



Community Reinvestment Act

The Community Reinvestment Act ("CRA") was enacted by Congress in 1977 (12 U.S.C. 2901) with the intent to encourage depository institutions to help meet the credit needs of the communities in which they operate. CRA is implemented through Regulations 12 CFR parts 25, 228, 345, and 195. Based on total asset thresholds set in the CRA implementing regulations, Heritage Bank qualifies as a "Large Bank," thus requiring the disclosures and information presented in this document. For purposes of CRA, Heritage Bank has defined its assessment areas as consisting of the following counties, in their entireties:

Assessment Area Name	State	Counties within Assessment Area
Puget Sound CSA	WA	Island, King, Mason, Pierce, Skagit, Snohomish, Thurston
Bellingham MSA	WA	Whatcom
Yakima MSA	WA	Yakima
Longview MSA	WA	Cowlitz
San Juan County	WA	San Juan
Portland-Vancouver-Hillsboro MSA	WA	Clark
	OR	Multnomah, Washington
Eugene-Springfield MSA	OR	Lane
Boise City MSA	ID	Ada, Canyon, Gem, Boise

This is a public document. In accordance with CRA, Heritage Bank makes this document available to the public for inspection at the public's request and at no charge. Additionally, upon public request, Heritage Bank must provide copies of the information in this public file, in paper format or in another form acceptable to the person making the request. The regulations permit the Bank to charge a reasonable fee for reproduction of the public file, but the fee must not exceed the cost of copying and, if applicable, mailing.

The information contained in this public file is current as of at least April 1, 2025, as required by regulation. However, Heritage Bank annually revises the April 1st CRA Public File to include the most current CRA Disclosure Statement within three (3) business days of publication, also required by regulation. Additionally, Heritage Bank, at its discretion, may update its CRA Public File for inclusion of revised branching and Assessment Area information related to recent branch additions, mergers and/ or acquisitions.

Questions or comments regarding Heritage Bank's CRA Public File may be addressed to:

Heritage Bank
Compliance Department
3615 Pacific Avenue
Tacoma, WA 98418

**Written Public Comments and the Bank's Responses
for the Current Year
and Prior Two Calendar Years**

In 2023, 2024, and through April 1, 2025, Heritage Bank did not receive any written public comments specifically related to the bank's performance in helping meet community credit needs.

PUBLIC DISCLOSURE

July 5, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Heritage Bank
Certificate Number: 29012

201 5th Avenue SW
Olympia, Washington 98501

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
San Francisco Regional Office

25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

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

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREAS.....	3
SCOPE OF EVALUATION	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	12
WASHINGTON	13
DESCRIPTION OF INSTITUTION’S OPERATIONS IN WASHINGTON.....	13
SCOPE OF EVALUATION – WASHINGTON.....	13
CONCLUSIONS ON PERFORMANCE CRITERIA IN WASHINGTON	13
PUGET SOUND AA – Full-Scope Review	18
WA NON-MSA AA – Full-Scope Review.....	30
OTHER ASSESSMENT AREAS – Limited-Scope Review.....	39
PORTLAND-VANCOUVER-HILLSBORO MULTISTATE MSA	41
DESCRIPTION OF INSTITUTION’S OPERATIONS IN PVH MSA	41
SCOPE OF EVALUATION – PVH MSA	43
CONCLUSIONS ON PERFORMANCE CRITERIA IN PVH MSA.....	43
APPENDICES	53
LARGE BANK PERFORMANCE CRITERIA.....	53
SCOPE OF EVALUATION	55
SUMMARY OF RATINGS FOR RATED AREAS	56
DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS.....	57
GEOGRAPHIC DISTRIBUTION AND BORROWER PROFILE LIMITED SCOPE ASSESSMENT AREA TABLES	60
GLOSSARY	66

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

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 when arriving at an overall rating.			

The Lending Test is rated High Satisfactory.

Lending levels reflect good responsiveness to AA credit needs and a high percentage of loans are made in the institution's AAs. The geographic distribution and of loans reflects adequate penetration throughout the AA, and the distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different size. The institution makes extensive use of innovative of flexible lending practices in a safe and sound manner to address the credit needs of LMI individuals or geographies and is a leader in making community development (CD) loans. The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its AAs, low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.

The Investment Test is rated High Satisfactory.

The bank has a significant level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors, exhibits good responsiveness to credit and CD needs, and makes significant use of innovative and/or complex investments to support CD initiatives.

The Service Test is rated Low Satisfactory.

Delivery systems are accessible to essentially all portions of the institution's AAs. To the extent changes have been made, the institutions opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Lastly, the bank provides an adequate level of CD services to the AAs.

DESCRIPTION OF INSTITUTION

Heritage Bank (HB), headquartered in Olympia, Washington, is wholly-owned subsidiary of Heritage Financial Corporation. In the fall of 2020, the institution created a subsidiary CDFI organization, HBCDE, LLC, to specifically provide CD loans. At the request of the institution, these subsidiary lending activities received consideration in the current evaluation. HB has no other relevant affiliates or subsidiaries and did not engage in any merger or acquisition activity since the previous evaluation. HB received a Satisfactory CRA Rating at the previous FDIC CRA Performance Evaluation dated June 29, 2020, using Large Institution Examination Procedures.

