income and Business Revenue

Overall, the distribution of HBC's lending to small businesses with annual revenues of $1 million or less reflects poor performance. The bank's lending distribution shows good penetration in 2018 and 2019 as depicted in Exhibit 19 on the next page. However, for the remaining years under review, the bank's lending to businesses of different revenue sizes consistently declined as shown in Exhibits 20 and 21, on the following page. As previously mentioned, the bank's distribution of loans to businesses with revenue of $1 million or less was adversely affected when HBC was no longer able to purchase small business loan pools from the non-profit organization noted above.

As shown in Exhibit 20 on the next page, the high number of HBC loans with unknown revenue amounts in 2020 and 2021 were PPP loans. While this may have impacted the bank's lending performance to a degree, the bank's performance did not materially improve post pandemic. In the Alameda – Contra Costa assessment area, the bank's lending levels between $100,001 and $250,000 demonstrates the bank's willingness to extend small dollar loans, which is also an articulated need in the community.

												Total Businesses %
	Bank And Aggregate Loans By Year											
	2018						**2019**					
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
By Revenue													
$1 Million or Less	182	56.3	46.9	17,681	27.5	32.4	191	52.3	52.6	21,779	28.1	33.7	91.7
Over $1 Million	128	39.6		42,860	66.6		147	40.3		45,911	59.3		7.9
Revenue Unknown	13	4.0		3,832	6.0		27	7.4		9,690	12.5		0.4
Total	323	100.0		64,373	100.0		365	100.0		77,380	100.0		100.0
By Loan Size													
$100,000 or Less	182	56.3	95.8	6,125	9.5	48.4	203	55.6	96.0	9,692	12.5	50.5	
$100,001 - $250,000	56	17.3	2.1	10,290	16.0	12.0	60	16.4	2.1	10,692	13.8	12.0	
$250,001 - $1 Million	85	26.3	2.1	47,958	74.5	39.6	102	27.9	2.0	56,996	73.7	37.5	
Total	323	100.0	100.0	64,373	100.0	100.0	365	100.0	100.0	77,380	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	150	82.4		4,065	23.0		154	80.6		6,432	29.5		
$100,001 - $250,000	13	7.1		2,501	14.1		14	7.3		2,113	9.7		
$250,001 - $1 Million	19	10.4		11,115	62.9		23	12.0		13,234	60.8		
Total	182	100.0		17,681	100.0		191	100.0		21,779	100.0		

EXHIBIT 19
DISTRIBUTION OF 2018 AND 2019 SMALL BUSINESS LENDING BY REVENUE SIZE OF BUSINESSES
ASSESSMENT AREA: ALAMEDA – CONTRA COSTA

Source: *2019 FFIEC Census Data*
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

EXHIBIT 20													
DISTRIBUTION OF 2020 AND 2021 SMALL BUSINESS LENDING BY REVENUE SIZE OF BUSINESSES													
ASSESSMENT AREA: ALAMEDA – CONTRA COSTA													
	Bank And Aggregate Loans By Year												**Total Businesses %**
	2020						**2021**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
By Revenue													
$1 Million or Less	58	13.2	43.8	13,989	11.5	24.5	47	14.9	48.9	14,716	16.9	24.4	92.0
Over $1 Million	109	24.9		41,003	33.6		104	32.9		36,733	42.3		7.6
Revenue Unknown	271	61.9		67,150	55.0		165	52.2		35,402	40.8		0.5
Total	438	100.0		122,142	100.0		316	100.0		86,851	100.0		100.0
By Loan Size													
$100,000 or Less	161	36.8	89.0	9,082	7.4	36.0	119	37.7	93.3	6,957	8.0	39.0	
$100,001 - $250,000	111	25.3	6.4	19,419	15.9	19.5	68	21.5	3.7	11,931	13.7	16.7	
$250,001 - $1 Million	166	37.9	4.6	93,641	76.7	44.6	129	40.8	3.0	67,963	78.3	44.3	
Total	438	100.0	100.0	122,142	100.0	100.0	316	100.0	100.0	86,851	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	34	58.6		2,382	17.0		21	44.7		1,466	10.0		
$100,001 - $250,000	5	8.6		916	6.5		4	8.5		703	4.8		
$250,001 - $1 Million	19	32.8		10,691	76.4		22	46.8		12,547	85.3		
Total	58	100.0		13,989	100.0		47	100.0		14,716	100.0		
Source: 2021 FFIEC Census Data													
2021 Dun & Bradstreet Data													
2011-2015 U.S. Census Bureau: American Community Survey													
Note: Percentages may not total 100.0 percent due to rounding.													

	EXHIBIT 21											
	DISTRIBUTION OF 2022 AND 2023 SMALL BUSINESS LENDING BY REVENUE SIZE OF BUSINESSES											
	ASSESSMENT AREA: ALAMEDA – CONTRA COSTA											
	Bank And Aggregate Loans By Year											**Total Businesses %**
	2022					**2023**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	39	24.5	56.1	10,927	17.5	33.1	36	27.9	58.7	7,686	17.1	34.7	92.1
Over $1 Million	105	66.0		44,406	71.3		75	58.1		27,902	62.1		7.4
Revenue Unknown	15	9.4		6,964	11.2		18	14.0		9,309	20.7		0.5
Total	159	100.0		62,297	100.0		129	100.0		44,897	100.0		100.0
By Loan Size													
$100,000 or Less	35	22.0	96.3	2,637	4.2	49.0	29	22.5	96.8	1,957	4.4	53.7	
$100,001 - $250,000	35	22.0	1.9	6,677	10.7	12.2	33	25.6	1.7	6,439	14.3	12.3	
$250,001 - $1 Million	89	56.0	1.8	52,983	85.0	38.8	67	51.9	1.5	36,501	81.3	34.0	
Total	159	100.0	100.0	62,297	100.0	100.0	129	100.0	100.0	44,897	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	17	43.6		1,246	11.4		18	50.0		1,209	15.7		
$100,001 - $250,000	8	20.5		1,168	10.7		9	25.0		1,557	20.3		
$250,001 - $1 Million	14	35.9		8,513	77.9		9	25.0		4,920	64.0		
Total	39	100.0		10,927	100.0		36	100.0		7,686	100.0		

Source: *2023 FFIEC Census Data*
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

Community Development Lending

HBC made a relatively high of community development loans in the Alameda – Contra Costa assessment area. The bank extended 56 community development loans totaling $105.3 million. These loans supported the articulated need for affordable housing and community services targeted to low- and moderate-income individuals. Below are examples of notable activities.