HB operates 51 branches in Washington, Oregon, and Idaho. Since the previous CRA Performance Evaluation (PE), the institution closed 13 and opened 2 branches. While the primary business focus of the institution continues to be commercial real estate, HB also offers a variety of home mortgage and consumer loans. Additionally, HB participated in the SBA's Paycheck Protection Program (PPP) in 2020 and 2021; refer to Innovative and Flexible Lending Practices for detail. Deposit products include checking, savings, money market deposit, certificate of deposits, and individual retirement accounts in addition to wealth management services.

HB's assets totaled \$7.2 billion and deposits totaled \$5.8 billion as of March 31, 2023. The bank's loans totaled \$4.1 billion and securities totaled \$2.0 billion for the same period. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of 3/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	316,603	7.7
Secured by Farmland	43,383	1.1
Secured by 1-4 Family Residential Properties	592,528	14.4
Secured by Multifamily (5 or more) Residential Properties	243,640	5.9
Secured by Nonfarm Nonresidential Properties	2,127,866	51.6
Total Real Estate Loans	3,324,020	80.5
Commercial and Industrial Loans	457,366	11.1
Agricultural Production and Other Loans to Farmers	15,865	0.4
Consumer Loans	66,765	1.6
Obligations of State and Political Subdivisions in the U.S.	197,387	4.8
Other Loans	66,069	1.6
Lease Financing Receivable (net of unearned income)	-	-
Less: Unearned Income	-	-
Total Loans	4,127,472	100.0
<i>Source: Reports of Condition and Income; due to rounding, % column may not total</i>		

Examiners did not identify any financial, legal, or other impediments that affected the institution's ability to meet the AA credit needs over the review period.

DESCRIPTION OF ASSESSMENT AREAS

HB's delineated AAs, organized by rated area, are summarized in the following table.

Description of Assessment Areas		
Assessment Area	Counties in Assessment Area	# of CTs
Washington		
Puget Sound	Island, King, Mason, Pierce, Skagit, Snohomish, Thurston	1,010
WA Non-MSA	Kittitas, San Juan	23
Bellingham MSA	Whatcom	54
Yakima MSA	Yakima	57
Longview MSA	Cowlitz	30
PVH MSA	Clark, Washington, Multnomah, Yamhill*	446
Oregon		
Eugene MSA	Lane	93
Idaho		
Boise	Ada, Boise, Canyon, Gem	190
<i>Source: Bank Data</i> <i>*Yamhill included in 2020 analysis only. Refer to PVH MSA rated area for detail.</i>		

The bank opened the branches in Oregon and Idaho in late 2022 and early 2023, respectively. Because a full year of lending data is not available for the retail Lending Test and the timeframe for CD activity in these AAs was very limited, analysis of these AAs did not yield meaningful conclusions and they are not presented as separate rated areas in this PE. However, the limited CD activity that occurred in these AAs, as well as the impact of these branch openings on retail service test conclusions, are considered at the bankwide levels of analyses; refer to each respective conclusion for full detail.

Refer to rated areas for detail on changes to individual AAs, where relevant.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency Large Institution Examination Procedures to evaluate HB's CRA performance from the prior evaluation dated June 29, 2020, to the current evaluation dated July 5, 2023. As previously discussed, relevant CD activities relating to HBCDE, LLC are included in this performance evaluation since the subsidiary's inception in late 2020.

Based on the lending and deposit volumes and branch structure, the Washington rated area contains the significant majority of the bank's operations and contributes greatest weight to overall conclusions, followed by the Portland-Vancouver-Hillsboro Multistate MSA (PVH MSA); see the following table. As discussed, the Oregon and Idaho represent new rated areas since the prior evaluation and activity in these areas is very limited; therefore, they are not broken out for separate presentation and contribute minimally to overall conclusions.

Lending, Deposit, and Branch Distribution by Assessment Area						
Rated Area/ Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Washington	2,138,542	83.2	5,615,928	88.6	45	84.9
Puget Sound	1,775,549	69.1	4,843,343	76.4	37	69.8
WA Non-MSA	37,807	1.5	93,612	1.5	2	3.8
Bellingham MSA	183,158	7.1	241,793	3.8	2	3.8
Yakima MSA	106,489	4.1	265,876	4.2	3	5.7
Longview MSA	35,539	1.4	171,304	2.7	1	1.9
PVH MSA	431,522	16.8	722,089	11.4	6	11.3
Oregon	-	-	-	-	1	1.9
Eugene MSA	-	-	-	-	1	1.9
Idaho	-	-	-	-	1	1.9
Boise	-	-	-	-	1	1.9
Total	2,570,064	100.0	6,338,017	100.0	53	100.0
<i>Source: 2020, 2021, and 2022 CRA LRs and HMDA LARs, Summary of Deposit Data as of 6/30/22, Bank Data</i>						
<i>'-' indicates data not available/applicable for the year based on date rated area was added to the AA.</i>						

Based on the same factors, the Puget Sound AA was selected for full-scope presentation in Washington. Additionally, the Washington Non-MSA AA was randomly selected for full-scope presentation, as the area had not been presented using full-scope procedures at either of the previous two CRA PEs. As the PVH MSA is a multistate MSA, the area is also presented as a full-scope analysis. The remaining AAs were analyzed using limited-scope procedures.

Activities Reviewed

Based on HB's lending strategy and the reported number and dollar volume of loans originated during the evaluation period, small business and home mortgage loans represent the institution's primary product lines, with small business loans contributing greater weight to conclusions; see the

following table. The bank did not request inclusion of consumer loans and does not originate a meaningful volume of small farm loans; therefore, these products were not analyzed.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Business	9,000	1,654,749	9,000	1,654,749
Home Mortgage	2,061	1,131,678	2,061	1,131,678
<i>Source: 2020, 2021, and 2022 HMDA LAR and CRA LRs</i>				

All HMDA LAR and CRA LR loans reported by HB in 2020, 2021, and 2022 were analyzed to form respective home mortgage and small business Lending Test conclusions. Performance by product by year was not consistent across all AAs over the review period; therefore, all years are presented in this PE.

Lending percentages were compared to both demographic data and, where available, aggregate peer lending data to develop conclusions. For 2020 and 2021, home mortgage demographic data is based on 2015 ACS/census data. Starting in 2022, home mortgage demographic data is based on the 2020 Census data. Small business demographic data is based on D&B data for all years of the review period.

As peer data is a better reflection of actual lending opportunity than demographic data, which simply demonstrates potential lending opportunity, comparison to aggregate contributed more weight to the formation of Lending Test conclusions for both product types. Aggregate lending data is not yet available for 2022 home mortgage or small business lending; therefore, 2022 performance contributed less weight to conclusions.

All CD loans, investments and donations, and services from the prior PE through the current evaluation date were considered to develop relevant Lending, Investment, and Service Test conclusions.

Delivery systems for providing retail banking services, including existing branch network and alternative delivery systems available throughout the review period, branch openings and closings, and retail banking products targeted to LMI individuals and/or services targeted to AA needs were considered in forming applicable Service Test conclusions. Refer to Service Test for specific detail.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Lending Test performance is good. Performance in both the Washington and PVH is consistent with this conclusion.

Lending Activity

HB's lending levels reflect good responsiveness to the AA credit needs. While performance in both Washington and the PVH MSA is consistent with this conclusion, the institution's performance varied somewhat by individual AA. Refer to individual AAs for market share and relative market rank for products reviewed.

The institution's small business lending volume in 2020 and 2021 was much larger than the prior evaluation due to HB's participation in the PPP. The program discontinued in 2021, resulting in a decrease in small business volume in 2022 back to pre-pandemic levels.

Additionally, reported home mortgage loan volume significantly increased in 2022 from prior years due to new HMDA reporting requirements. Starting in 2022, HB was required to report home equity lines of credit (HELOC). Analysis of HELOCs separate from all home mortgage loans did not change conclusions; therefore, both loan types are presented together.

See the Lending Inside and Outside of the Assessment Area table on the following page for total lending by product and number and dollar and refer to individual AAs for specific lending activity levels within each.

Assessment Area Concentration

A high percentage of loans are made in the institution's AAs; see the table on the following page.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2020	4,912	94.6	282	5.4	5,194	788,651	93.6	54,197	6.4	842,848
2021	3,041	95.2	153	4.8	3,194	574,514	94.8	31,313	5.2	605,827
2022	554	90.5	58	9.5	612	184,489	89.5	21,585	10.5	206,074
Subtotal	8,507	94.5	493	5.5	9,000	1,547,654	93.5	107,095	6.5	1,654,749
Home Mortgage										
2020	569	94.7	32	5.3	601	257,899	94.7	14,539	5.3	272,438
2021	495	94.8	27	5.2	522	280,114	84.9	49,711	15.1	329,825
2022	863	92.0	75	8.0	938	443,710	83.8	85,705	16.2	529,415
Subtotal	1,927	93.5	134	6.5	2,061	981,723	86.8	149,955	13.2	1,131,678
Source: Bank Data Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AAs. Performance in Washington, which carries greatest weight, is consistent with this conclusion. Performance in the PVH MSA was above that of Washington; however, overall conclusions were unchanged. Refer to each respective analysis for details.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among the retail customers of different income levels and business customers of different sizes. The bank's performance was consistent in each rated area. Refer to each respective analysis for details.

Innovative or Flexible Lending Practices

The institution makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs; see the table on the following page. All of the listed loan programs are available throughout the bank's AAs; therefore, this criterion is only discussed at the bankwide section of this evaluation.

Innovative or Flexible Lending Programs										
Type of Program	2020		2021		2022		YTD 2023		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
FHA Loans	4	1,282	-	-	4	1,479	1	440	9	3,201
USDA Loans	3	841	-	-	-	-	-	-	3	841
VA Loans	25	7,145	13	4,001	1	336	-	-	39	11,482
WSHFC Home Advantage	2	26	-	-	-	-	-	-	2	26
SBA Loans	13	5,954	46	34,493	29	30,689	9	5,228	97	76,364
PPP Loans	122	8,068	2,598	386,800	-	-	-	-	2,720	394,868
HBCDE	-	-	-	-	5	12,373	6	19,018	11	31,391
Totals	169	23,316	2,657	425,294	39	44,877	16	24,686	2,881	518,173
Source: Bank Data; 6/20/22 – 7/5/23										

The following are notable flexible lending practices employed during the evaluation period.