- Several extensions of credit totaling $10.9 million under the SBA 504 and 7A loan programs, which provide financing that promote business growth and job creation in the assessment area.
- Two loans totaling $9 million to a non-profit company headquartered in Oakland that provides renewable energy for low-income households, as well as workforce development opportunities for women, people of color, and those impacted by the criminal justice system.
- Nine loans totaling $36.1 million to nonprofit housing organizations that provide housing to low- and moderate-income individuals and/or families.
- Four loans totaling about $2.2 million extended under the PPP program to organizations that assist low- and moderate-income youths acquire skills so that they may be able to support themselves and/or receive mentorship for attending college.
- A $3.5 million loan fund to a faith-based organization that provides affordable housing and services to low- and moderate-income individuals in Oakland.

Investment Test

The bank's performance under the investment test is good. Most investments are in MBS that are secured by mortgage loans extended to low- and moderate-income borrowers. Although investments in the form of MBS are not considered innovative or complex, the bank extended 28 current period MBS totaling $81.5 million, and 11 prior period MBS totaling $3.5 million in Alameda – Contra Costa Counties. The bank also provided $214,760 thousand in donations and grants to organizations promoting community development services, including affordable housing and community services to low- and moderate-income individuals. Examples of notable donations are below.

- Donations totaling over $91,500 to various non-profit organizations and schools that support and provide counselling to underserved, low- and moderate- income youth, including those that are in the foster care system.
- Donation of $4,500 to food pantries serving low- and moderate- income individuals and/or families.
- Donation of $4,500 to a nonprofit organization that provides small business loans to individuals and companies in underserved communities of Alameda and Contra Costa counties.

Service Test

The bank's performance under the service test is good based on the accessibility of retail banking services and delivery systems and high level of community development service hours.

Retail Banking Services

HBC's delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment area. The six branches provide consistent product offerings and business hours. In addition to the branches, the bank offers alternative delivery systems including telephone banking, online and mobile banking to facilitate banking needs after hours.

The bank's record of closing and opening branches, as well as relocating a branch, has not adversely affected the availability of retail banking services in low- and moderate-income geographies and individuals.

Community Development Services

HBC provides an adequate level of community development service hours in this assessment area. Bank personnel provided 1,475 community development service hours to 38 organizations. Many of these hours included providing financial expertise to organizations engaged in community services for low- and moderate-income individuals. The examples below highlight notable community development services:

- Employees provided 261 hours of financial literacy education focusing on banking to low- and moderate-income middle and high school students, as well as 69 low- and moderate-income adult clients of non-profit organizations in Santa Clara County.

- Bank employees provided 93 hours of community development services to help raise funds for an organization that provides hospice care to low- and moderate-income individuals in Tri-Valley area.
- A bank employee provided 64 hours serving on the board of a non-profit that provide after school care to low- and moderate-income families.

LIMITED-SCOPE ASSESSMENT AREA CONCLUSIONS

For each assessment area where a limited-scope review was performed using the examination procedures.

HBC's performance in the assessment areas receiving a limited review are shown in Exhibit 22 below. Due to the bank's smaller presence in these markets and lower percentages of loans and deposits, the limited-scope assessment areas received less weight than the full-scope areas. Performance in these areas did not materially affect the bank's overall lending, investment, and service test performance assessment. HBC operated one branch in the Marin assessment area and three branches in the San Francisco-San Mateo assessment area. Facts and data reviewed, including performance and demographic information, can be found in Appendix C accompanying this report.

EXHIBIT 22			
LIMITED-SCOPE ASSESSMENT AREA CONCLUSIONS			
ASSESSMENT AREA(S)	**LENDING TEST**	**INVESTMENT TEST**	**SERVICE TEST**
San Francisco-San Mateo	**LS**	**HS**	**HS**
Marin	**LS**	**HS**	**HS**

APPENDIX A

GLOSSARY OF TERMS

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:
(i)   Low- or moderate-income geographies;
(ii) Designated disaster areas; or
(iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
   a. Rates of poverty, unemployment, and population loss; or
   b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is

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

Full-scope review: Performance under the lending and community development tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, responsiveness).

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

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

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

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

Limited-scope review: Performance under the lending and community development tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX B

CRA CORE TABLES

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

Assessment Areas	% of Rated Area Loans	Small Business Loans		Small Farm Loans		All HMDA Loans		Community Development Loans		Total Reported Loans		% of Rated Area Deposits
Table 1 - Lending Volume of Reported Loans **Retail Lending Evaluation Period: January 1, 2018 to December 31, 2023** **Community Development Lending Evaluation Period: April 17, 2018 to June 24, 2024**												
		#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	#	$ (000's)	
Full Scope												
Santa Clara – San Benito	44.1	2,216	$632,526	0	0	n/a	n/a	162	$168,372	2,378	$800,898	58.0%
Alameda – Contra Costa	34.4	1,730	$457,940	0	0	n/a	n/a	46	$105,386	1,776	$563,326	23.4%
Limited Scope												
San Francisco – San Mateo	18.2	913	$312,101	0	0	n/a	n/a	33	$55,601	946	$367,702	16.1%
Marin*	3.3	165	$56,926	0	0	n/a	n/a	5	$9,670	170	$66,596	2.5%

*Evaluation period for Marin is October 14, 2019 to December 31, 2023

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

Table 2 - Distribution of 2018 and 2019 Small Business Lending By Income Level of Geography												
Assessment Area: Santa Clara – San Benito												
Geographic Income Level	Bank And Aggregate Loans By Year											**Total Businesses %**
	2018						**2019**					
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
Low	47	11.9	5.8	7,461	8.1	6.2	41	10.3	6.1	9,669	9.8	7.0	6.0
Moderate	131	33.2	19.1	26,718	29.2	20.5	122	30.7	19.7	35,509	35.9	21.6	19.2
Middle	141	35.8	37.1	34,828	38.0	37.2	151	38.0	36.9	33,962	34.3	36.4	35.9
Upper	75	19.0	37.1	22,619	24.7	35.3	83	20.9	36.3	19,845	20.0	34.1	38.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.2
Tract-Unk	0	0.0	0.9	0	0.0	0.8	0	0.0	0.9	0	0.0	0.9	
Total	394	100.0	100.0	91,626	100.0	100.0	397	100.0	100.0	98,985	100.0	100.0	100.0

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table 3 - Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography												
Assessment Area: Santa Clara – San Benito												
Geographic Income Level	Bank And Aggregate Loans By Year											**Total Businesses %**
	2020						**2021**					
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
Low	40	6.4	7.1	15,071	8.5	6.0	32	7.1	6.6	13,814	10.5	6.5	6.1
Moderate	177	28.2	21.1	48,752	27.5	22.8	125	27.6	20.4	36,790	27.9	22.4	19.3
Middle	221	35.2	36.3	65,034	36.6	36.8	164	36.2	36.9	46,264	35.1	36.8	35.6
Upper	189	30.1	35.0	48,600	27.4	33.9	132	29.1	35.5	34,841	26.5	34.2	38.8
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.1
Tract-Unk	0	0.0	0.5	0	0.0	0.4	0	0.0	0.6	0	0.0	0.1	
Total	627	100.0	100.0	177,457	100.0	100.0	453	100.0	100.0	131,709	100.0	100.0	100.0