- **SBA PPP** – These loans are SBA-backed loans with the design to keep businesses and their workforce employed during the COVID-19 pandemic. There are no fees charged to small businesses by the government or lenders, and loan forgiveness is available if specific employee retention criteria are met.
- **SBA Loans** –The SBA offers loan programs (7a and 504) that are partially guaranteed by the government. The programs provide small businesses with both immediate- and long-term benefits to offer small businesses an avenue for financing, while promoting business growth and job creation.
- **HBCDE, LLC Loans** – In late 2020, HB created the HBCDE, LLC, a certified CDFI Community Development Entity to provide loans developing low-income communities. The subsidiary offers favorably structured commercial loan products specifically designed to provide job creation and new investment in low-income communities.

Community Development Loans

The institution is a leader in making CD loans. HB's performance was consistent in both Washington and the PVH MSA. CD lending increased significantly by dollar from the prior examination, where HB originated 202 CD loans totaling \$290.6 million. Total CD lending by dollar represents 8.1 percent of average total assets and 13.7 percent of average total loans; these metrics are a significant improvement over the 1.6 percent of average total assets and 2.2 percent of average total loans from the last evaluation. Further, CD lending performance compares favorably against other similarly-situated institutions and the institution's emphasis on affordable housing reflects excellent responsiveness to the CD needs of the AAs.

The significant majority of CD lending activity benefitted Washington, followed by the PVH MSA.; refer to each rated area for full detail. The bank originated only a single CD loan in Oregon, totaling \$2.6 million, and did not originate any CD loans in Idaho. The institution did not originate any CD loans benefitting the broader regional area during the review period.

Community Development Lending - Bankwide										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	8	20,988	10	24,700	2	2,892	-	-	20	48,580
2021	16	151,444	14	41,866	1	10,000	8	26,689	39	229,999
2022	20	143,623	11	8,172	3	7,098	11	61,782	45	220,675
YTD 2023	5	66,600	6	4,728	-	-	1	2,620	12	73,948
Total	49	382,655	41	79,466	6	19,990	20	91,091	116	573,202
<i>Source: Bank Data</i>										

INVESTMENT TEST

The Investment Test performance is good. Performance in both Washington and the PVH MSA is consistent with this conclusion.

Investment and Grant Activity

HB has a significant level of qualified CD investments and grants, particularly those not routinely provided by private investors, occasionally in a leadership position. Total qualified investments represent 2.4 percent of average total assets and 12.2 percent of average total securities. While total CD investment volume increased since the prior evaluation's \$109.5 million in combined qualified investments and grants, activity as a percentage of average total assets and average total securities declined; at the previous evaluation, these metrics were 3.8 percent and 18.1 percent, respectively. However, HB's performance is generally above that of similarly-situated institutions.

The majority of CD investment dollars benefitted the Washington rated area, followed by the PVH MSA. No investments targeted Oregon or Idaho, but \$49,600 in donations benefitted Oregon.

Qualified Investments - Bankwide										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	22	38,530	3	1,771	-	-	-	-	25	40,301
2020	4	7,258	2	3,000	-	-	-	-	6	10,258
2021	3	30,966	-	-	-	-	-	-	3	30,966
2022	6	91,298	-	-	-	-	-	-	6	91,298
YTD 2023	-	-	-	-	-	-	-	-	-	-
Subtotal	35	168,052	5	4,771	-	-	-	-	40	172,823
Qualified Grants & Donations	34	429	82	478	3	65	14	95	133	1,067
Total	69	168,481	87	5,249	3	65	14	95	173	173,890
<i>Source: Bank Data</i>										

Included in the above table are several investments and donations that benefitted multiple rated areas. Examples of these are highlighted on the following page.

- In 2022, HB invested \$8.5 million to provide 155 units of affordable housing units in the Eugene MSA and 61 units of affordable housing units in the Puget Sound AA.
- During the evaluation period, HB made six donations totaling \$49,600 to organizations that provided various community services targeted to LMI individuals living throughout the State of Oregon, affecting both the PVH MSA and Oregon.

Responsiveness to Credit and Community Development Needs

HB exhibits good responsiveness to credit and CD needs. The investment strategy during the evaluation period focused on affordable housing initiatives, a primary identified CD need for affordable housing across the bank's AAs, particularly in Washington. Refer to individual AAs for detail.

Community Development Initiatives

HB makes significant use of innovative and complex investments to support CD initiatives. A number of CD investments are Low-Income-Housing-Tax-Credit (LIHTC) investments, which are considered complex. LIHTCs provide tax incentives to encourage individual and corporate investors to invest in the development, acquisition, and rehabilitation of affordable rental housing. To qualify for the credit, a project must meet strict income limits for eligible tenants to qualify as a low-income project. Properties are generally required to remain rent restricted and only available to low-income tenants for a minimum of 30 years. During the evaluation period, HB participated in six new LIHTC projects, totaling \$10.5 million.

SERVICE TEST

HB's Service Test performance is adequate. The institution's performance in both rated areas is consistent with this conclusion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's AAs. Branch and ATM distribution varied somewhat by AA; refer to individual analyses for detail.

Alternative banking delivery systems are generally the same across all AAs and include online, mobile, and banking telephone banking options. Accessibility in the Washington rated area is enhanced by a mobile branch, which operates seasonally in the Puget Sound AA.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. As previously discussed, the institution opened two branches during the review period: one branch in Boise, Idaho, in an upper-income CT and one branch in

Eugene, Oregon, in a moderate-income CT. These openings, particularly the branch in Oregon, increased accessibility of delivery systems to LMI populations.

The bank closed 13 branches over the same timeframe: 10 located in Washington and 3 in the PVH MSA. Details of the impact of branch closures are discussed in each respective AA analysis.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and individuals. All branches offer the bank's full array of business and consumer deposit and lending products; see Description of Institution for detail. Operating hours are the same in all AAs and reflect normal banking hours; no branches are open on Saturdays or offer extended evening hours. Drive-up banking is available at most locations; refer to individual analyses for detail.

Community Development Services

The institution provides an adequate level of CD services; see the below table. Service hours declined from the prior evaluation, where bank employees provided 3,492 hours of service to qualifying CD organizations. The primary reason for the decline in hours was the difficulty in providing in-person services during the coronavirus stay at home mandates that were in effect for much of the review period. HB's service hour performance is slightly below the level of similarly-situated institutions, but not to an unreasonable degree.

A significant majority of CD hours were provided in Washington and the PVH MSA, where HB employees provided 1,459 and 878 hours of service, respectively. Employees provided 35 hours of CD service in Oregon and did not provide any hours in Idaho.

Community Development Services - Bankwide					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	-	148	-	-	148
2021	120	265	12	483	880
2022	485	688	89	-	1,262
YTD 2023	119	83	-	-	202
Total	724	1,184	101	483	2,492
<i>Source: Bank Data</i>					

The above table includes an activity that benefitted both the PVH MSA and Oregon. Throughout 2022, a bank employee spent 120 hours serving as a Board member for an organization that provides affordable housing throughout Oregon.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

WASHINGTON

CRA RATING FOR WASHINGTON: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WASHINGTON

HB has five AAs across the state of Washington; refer to the bankwide Description of Assessment Area for detail. The institution's Washington AAs are unchanged since the prior evaluation.

SCOPE OF EVALUATION – WASHINGTON

Performance for the Puget Sound AA provided the greatest weight in determining statewide conclusions. Refer to the overall Scope of Evaluation section for complete detail.

CONCLUSIONS ON PERFORMANCE CRITERIA IN WASHINGTON

LENDING TEST

HB's Lending Test performance in Washington is good. Performance across all AAs was consistent with this conclusion with the exception of the WA Non-MSA AA, where performance was lower, though still adequate.

Lending Activity

HB's lending levels reflect good responsiveness to Washington AA credit needs. Refer to bankwide discussion for overall trends and to individual AAs for specific lending activity as well as market share and relative market rank for products reviewed.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the Washington AAs. Lending performance in all AAs was consistent with this conclusion with the exception of the Longview MSA, where performance was higher, though statewide conclusions were unchanged. Refer to individual AAs for detail.

Borrower Profile

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes. Performance in the Puget Sound AA, which carries greatest weight, and the Longview AA primarily support this conclusion. Performance in the remaining AAs was higher; however, statewide conclusions were unchanged.

Community Development Loans

HB is a leader in making CD loans throughout Washington. CD lending by dollar more than doubled from the prior evaluation, where the bank originated 117 CD loans totaling \$218.6 million. The majority of CD loans support affordable housing initiatives, which demonstrates HB's responsiveness to a critical CD need identified throughout the Washington AAs, particularly in the Puget Sound AA.

The majority of activity benefitted the Puget Sound AA. While performance across all AAs was considered and performance varied somewhat by AA, the Puget Sound AA, where the bank is a market leader, contributed greatest weight to CD loan performance conclusions.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Puget Sound AA	32	277,888	20	67,916	2	2,892	15	68,596	69	417,292
WA Non-MSA AA	-	-	-	-	-	-	-	-	-	-
Bellingham MSA	1	14,250	2	2,500	-	-	-	-	3	16,750
Yakima MSA	3	27,100	-	-	-	-	-	-	3	27,100
Longview MSA	3	1,062	1	150	-	-	-	-	4	1,212
Statewide Activities	-	-	-	-	1	10,000	-	-	1	10,000
Total	39	320,300	23	70,566	3	12,892	15	68,596	80	472,354
<i>Source: Bank Data</i>										

As the above table indicates, HB made a \$10.0 million loan during the review period that benefitted Washington statewide. The loan, originated in 2021, was made to an economic development organization that provides start-up capital for small businesses across Washington.

INVESTMENT TEST

Investment Test performance in Washington is good. Performance in the Puget Sound AA, which is weighted most heavily, is consistent with this conclusion. While performance in the Bellingham and Yakima AAs was higher and performance in the Washington Non-MSA AA and Longview AAs was lower, statewide conclusions were unchanged.

Investment and Grant Activity

The bank has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those not routinely provided by private investors. Activity increased from the prior evaluation, where CD investments and donations totaled \$114.5 million. Additionally, the majority of the activity occurred during the current period; of the total, only \$27.2 million were prior period investments.

A significant majority of investment and grant dollars targeted affordable housing initiatives – a CD need identified for several of the Washington AAs, particularly in the Puget Sound AA, which carries greatest weight.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Puget Sound AA	21	86,736	3	3,543	-	-	-	-	24	90,279
WA Non-MSA AA	-	-	-	-	-	-	-	-	-	-
Bellingham MSA	1	17,288	1	416	-	-	-	-	2	17,704
Yakima MSA	1	18,035	1	810	-	-	-	-	2	18,845
Longview MSA	-	-	-	-	-	-	-	-	-	-
Statewide Activities	1	1,670	-	-	-	-	-	-	1	1,670
Subtotal	24	123,729	5	4,769	-	-	-	-	29	128,498
Qualified Grants & Donations	28	405	59	317	1	25	13	90	101	837
Total	52	124,134	64	5,086	1	25	13	90	130	129,335
<i>Source: Bank Data</i>										

As the above table demonstrates, HB made a \$1.6 million investment during the review period that benefitted Washington statewide. The investment, purchased in 2020, was a bond to fund affordable housing throughout Washington. Additionally, several donations made during the review period benefitted the statewide area. For example:

- During the evaluation period, HB made three donations totaling \$7,500 to a CDFI that partners with housing authorities, financial institutions, and others to create sustainable affordable housing throughout Washington.
- In 2022, HB made a \$50,000 donation to an organization that provides various community services and shelter for LMI individuals and families throughout Washington.