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

Table 4 - Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography Assessment Area: Santa Clara – San Benito												
Geographic Income Level	**Bank And Aggregate Loans By Year**												**Total Businesses %**
	2022						**2023**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
Low	16	9.4	6.1	8,071	11.6	6.6	8	4.6	5.1	3,457	5.5	5.9	5.3
Moderate	46	26.9	19.6	20,097	29.0	22.6	46	26.4	18.2	15,951	25.2	20.7	19.1
Middle	66	38.6	39.8	25,643	37.0	37.9	80	46.0	40.3	30,366	47.9	39.5	38.6
Upper	43	25.1	33.9	15,579	22.5	32.7	40	23.0	36.0	13,585	21.4	33.8	36.9
Unknown	0	0.0	0.1	0	0.0	0.1	0	0.0	0.1	0	0.0	0.1	0.2
Tract-Unk	0	0.0	0.4	0	0.0	0.1	0	0.0	0.2	0	0.0	0.1	
Total	171	100.0	100.0	69,390	100.0	100.0	174	100.0	100.0	63,359	100.0	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

Table 5 - Distribution of 2018 and 2019 Small Business Lending By Revenue Size of Businesses Assessment Area: Santa Clara – San Benito													Total Businesses %
	Bank And Aggregate Loans By Year												
	2018						2019						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	197	50.0	46.8	15,645	17.1	33.4	199	50.1	52.8	19,616	19.8	34.2	91.2
Over $1 Million	175	44.4		64,317	70.2		178	44.8		69,007	69.7		8.4
Revenue Unknown	22	5.6		11,664	12.7		20	5.0		10,362	10.5		0.4
Total	394	100.0		91,626	100.0		397	100.0		98,985	100.0		100.0
By Loan Size													
$100,000 or Less	201	51.0	96.0	6,416	7.0	50.9	204	51.4	96.1	8,625	8.7	50.5	
$100,001 - $250,000	68	17.3	2.1	13,969	15.2	12.5	72	18.1	2.1	14,355	14.5	12.7	
$250,001 - $1 Million	125	31.7	1.9	71,241	77.8	36.6	121	30.5	1.8	76,005	76.8	36.8	
Total	394	100.0	100.0	91,626	100.0	100.0	397	100.0	100.0	98,985	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	172	87.3		4,158	26.6		166	83.4		5,988	30.5		
$100,001 - $250,000	7	3.6		1,365	8.7		15	7.5		2,434	12.4		
$250,001 - $1 Million	18	9.1		10,122	64.7		18	9.0		11,194	57.1		
Total	197	100.0		15,645	100.0		199	100.0		19,616	100.0		

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

Table 6 - Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Santa Clara – San Benito													Total Businesses %
	Bank And Aggregate Loans By Year												
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	56	8.9	44.0	13,989	7.9	25.7	49	10.8	48.5	12,225	9.3	25.1	91.7
Over $1 Million	140	22.3		56,829	32.0		123	27.2		50,628	38.4		7.9
Revenue Unknown	431	68.7		106,639	60.1		281	62.0		68,856	52.3		0.4
Total	627	100.0		177,457	100.0		453	100.0		131,709	100.0		100.0
By Loan Size													
$100,000 or Less	203	32.4	88.6	11,330	6.4	35.4	159	35.1	92.9	9,315	7.1	39.6	
$100,001 - $250,000	187	29.8	6.8	31,937	18.0	20.5	120	26.5	4.2	21,622	16.4	18.5	
$250,001 - $1 Million	237	37.8	4.6	134,190	75.6	44.1	174	38.4	2.9	100,772	76.5	41.9	
Total	627	100.0	100.0	177,457	100.0	100.0	453	100.0	100.0	131,709	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	29	51.8		1,908	13.6		26	53.1		1,943	15.9		
$100,001 - $250,000	8	14.3		1,545	11.0		8	16.3		1,457	11.9		
$250,001 - $1 Million	19	33.9		10,536	75.3		15	30.6		8,825	72.2		
Total	56	100.0		13,989	100.0		49	100.0		12,225	100.0		

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

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

Table 7 - Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses Assessment Area: Santa Clara – San Benito												Total Businesses %
	Bank And Aggregate Loans By Year											
	2022						2023					
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue												
$1 Million or Less	37	21.6	55.4	9,411	13.6	33.3	41	23.6	59.1	9,625	15.2	34.6	91.6
Over $1 Million	114	66.7		48,990	70.6		118	67.8		45,912	72.5		7.9
Revenue Unknown	20	11.7		10,989	15.8		15	8.6		7,822	12.3		0.5
Total	171	100.0		69,390	100.0		174	100.0		63,359	100.0		100.0
By Loan Size												
$100,000 or Less	39	22.8	96.3	2,853	4.1	51.1	46	26.4	97.1	3,248	5.1	56.3	
$100,001 - $250,000	36	21.1	2.1	7,858	11.3	14.1	43	24.7	1.6	8,004	12.6	12.3	
$250,001 - $1 Million	96	56.1	1.6	58,679	84.6	34.7	85	48.9	1.3	52,107	82.2	31.4	
Total	171	100.0	100.0	69,390	100.0	100.0	174	100.0	100.0	63,359	100.0	100.0	
By Loan Size and Revenues $1 Million or Less												
$100,000 or Less	23	62.2		1,539	16.4		24	58.5		1,693	17.6		
$100,001 - $250,000	3	8.1		620	6.6		8	19.5		1,235	12.8		
$250,001 - $1 Million	11	29.7		7,252	77.1		9	22.0		6,697	69.6		
Total	37	100.0		9,411	100.0		41	100.0		9,625	100.0		
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey *Note:* Percentages may not total 100.0 percent due to rounding.												