Responsiveness to Credit and Community Development Needs

HB exhibits good responsiveness to credit and CD needs. The bank demonstrated responsiveness to the AA through its focus on funding investments targeting the identified CD credit need of affordable housing. Overall, HB funded nearly \$124.0 million in qualified investments targeted to affordable housing needs.

Community Development Initiatives

HB makes significant use of innovative and complex investments in the Washington AAs to support CD initiatives; refer to bankwide conclusions for full detail. Over the review period, the bank purchased five LIHTC investments, totaling \$89.4 million, for projects throughout Washington.

SERVICE TEST

Service Test performance in Washington is adequate. The institution's performance in the Puget Sound AA, WA Non-MSA AA, and Yakima MSA primarily support this conclusion. While performance in the Bellingham MSA and Longview MSA was higher, statewide conclusions were unchanged.

Accessibility of Delivery Systems

Retail banking delivery systems are accessible to essentially all portions of the institution's AAs. HB operates 43 full-service branches and 39 deposit-taking ATMs in Washington. While accessibility performance in Washington is consistent with the institution overall, branch distribution varied somewhat by AA; see individual Washington AAs for detail. Alternative delivery systems are discussed under bankwide conclusions.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. During the review period, HB closed ten branches in Washington: eight in the Puget Sound AA and one each in the Longview and Yakima AAs. Refer to each full- or limited-scope analysis for detail on how these closures impacted LMI geographies and populations.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and individuals. Performance in Washington is consistent with bankwide conclusions; refer to bankwide analysis for detail.

Community Development Services

The institution provides an adequate level of CD services to Washington; see the table on the following page. CD services decreased somewhat from the previous evaluation, where HB employees provided 1,928 hours of qualified CD service hours. As previously discussed, the primary reason for the decline in hours was due to the difficulty in providing in-person service hours during COVID-19. Service hours primarily benefitted the Puget Sound AA and focused heavily on community services. Bank employees did not provide service hours that benefitted the statewide Washington area during the review period.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Puget Sound AA	100	645	47	473	1,265
WA Non-MSA	-	-	-	-	-
Bellingham MSA	25	-	14	-	39
Yakima MSA	-	32	-	-	32
Longview MSA	-	113	-	10	123
Total	125	790	61	483	1,459
<i>Source: Bank Data</i>					

PUGET SOUND AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN PUGET SOUND AA

The Puget Sound AA is located in and around the Seattle area of Washington and consists of the seven whole counties of Island, King, Mason, Pierce, Skagit, Snohomish, and Thurston. Collectively, the counties comprise the Puget Sound CSA, which includes the Seattle-Tacoma-Bellevue MSA, Mount Vernon-Anacortes MSA, and the Olympia-Lacey-Tumwater MSA. No changes have been made to the AA since the previous evaluation.

Economic and Demographic Data

As of the 2010 U.S. Census data, the AA contained 42 low-, 182 moderate-, 365 middle-, and 239-upper-income CTs, as well as 9 CTs with no income designation. Due to population growth and updates to CT designations, the AA now consists of 42 low-, 216 moderate-, 439 middle-, and 293 upper-income CTs, as well as 20 CTs without an income designation. Nine of the middle-income CTs, all in Mason County, were designated as distressed by the FFIEC for all years of the review period. The table on the following page summarizes key demographic information for the AA.

Demographic Information of the Assessment Area						
Assessment Area: Puget Sound						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,010	4.2	21.4	43.5	29.0	2.0
Population by Geography	4,595,661	4.3	21.9	43.2	29.6	1.1
Housing Units by Geography	1,866,186	4.4	21.1	43.0	30.5	1.1
Owner-Occupied Units by Geography	1,074,424	2.0	17.1	46.2	34.4	0.3
Occupied Rental Units by Geography	677,605	8.3	27.3	38.0	24.1	2.4
Vacant Units by Geography	114,157	4.4	21.5	41.6	31.2	1.3
Businesses by Geography	591,618	4.5	18.4	40.6	35.4	1.1
Farms by Geography	11,659	2.7	18.2	47.2	31.5	0.5
Family Distribution by Income Level	1,111,250	20.0	17.8	21.9	40.2	0.0
Household Distribution by Income Level	1,752,029	22.8	16.8	18.8	41.6	0.0
Median Family Income MSA - 34580 Mount Vernon-Anacortes, WA MSA		\$82,149	Median Housing Value			\$499,925
Median Family Income MSA - 36500 Olympia-Lacey-Tumwater, WA MSA		\$91,125	Median Gross Rent			\$1,566
Median Family Income MSA - 42644 Seattle-Bellevue-Kent, WA		\$116,853	Families Below Poverty Level			5.5%
Median Family Income MSA - 45104 Tacoma-Lakewood, WA		\$88,892				
Median Family Income Non-MSAs - WA		\$70,452				
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

As demonstrated by the above, housing affordability in the AA is very low when comparing median family incomes to median housing value. In fact, housing prices within the AA are among the least affordable in the nation.