Table 8 - Distribution of 2018 and 2019 Small Business Lending By Income Level of Geography												
Assessment Area: Alameda – Contra Costa												
	Bank And Aggregate Loans By Year											Total Businesses %
Geographic Income Level	2018						2019						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	32	9.9	7.7	1,983	3.1	8.0	39	10.7	7.9	5,382	7.0	8.5	9.1
Moderate	68	21.1	18.9	9,847	15.3	19.7	73	20.0	19.0	11,251	14.5	18.5	20.6
Middle	84	26.0	30.2	14,930	23.2	29.5	110	30.1	30.8	19,467	25.2	30.1	30.5
Upper	139	43.0	42.1	37,613	58.4	41.7	141	38.6	41.2	40,714	52.6	41.7	39.7
Unknown	0	0.0	0.1	0	0.0	0.1	2	0.5	0.1	566	0.7	0.1	0.1
Tract-Unk	0	0.0	1.0	0	0.0	1.1	0	0.0	1.0	0	0.0	1.1	
Total	323	100.0	100.0	64,373	100.0	100.0	365	100.0	100.0	77,380	100.0	100.0	100.0

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table 9 - Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography												
Assessment Area: Alameda – Contra Costa												
	Bank And Aggregate Loans By Year											Total Businesses %
Geographic Income Level	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	15	3.4	8.7	6,975	5.7	7.6	16	5.1	8.5	5,307	6.1	7.7	9.1
Moderate	50	11.4	19.7	17,014	13.9	19.3	41	13.0	19.7	14,304	16.5	20.1	20.6
Middle	118	26.9	30.4	28,635	23.4	31.1	90	28.5	31.0	24,553	28.3	31.5	30.6
Upper	253	57.8	40.7	69,049	56.5	41.4	168	53.2	40.2	42,549	49.0	40.6	39.6
Unknown	2	0.5	0.1	469	0.4	0.1	1	0.3	0.1	138	0.2	0.1	0.1
Tract-Unk	0	0.0	0.5	0	0.0	0.5	0	0.0	0.6	0	0.0	0.1	
Total	438	100.0	100.0	122,142	100.0	100.0	316	100.0	100.0	86,851	100.0	100.0	100.0

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

	Table 10 - Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography Assessment Area: Alameda – Contra Costa												
	Bank And Aggregate Loans By Year												**Total Businesses %**
Geographic Income Level	**2022**						**2023**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
Low	11	6.9	6.5	5,921	9.5	5.9	12	9.3	6.0	4,648	10.4	6.2	6.9
Moderate	25	15.7	19.9	10,650	17.1	19.7	25	19.4	19.1	8,293	18.5	19.0	20.6
Middle	41	25.8	33.2	14,500	23.3	33.2	32	24.8	33.2	12,211	27.2	31.7	32.1
Upper	81	50.9	38.8	30,991	49.7	39.8	60	46.5	40.3	19,745	44.0	41.3	38.8
Unknown	1	0.6	1.1	235	0.4	1.2	0	0.0	1.1	0	0.0	1.7	1.6
Tract-Unk	0	0.0	0.4	0	0.0	0.1	0	0.0	0.3	0	0.0	0.1	
Total	159	100.0	100.0	62,297	100.0	100.0	129	100.0	100.0	44,897	100.0	100.0	100.0

Source: *2023 FFIEC Census Data*
             2023 Dun & Bradstreet Data
             2016-2020 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

HERITAGE BANK OF COMMERCE, San Jose, California

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Table 11 - Distribution of 2018 and 2019 Small Business Lending By Revenue Size of Businesses Assessment Area: Alameda – Contra Costa												
	Bank And Aggregate Loans By Year											Total Businesses %
	2018						2019					
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue												
$1 Million or Less	182	56.3	46.9	17,681	27.5	32.4	191	52.3	52.6	21,779	28.1	33.7	91.7
Over $1 Million	128	39.6		42,860	66.6		147	40.3		45,911	59.3		7.9
Revenue Unknown	13	4.0		3,832	6.0		27	7.4		9,690	12.5		0.4
Total	323	100.0		64,373	100.0		365	100.0		77,380	100.0		100.0
By Loan Size												
$100,000 or Less	182	56.3	95.8	6,125	9.5	48.4	203	55.6	96.0	9,692	12.5	50.5	
$100,001 - $250,000	56	17.3	2.1	10,290	16.0	12.0	60	16.4	2.1	10,692	13.8	12.0	
$250,001 - $1 Million	85	26.3	2.1	47,958	74.5	39.6	102	27.9	2.0	56,996	73.7	37.5	
Total	323	100.0	100.0	64,373	100.0	100.0	365	100.0	100.0	77,380	100.0	100.0	
By Loan Size and Revenues $1 Million or Less												
$100,000 or Less	150	82.4		4,065	23.0		154	80.6		6,432	29.5		
$100,001 - $250,000	13	7.1		2,501	14.1		14	7.3		2,113	9.7		
$250,001 - $1 Million	19	10.4		11,115	62.9		23	12.0		13,234	60.8		
Total	182	100.0		17,681	100.0		191	100.0		21,779	100.0		

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

												Total Businesses %
Table 12 - Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses **Assessment Area: Alameda – Contra Costa**												
	Bank And Aggregate Loans By Year											
	2020					**2021**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
By Revenue												
$1 Million or Less	58	13.2	43.8	13,989	11.5	24.5	47	14.9	48.9	14,716	16.9	24.4	92.0
Over $1 Million	109	24.9		41,003	33.6		104	32.9		36,733	42.3		7.6
Revenue Unknown	271	61.9		67,150	55.0		165	52.2		35,402	40.8		0.5
Total	438	100.0		122,142	100.0		316	100.0		86,851	100.0		100.0
By Loan Size												
$100,000 or Less	161	36.8	89.0	9,082	7.4	36.0	119	37.7	93.3	6,957	8.0	39.0	
$100,001 - $250,000	111	25.3	6.4	19,419	15.9	19.5	68	21.5	3.7	11,931	13.7	16.7	
$250,001 - $1 Million	166	37.9	4.6	93,641	76.7	44.6	129	40.8	3.0	67,963	78.3	44.3	
Total	438	100.0	100.0	122,142	100.0	100.0	316	100.0	100.0	86,851	100.0	100.0	
By Loan Size and Revenues $1 Million or Less												
$100,000 or Less	34	58.6		2,382	17.0		21	44.7		1,466	10.0		
$100,001 - $250,000	5	8.6		916	6.5		4	8.5		703	4.8		
$250,001 - $1 Million	19	32.8		10,691	76.4		22	46.8		12,547	85.3		
Total	58	100.0		13,989	100.0		47	100.0		14,716	100.0		
Source: *2021 FFIEC Census Data* *2021 Dun & Bradstreet Data* *2011-2015 U.S. Census Bureau: American Community Survey* *Note:* *Percentages may not total 100.0 percent due to rounding.*												

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

Table 13 - Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses Assessment Area: Alameda – Contra Costa												Total Businesses %
	Bank And Aggregate Loans By Year											
	2022						2023					
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%
By Revenue												
$1 Million or Less	39	24.5	56.1	10,927	17.5	33.1	36	27.9	58.7	7,686	17.1	34.7	92.1
Over $1 Million	105	66.0		44,406	71.3		75	58.1		27,902	62.1		7.4
Revenue Unknown	15	9.4		6,964	11.2		18	14.0		9,309	20.7		0.5
Total	159	100.0		62,297	100.0		129	100.0		44,897	100.0		100.0
By Loan Size												
$100,000 or Less	35	22.0	96.3	2,637	4.2	49.0	29	22.5	96.8	1,957	4.4	53.7	
$100,001 - $250,000	35	22.0	1.9	6,677	10.7	12.2	33	25.6	1.7	6,439	14.3	12.3	
$250,001 - $1 Million	89	56.0	1.8	52,983	85.0	38.8	67	51.9	1.5	36,501	81.3	34.0	
Total	159	100.0	100.0	62,297	100.0	100.0	129	100.0	100.0	44,897	100.0	100.0	
By Loan Size and Revenues $1 Million or Less												
$100,000 or Less	17	43.6		1,246	11.4		18	50.0		1,209	15.7		
$100,001 - $250,000	8	20.5		1,168	10.7		9	25.0		1,557	20.3		
$250,001 - $1 Million	14	35.9		8,513	77.9		9	25.0		4,920	64.0		
Total	39	100.0		10,927	100.0		36	100.0		7,686	100.0		

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

	Table 14 - Distribution of 2018 and 2019 Small Business Lending By Income Level of Geography												
	Assessment Area: San Francisco-San Mateo												
	Bank And Aggregate Loans By Year												**Total Businesses %**
Geographic Income Level	**2018**						**2019**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
Low	7	8.8	4.2	1,708	9.9	5.7	28	18.9	13.1	10,775	20.3	18.0	15.3
Moderate	11	13.8	14.1	951	5.5	12.6	23	15.5	16.5	5,144	9.7	13.9	13.3
Middle	31	38.8	35.6	6,855	39.7	36.9	34	23.0	28.5	8,140	15.4	22.7	25.9
Upper	31	38.8	44.5	7,758	44.9	43.3	63	42.6	39.3	28,917	54.6	43.2	43.7
Unknown	0	0.0	0.0	0	0.0	0.1	0	0.0	1.5	0	0.0	1.4	1.7
Tract-Unk	0	0.0	1.5	0	0.0	1.4	0	0.0	1.2	0	0.0	0.9	
Total	80	100.0	100.0	17,272	100.0	100.0	148	100.0	100.0	52,976	100.0	100.0	100.0

Source: 2019 FFIEC Census Data
          2019 Dun & Bradstreet Data
          2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

	Table 15 - Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography												
	Assessment Area: San Francisco-San Mateo												
	Bank And Aggregate Loans By Year												**Total Businesses %**
Geographic Income Level	**2020**						**2021**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
Low	63	22.0	14.5	24,272	26.6	19.1	48	20.2	14.0	16,506	21.3	18.3	15.1
Moderate	44	15.4	14.2	10,699	11.7	12.2	37	15.5	15.7	9,868	12.7	12.7	13.2
Middle	51	17.8	27.9	12,775	14.0	22.9	40	16.8	28.5	12,487	16.1	22.9	26.2
Upper	128	44.8	41.4	43,654	47.8	43.9	113	47.5	39.9	38,644	49.9	44.2	43.8
Unknown	0	0.0	1.4	0	0.0	1.6	0	0.0	1.3	0	0.0	1.7	1.7
Tract-Unk	0	0.0	0.5	0	0.0	0.3	0	0.0	0.7	0	0.0	0.1	
Total	286	100.0	100.0	91,400	100.0	100.0	238	100.0	100.0	77,505	100.0	100.0	100.0

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

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

	Table 16 - Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography												**Total Businesses %**
	Assessment Area: San Francisco-San Mateo												
Geographic Income Level	**Bank And Aggregate Loans By Year**												
	2022						**2023**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	5	6.6	5.0	1,785	5.8	5.9	6	7.1	4.9	2,551	6.0	5.2	5.2
Moderate	14	18.4	18.0	3,128	10.2	13.2	9	10.6	19.0	5,660	13.4	14.7	14.7
Middle	21	27.6	29.2	9,732	31.7	25.6	23	27.1	29.9	10,975	26.0	26.4	27.3
Upper	31	40.8	39.5	13,337	43.4	42.9	39	45.9	38.7	17,820	42.2	41.6	42.8
Unknown	5	6.6	7.9	2,750	8.9	12.3	8	9.4	7.3	5,210	12.3	11.9	10.0
Tract-Unk	0	0.0	0.4	0	0.0	0.1	0	0.0	0.3	0	0.0	0.1	
Total	76	100.0	100.0	30,732	100.0	100.0	85	100.0	100.0	42,216	100.0	100.0	100.0

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

Table 17 - Distribution of 2018 and 2019 Small Business Lending By Revenue Size of Businesses Assessment Area: San Francisco-San Mateo													Total Businesses %
	Bank And Aggregate Loans By Year												
	2018					2019							
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	35	43.8	46.5	3,038	17.6	32.8	47	31.8	51.8	7,848	14.8	33.5	90.4
Over $1 Million	43	53.8		13,684	79.2		89	60.1		38,903	73.4		9.1
Revenue Unknown	2	2.5		550	3.2		12	8.1		6,225	11.8		0.5
Total	80	100.0		17,272	100.0		148	100.0		52,976	100.0		100.0
By Loan Size													
$100,000 or Less	40	50.0	95.8	1,906	11.0	51.4	44	29.7	95.7	2,178	4.1	49.1	
$100,001 - $250,000	15	18.8	2.3	2,775	16.1	13.4	26	17.6	2.3	4,967	9.4	13.1	
$250,001 - $1 Million	25	31.3	1.9	12,591	72.9	35.2	78	52.7	2.1	45,831	86.5	37.8	
Total	80	100.0	100.0	17,272	100.0	100.0	148	100.0	100.0	52,976	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	30	85.7		1,100	36.2		34	72.3		1,503	19.2		
$100,001 - $250,000	2	5.7		275	9.1		4	8.5		775	9.9		
$250,001 - $1 Million	3	8.6		1,663	54.7		9	19.1		5,570	71.0		
Total	35	100.0		3,038	100.0		47	100.0		7,848	100.0		

Source: *2019 FFIEC Census Data*
          2019 Dun & Bradstreet Data
          2011-2015 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