Unemployment trends vary by county but have generally stabilized following the pandemic; see the table on the following page.

Unemployment Rates in Puget Sound AA			
Area	2020	2021	2022
	%	%	%
Island	8.2	5.7	4.9
King	7.8	4.1	2.9
Mason	9.8	7.0	6.3
Pierce	9.5	6.1	5.1
Skagit	9.7	6.4	5.2
Snohomish	8.7	4.8	3.2
Thurston	8.2	5.3	4.6
State	8.5	5.2	4.2
National Average	8.1	5.3	3.6
<i>Source: Bureau of Labor Statistics</i>			

According to Moody Analytics, businesses in the Puget Sound AA are still recovering from the economic effects of the COVID-19 pandemic. The recouping of job losses in the hospitality industry is slowly gaining ground while job growth in the tech industry has slowed as it corrects from the explosive growth during the pandemic. The top employers within the Puget Sound AA continue to be Amazon, Boeing Company, Microsoft Corporation, and Joint Base Lewis-McCord, which correlates with the main economic drivers being the manufacturing, high-tech, and logistic industries.

Competition

According to the June 30, 2022, Deposit Market Share Report, HB ranked 8th out of 55 institutions competing in the AA, with 2.9 percent of the deposit market share. According to the same data, the top five institutions consist of large, national banks that account for 69.6 percent of the deposit market share. In addition, HB operates 37 out of the 892 total branches operated by all institutions in the AA. As a result of these factors, competition for deposits in the AA appears highly competitive.

Community Contact

Examiners contacted an affordable housing organization that provides housing services and education for LMI individuals. The contact detailed the extreme shortage of housing stock available for affordable housing in the AA, especially for low- and very low-income individuals and families. The contact also stated that a lack of education for borrowers prior to getting mortgages continues to be a problem. Furthermore, the contact added that funding for construction, particularly for the low-income population, is extremely limited.

Credit and Community Development Needs and Opportunities

Considering the community contact information, key economic and demographic figures, and market share reports, examiners determined that affordable housing is the primary credit need for the Puget Sound AA. In addition, the community contact detailed how financial education for mortgage borrowers also presents as a CD need and opportunity.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PUGET SOUND AA

LENDING TEST

HB's Lending Test performance in the Puget Sound AA is good.

Lending Activity

HB's lending levels reflect good responsiveness to the AA credit needs. During the evaluation period, HB originated 5,837 small business loans totaling \$1.1 billion and 1,431 home mortgage loans totaling \$692.6 million within the Puget Sound AA. The institution originated a notable increase in both small business and home mortgage lending since the prior evaluation where HB originated 2,997 small business loans totaling \$772.7 million and 860 home mortgage loans totaling \$328.1 million. As previously discussed, small business lending increased due to PPP lending while home mortgage lending increased due to the HMDA requirement that HB begin reporting open-end credit as of 2022.

According to 2021 small business aggregate data, HB ranks 15th out of 215 commercial lenders within the AA and retains 1.7 and 7.8 percent of the market share by number and dollar, respectively. Per 2021 aggregate data for home mortgage lending, HB ranks 124th out of 738 home mortgage lenders, retaining 0.1 percent of the market share by both number and dollar.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the Puget Sound AA. Adequate performance in both small business and home mortgage lending supports this conclusion.

Small Business

Geographic Distribution of Small Business Loans						
Assessment Area: Puget Sound						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	5.1	5.8	217	6.3	39,174	7.1
2021	5.0	5.7	150	7.3	37,574	9.4
2022	4.5	--	17	4.8	6,415	5.5
Moderate						
2020	18.7	19.4	780	22.8	124,030	22.4
2021	18.2	19.9	481	23.4	94,198	23.5
2022	18.4	--	93	26.1	29,442	25.3
Middle						
2020	39.7	40.2	1,378	40.3	224,360	40.6
2021	39.9	40.6	812	39.4	158,147	39.4
2022	40.6	--	156	43.8	54,225	46.6
Upper						
2020	36.2	34.3	1,044	30.5	164,851	29.8
2021	36.2	33.6	612	29.7	110,705	27.6
2022	35.4	--	88	24.7	25,387	21.8
Not Available						
2020	0.3	0.4	3	0.1	610	0.1
2021	0.6	0.3	4	0.2	640	0.2
2022	1.1	--	2	0.6	925	0.8
Totals						
2020	100.0	100.0	3,422	100.0	553,025	100.0
2021	100.0	100.0	2,059	100.0	401,264	100.0
2022	100.0	--	356	100.0	116,394	100.0
Source: 2020, 2021, & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

In 2020, lending to low-income CTs was generally in line with aggregate performance and slightly above demographics. Penetration to these CTs improved in 2021, and was slightly above both aggregate and demographic data. In 2022, lending in low-income CTs was in line with D&B data.

In both 2020 and 2021, the institution's lending in moderate-income CTs slightly exceeded aggregate performance and was above demographic data. In 2022, lending in moderate-income CTs compared favorably with the D&B percentage of businesses. Overall, this performance is adequate.