Table 18 - Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: San Francisco-San Mateo												
	Bank And Aggregate Loans By Year											Total Businesses %
	2020					2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue												
$1 Million or Less	26	9.1	41.9	9,183	10.0	24.6	18	7.6	46.3	5,226	6.7	22.2	90.9
Over $1 Million	66	23.1		29,795	32.6		74	31.1		37,428	48.3		8.6
Revenue Unknown	194	67.8		52,422	57.4		146	61.3		34,851	45.0		0.6
Total	286	100.0		91,400	100.0		238	100.0		77,505	100.0		100.0
By Loan Size												
$100,000 or Less	83	29.0	87.5	4,755	5.2	33.7	74	31.1	91.7	3,847	5.0	35.6	
$100,001 - $250,000	81	28.3	7.2	14,857	16.3	20.0	58	24.4	4.8	10,306	13.3	19.2	
$250,001 - $1 Million	122	42.7	5.3	71,788	78.5	46.3	106	44.5	3.5	63,352	81.7	45.1	
Total	286	100.0	100.0	91,400	100.0	100.0	238	100.0	100.0	77,505	100.0	100.0	
By Loan Size and Revenues $1 Million or Less												
$100,000 or Less	10	38.5		677	7.4		6	33.3		351	6.7		
$100,001 - $250,000	5	19.2		833	9.1		5	27.8		775	14.8		
$250,001 - $1 Million	11	42.3		7,673	83.6		7	38.9		4,100	78.5		
Total	26	100.0		9,183	100.0		18	100.0		5,226	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.												

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

Table 19 - Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses Assessment Area: San Francisco-San Mateo													
	Bank And Aggregate Loans By Year												Total Businesses %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	20	26.3	53.8	3,780	12.3	29.7	16	18.8	57.5	4,603	10.9	31.7	91.0
Over $1 Million	47	61.8		20,577	67.0		58	68.2		30,114	71.3		8.4
Revenue Unknown	9	11.8		6,375	20.7		11	12.9		7,499	17.8		0.6
Total	76	100.0		30,732	100.0		85	100.0		42,216	100.0		100.0
By Loan Size													
$100,000 or Less	15	19.7	95.4	1,109	3.6	45.8	12	14.1	96.5	803	1.9	51.9	
$100,001 - $250,000	19	25.0	2.4	3,675	12.0	14.1	17	20.0	1.9	3,664	8.7	12.9	
$250,001 - $1 Million	42	55.3	2.1	25,948	84.4	40.2	56	65.9	1.6	37,749	89.4	35.2	
Total	76	100.0	100.0	30,732	100.0	100.0	85	100.0	100.0	42,216	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	11	55.0		769	20.3		7	43.8		493	10.7		
$100,001 - $250,000	6	30.0		1,160	30.7		3	18.8		550	11.9		
$250,001 - $1 Million	3	15.0		1,851	49.0		6	37.5		3,560	77.3		
Total	20	100.0		3,780	100.0		16	100.0		4,603	100.0		

Source: 2023 FFIEC Census Data
        2023 Dun & Bradstreet Data
        2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table 20 - Distribution of 2019 Small Business Lending By Income Level of Geography Assessment Area: Marin						
	Bank And Aggregate Loans					Total Businesses %
Geographic Income Level	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
Low	1	3.6	3.9	36	0.3	6.2	4.5
Moderate	7	25.0	16.3	3,131	28.9	17.7	17.2
Middle	13	46.4	40.1	4,683	43.3	42.6	43.0
Upper	7	25.0	36.9	2,975	27.5	31.3	35.4
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	2.9	0	0.0	2.2	
Total	28	100.0	100.0	10,825	100.0	100.0	100.0

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table 21 - Distribution of 2020 and 2021 Small Business Lending By Income Level of Geography Assessment Area: Marin												
	Bank And Aggregate Loans By Year											Total Businesses %
Geographic Income Level	2020						2021					
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
Low	3	6.1	4.0	261	1.8	6.9	2	6.7	3.9	492	6.2	6.2	4.5
Moderate	13	26.5	16.7	2,976	20.1	18.9	5	16.7	16.9	993	12.4	18.9	17.1
Middle	21	42.9	40.9	7,101	47.9	40.7	12	40.0	41.4	3,738	46.7	40.2	43.0
Upper	12	24.5	37.2	4,478	30.2	32.5	11	36.7	35.8	2,775	34.7	34.3	35.5
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	1.2	0	0.0	1.0	0	0.0	1.9	0	0.0	0.3	
Total	49	100.0	100.0	14,816	100.0	100.0	30	100.0	100.0	7,998	100.0	100.0	100.0

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

Table 22 - Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography												
Assessment Area: Marin												
Geographic Income Level	**Bank And Aggregate Loans By Year**												**Total Businesses %**
	2022						**2023**						
	Bank		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	**Bank**		**Agg**	
	#	**#%**	**#%**	**$(000)**	**$%**	**$%**	**#**	**#%**	**#%**	**$(000)**	**$%**	**$%**	
Low	1	3.7	4.3	750	7.4	6.8	0	0.0	4.8	0	0.0	7.4	4.7
Moderate	5	18.5	17.6	1,760	17.4	17.1	8	25.8	17.5	4,065	30.9	17.0	17.5
Middle	14	51.9	47.6	5,197	51.3	50.6	17	54.8	46.7	7,050	53.6	47.1	49.5
Upper	7	25.9	29.1	2,415	23.9	25.2	6	19.4	30.2	2,050	15.6	28.2	28.3
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	1.3	0	0.0	0.4	0	0.0	0.8	0	0.0	0.3	
Total	27	100.0	100.0	10,122	100.0	100.0	31	100.0	100.0	13,165	100.0	100.0	100.0

Source: 2023 FFIEC Census Data
          2023 Dun & Bradstreet Data
          2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

Table 23 - Distribution of 2019 Small Business Lending By Revenue Size of Businesses Assessment Area: Marin							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	
By Revenue							
$1 Million or Less	9	32.1	47.3	1,825	16.9	32.9	92.7
Over $1 Million	14	50.0		6,656	61.5		6.7
Revenue Unknown	5	17.9		2,344	21.7		0.5
Total	28	100.0		10,825	100.0		100.0
By Loan Size							
$100,000 or Less	7	25.0	94.6	349	3.2	45.0	
$100,001 - $250,000	5	17.9	2.8	1,025	9.5	13.7	
$250,001 - $1 Million	16	57.1	2.6	9,451	87.3	41.4	
Total	28	100.0	100.0	10,825	100.0	100.0	
By Loan Size and Revenues $1 Million or Less							
$100,000 or Less	5	55.6		205	11.2		
$100,001 - $250,000	1	11.1		250	13.7		
$250,001 - $1 Million	3	33.3		1,370	75.1		
Total	9	100.0		1,825	100.0		

Source: *2019 FFIEC Census Data*
            2019 Dun & Bradstreet Data
            2011-2015 U.S. Census Bureau: American Community Survey
Note: *Percentages may not total 100.0 percent due to rounding.*							

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

Table 24 - Distribution of 2020 and 2021 Small Business Lending By Revenue Size of Businesses Assessment Area: Marin												
	Bank And Aggregate Loans By Year												Total Businesses %
	2020						2021						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue													
$1 Million or Less	6	12.2	41.7	2,117	14.3	25.5	5	16.7	46.9	1,550	19.4	28.0	92.8
Over $1 Million	15	30.6		4,050	27.3		12	40.0		3,465	43.3		6.6
Revenue Unknown	28	57.1		8,649	58.4		13	43.3		2,983	37.3		0.6
Total	49	100.0		14,816	100.0		30	100.0		7,998	100.0		100.0
By Loan Size													
$100,000 or Less	16	32.7	88.4	1,020	6.9	38.0	10	33.3	92.6	609	7.6	39.1	
$100,001 - $250,000	15	30.6	7.3	2,506	16.9	21.4	7	23.3	4.5	1,135	14.2	19.7	
$250,001 - $1 Million	18	36.7	4.4	11,290	76.2	40.7	13	43.3	2.9	6,254	78.2	41.2	
Total	49	100.0	100.0	14,816	100.0	100.0	30	100.0	100.0	7,998	100.0	100.0	
By Loan Size and Revenues $1 Million or Less													
$100,000 or Less	2	33.3		136	6.4		2	40.0		150	9.7		
$100,001 - $250,000	2	33.3		275	13.0		1	20.0		150	9.7		
$250,001 - $1 Million	2	33.3		1,706	80.6		2	40.0		1,250	80.6		
Total	6	100.0		2,117	100.0		5	100.0		1,550	100.0		

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

HERITAGE BANK OF COMMERCE, San Jose, California

Rated Area: State of California

Table 25 - Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses Assessment Area: Marin												
	Bank And Aggregate Loans By Year											Total Businesses %
	2022						2023					
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	$(000)	$%	$%	#	#%	#%	$(000)	$%	$%	
By Revenue												
$1 Million or Less	11	40.7	51.7	3,660	36.2	34.3	2	6.5	53.2	250	1.9	29.4	93.1
Over $1 Million	13	48.1		3,862	38.2		21	67.7		8,115	61.6		6.3
Revenue Unknown	3	11.1		2,600	25.7		8	25.8		4,800	36.5		0.6
Total	27	100.0		10,122	100.0		31	100.0		13,165	100.0		100.0
By Loan Size												
$100,000 or Less	5	18.5	95.5	400	4.0	44.7	6	19.4	96.0	575	4.4	49.0	
$100,001 - $250,000	9	33.3	2.5	1,472	14.5	14.9	7	22.6	2.2	1,175	8.9	13.6	
$250,001 - $1 Million	13	48.1	2.0	8,250	81.5	40.3	18	58.1	1.8	11,415	86.7	37.5	
Total	27	100.0	100.0	10,122	100.0	100.0	31	100.0	100.0	13,165	100.0	100.0	
By Loan Size and Revenues $1 Million or Less												
$100,000 or Less	3	27.3		250	6.8		1	50.0		100	40.0		
$100,001 - $250,000	4	36.4		600	16.4		1	50.0		150	60.0		
$250,001 - $1 Million	4	36.4		2,810	76.8		0	0.0		0	0.0		
Total	11	100.0		3,660	100.0		2	100.0		250	100.0		
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey												

Table 26 - Qualified Investments Evaluation Period: April 17, 2018 to June 24, 2024 Assessment Area: State of California									
Assessment Areas	**Prior Period Investments**		**Current Period Investments**		**Total Investments**			**Unfunded Commitments**	
	#	**$ (000's)**	**#**	**$ (000's)**	**#**	**$ (000's)**	**% of Total**	**#**	**$ (000's)**
Full Scope									
Santa Clara -San Benito	8	$1,454	28	$32,694	36	$34,148	23.5.0%	0	0
Alameda – Contra Costa	11	$3,459	28	$81,531	39	$84,990	58.5%	0	0
Limited Scope									
San Francisco – San Mateo	2	$301	24	$22,549	26	$22,850	15.7%	0	0
Marin	0	0	4	$3,375	4	$3,375	2.3%	0	0

*Aside from the #x shown in the table above, other prior period investments consist of mortgage-backed securities and balance on bank's books cannot be attributed to specific assessment area. However, total MBS prior period balance that remains on the bank's book is $7,000,780.

Table 27 - Distribution of Branch Delivery System and Branch Openings/Closings Evaluation Period: January 8, 2019 to December 31, 2023 Assessment Area: State of California																	
Assessment Areas	**Deposits**	**Branches**							**Branch Openings / Closings**						**Population**			
	% of Rated Area Deposits in AA	**# of Bank Branches**	**% of Rated Area Branches in AA**	**Location of Branches by Income Level of Geography (%)**				**# of Branch Openings**	**# of Branch Closings**	**Net Change in Location of Branches (+ or -)**				**% of Population within each Geography**			
				Low	**Mod**	**Mid**	**Upp**			**Low**	**Mod**	**Mid**	**Upp**	**Low**	**Mod**	**Mid**	**Upp**
Full Scope																	
Santa Clara – San Benito	1.6%	7	41.0%	1	2	2	2	0	1	0	0	-1	0	6.0	20.3	42.5	31.1
Alameda – Contra Costa	0.9%	6	35.0%	0	0	1	5	0	1	0	0	1	0	8.5	23.6	34.6	32.4
Limited Scope																	
San Francisco – San Mateo*	0.2%	3	18.0%	0	0	0	2	1	2	0	0	-2	0	6.4	20.9	30.7	37.6
Marin	0.8%	1	6.0%	0	1	0	0	0	0	0	0	0	0	5.3	17.7	46.7	30.2

*HBC has 3 branches in the San Francisco – San Mateo assessment area; however, the bank's branch in San Francisco is situated in a census tract with an unknown income level.

APPENDIX C

LIMITED-SCOPE ASSESSMENT AREA
MARKET PROFILES

All demographic and economic information in this appendix originates from one the following sources:

- U.S. Census Bureau, American Community Survey (ACS): (accessed July 22, 2024) available from: American Community Survey (ACS)
- Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2023; (accessed July 15, 2024) available from: https://www7.fdic.gov/sod/sodMarketBank.asp.
- FFIEC Adjusted Median Family Income; (accessed July 15, 2024) available from: FFIEC Median Family Income Report

San Francisco and San Mateo Assessment Area

The delineated assessment area consists of San Francisco and San Mateo Counties, which comprise the San Francisco-San Mateo-Redwood City Metropolitan Division that is part of the the San Francisco-Oakland-Berkeley Metropolitan Statistical Area. The assessment area is bordered by the Pacific Ocean to the west, the Golden Gate Strait in the north, the San Francisco Bay to the east, and the counties of Santa Clara and Santa Cruz in the south.

HBC maintains a small presence in the assessment area with two branches in the San Mateo County and one branch in San Francisco County. As of June 30, 2023[1], there were 53 financial institutions operating 384 branches in the assessment area with $332.9 billion in total deposits. According to that same data, HBC ranked 16th with 0.22 percent of deposit market share.

Exhibit 23 on the next page presents key demographic and business information concerning the assessment area.

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[1]   Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2023; available from: https://www7.fdic.gov/sod/sodMarketBank.asp

EXHIBIT 23								
ASSESSMENT AREA DEMOGRAPHICS								
ASSESSMENT AREA: SAN FRANCISCO – SAN MATEO								
Income Categories	**Tract Distribution**		**Families by Tract Income**		**Families < Poverty Level as % of Families by Tract**		**Families by Family Income**	
	#	%	#	%	#	%	#	%
Low	31	7.4	19,106	5.4	3,170	16.6	86,795	24.5
Moderate	91	21.8	81,824	23.1	5,069	6.2	56,171	15.8
Middle	122	29.2	115,430	32.5	3,936	3.4	61,773	17.4
Upper	146	34.9	128,203	36.1	2,796	2.2	149,945	42.3
Unknown	28	6.7	10,121	2.9	1,286	12.7	0	0.0
Total AA	**418**	**100.0**	**354,684**	**100.0**	**16,257**	**4.6**	**354,684**	**100.0**
	Housing Units by Tract	**Housing Type by Tract**						
		Owner-occupied			**Rental**		**Vacant**	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	43,891	4,788	1.6	10.9	35,056	79.9	4,047	9.2
Moderate	139,243	58,686	19.9	42.1	71,998	51.7	8,559	6.1
Middle	204,203	103,999	35.2	50.9	88,016	43.1	12,188	6.0
Upper	259,146	121,479	41.1	46.9	113,738	43.9	23,929	9.2
Unknown	30,886	6,430	2.2	20.8	21,302	69.0	3,154	10.2
Total AA	**677,369**	**295,382**	**100.0**	**43.6**	**330,110**	**48.7**	**51,877**	**7.7**
	Total Businesses by Tract	**Businesses by Tract & Revenue Size**						
		Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**		
	#	%	#	%	#	%	#	%
Low	5,261	5.2	4,658	5.1	571	6.7	32	5.5
Moderate	14,819	14.7	13,871	15.1	885	10.4	63	10.9
Middle	27,484	27.3	25,353	27.7	1,974	23.3	157	27.1
Upper	43,040	42.8	39,287	42.9	3,503	41.3	250	43.2
Unknown	10,024	10.0	8,398	9.2	1,549	18.3	77	13.3
Total AA	**100,628**	**100.0**	**91,567**	**100.0**	**8,482**	**100.0**	**579**	**100.0**
Percentage of Total Businesses:			**91.0**		**8.4**		**0.6**	
	Total Farms by Tract	**Farms by Tract & Revenue Size**						
		Less Than or = $1 Million		**Over $1 Million**		**Revenue Not Reported**		
	#	%	#	%	#	%	#	%
Low	20	4.2	19	4.2	1	4.8	0	0.0
Moderate	64	13.4	63	13.9	1	4.8	0	0.0
Middle	102	21.4	93	20.5	9	42.9	0	0.0
Upper	275	57.8	265	58.5	9	42.9	1	50.0
Unknown	15	3.2	13	2.9	1	4.8	1	50.0
Total AA	**476**	**100.0**	**453**	**100.0**	**21**	**100.0**	**2**	**100.0**
Percentage of Total Farms:			**95.2**		**4.4**		**0.4**	
Source: 2023 FFIEC Census Data								
2023 Dun & Bradstreet Data								
2016-2020 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

Marin County Assessment Area

The Marin County assessment area is comprised of the San Rafael Metropolitan Division that is part of the San Francisco-Oakland-Berkeley Metropolitan Statistical Area. Marin County is bordered by the Pacific Ocean to the west, Sonoma County to the north and northeast, San Francisco Bay to the east, and the Golden Gate Strait to the south.

HBC has a small presence in Marin County with one branch. As of June 30, 2023[2], there were 16 financial institutions operating 70 branches in the assessment area with $14.6 billion in total deposits, According to that same data, HBC ranked 12th with 0.79 percent of deposit market share.

Exhibit 24 on the next page presents key demographic and business information concerning the assessment area.

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[2]   Ibid

	EXHIBIT 24

EXHIBIT 24
ASSESSMENT AREA DEMOGRAPHICS
ASSESSMENT AREA: SAN FRANCISCO – MARIN

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	7.9	3,510	5.3	639	18.2	15,557	23.5
Moderate	10	15.9	11,501	17.4	607	5.3	10,423	15.8
Middle	29	46.0	29,126	44.1	815	2.8	12,462	18.9
Upper	17	27.0	21,924	33.2	512	2.3	27,659	41.8
Unknown	2	3.2	40	0.1	0	0.0	0	0.0
Total AA	**63**	**100.0**	**66,101**	**100.0**	**2,573**	**3.9**	**66,101**	**100.0**

	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	5,724	1,176	1.8	20.5	4,402	76.9	146	2.6
Moderate	19,795	10,746	16.1	54.3	7,855	39.7	1,194	6.0
Middle	52,850	31,495	47.2	59.6	17,523	33.2	3,832	7.3
Upper	33,910	23,302	34.9	68.7	8,361	24.7	2,247	6.6
Unknown	40	0	0.0	0.0	40	100.0	0	0.0
Total AA	**112,319**	**66,719**	**100.0**	**59.4**	**38,181**	**34.0**	**7,419**	**6.6**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	978	4.7	841	4.3	135	10.2	2	1.7
Moderate	3,639	17.5	3,376	17.4	251	19.0	12	10.3
Middle	10,297	49.5	9,543	49.2	694	52.6	60	51.7
Upper	5,900	28.3	5,619	29.0	239	18.1	42	36.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**20,814**	**100.0**	**19,379**	**100.0**	**1,319**	**100.0**	**116**	**100.0**
Percentage of Total Businesses:			**93.1**		**6.3**			

	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	2	1.1	2	1.2	0	0.0	0	0.0
Moderate	24	13.6	23	13.4	1	20.0	0	0.0
Middle	109	61.6	105	61.0	4	80.0	0	0.0
Upper	42	23.7	42	24.4	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	**177**	**100.0**	**172**	**100.0**	**5**	**100.0**	**0**	**0.0**
Percentage of Total Farms:			**97.2**		**2.8**			**0.0**

Source: 2023 FFIEC Census Data
2023 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.