Home Mortgage

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Puget Sound						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.3	1.9	6	1.5	22,846	11.8
2021	2.3	2.1	2	0.6	333	0.2
2022	2.0	--	4	0.6	868	0.3
Moderate						
2020	17.0	15.9	39	9.8	17,161	8.9
2021	17.0	16.8	53	15.0	24,605	14.7
2022	17.1	--	68	10.0	42,329	12.8
Middle						
2020	46.6	47.4	154	38.5	52,630	27.2
2021	46.6	47.2	111	31.4	48,273	28.8
2022	46.2	--	307	45.3	136,621	41.2
Upper						
2020	34.0	34.7	201	50.3	101,078	52.2
2021	34.0	33.9	187	53.0	94,137	56.3
2022	34.4	--	299	44.1	151,744	45.8
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.3	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	400	100.0	193,714	100.0
2021	100.0	100.0	353	100.0	167,347	100.0
2022	100.0	--	678	100.0	331,563	100.0
Source: 2015 ACS & 2020 U.S. Census; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

In 2020, lending in low-income CTs was slightly below demographic data but in line with aggregate lending. Performance declined somewhat in 2021, and was slightly below both aggregate and demographic indicators. Lending in 2022 was, again, slightly below demographic data.

In 2020, lending in moderate-income CTs trailed aggregate and was below demographics. Performance improved in 2021, coming generally in line with aggregate and demographic indicators. In 2022, lending compared unfavorably to the percentage of owner-occupied housing units. While somewhat mixed, overall performance is generally adequate.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among business customers of different sizes and retail customers of different income levels. This conclusion is supported by adequate small business and home mortgage lending performance.

Small Business

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Puget Sound						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	90.1	40.3	246	7.2	56,169	10.2
2021	89.8	48.9	221	10.7	66,972	16.7
2022	92.1	--	125	35.1	40,974	35.2
>\$1,000,000						
2020	3.3	--	496	14.5	152,582	27.6
2021	3.3	--	440	21.4	155,312	38.7
2022	2.4	--	219	61.5	71,214	61.2
Revenue Not Available						
2020	6.6	--	2,680	78.3	344,274	62.3
2021	6.9	--	1,398	67.9	178,980	44.6
2022	5.5	--	12	3.4	4,206	3.6
Totals						
2020	100.0	100.0	3,422	100.0	553,025	100.0
2021	100.0	100.0	2,059	100.0	401,264	100.0
2022	100.0	--	356	100.0	116,394	100.0
Source: 2020 – 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

HB's ratio of loans made to small businesses appears to compare unfavorably to demographic and peer indicators in both 2020 and 2021; however, the institution's lending percentage is skewed by the high number of loans for which income information was not available and the significant majority of these 'Revenue NA' loans are PPP loans. Calculation of an adjusted ratio of loans made to businesses with GARs of \$1 million or less in 2020 and 2021 was 33.2 percent and 33.4 percent, respectively. The institution's participation in the PPP receives very favorable consideration, as the PPP was specifically meant to assist smaller businesses with payroll costs during the COVID-19 pandemic. As the preceding table demonstrates, thousands of such businesses were positively impacted by the institution's PPP lending.

Lending to small businesses in 2022 is well below demographic indicators; however, this year contributes less weight to conclusions. Further, demographic data includes very small businesses and start-ups, which may not be credit-seeking or credit-worthy; as such, actual opportunity for lending to small businesses in the AA is likely well below demographic indicators. Considering all factors, overall performance is adequate.

Home Mortgage

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Puget Sound						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	20.9	4.0	14	3.5	2,620	1.4
2021	20.9	4.6	16	4.5	2,470	1.5
2022	20.0	--	33	4.9	5,838	1.8
Moderate						
2020	17.6	15.1	39	9.8	9,696	5.0
2021	17.6	15.1	51	14.4	11,063	6.6
2022	17.8	--	87	12.8	13,811	4.2
Middle						
2020	21.0	23.8	85	21.3	24,225	12.5
2021	21.0	23.0	66	18.7	18,719	11.2
2022	21.9	--	108	15.9	24,388	7.4
Upper						
2020	40.5	43.5	177	44.3	82,572	42.6
2021	40.5	42.6	164	46.5	89,536	53.5
2022	40.2	--	286	42.2	118,862	35.8
Not Available						
2020	0.0	13.7	85	21.3	74,601	38.5
2021	0.0	14.8	56	15.9	45,559	27.2
2022	0.0	--	164	24.2	168,663	50.9
Totals						
2020	100.0	100.0	400	100.0	193,714	100.0
2021	100.0	100.0	353	100.0	167,348	100.0
2022	100.0	--	678	100.0	331,563	100.0
Source: 2015 ACS & 2020 U.S. Census; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

HB's ratio of lending to low-income borrowers was generally in line with aggregate in both 2020 and 2021. In all years, lending compares unfavorably to demographic indicators; however, the

percentage of low-income families represents only the potential opportunity in the AA and includes borrowers that would not qualify for credit.

Lending to moderate-income borrowers was below aggregate and demographic indicators in 2020. However, performance improved somewhat in 2021, coming in line with aggregate. In 2022, lending was below demographic indicators; however, this year contributes less weight to conclusions as aggregate data, which would be a better indicator of actual lending opportunity, is not yet available.

Community Development Loans

HB is a leader in making CD loans in the Puget Sound AA. CD lending by dollar significantly increased from the prior evaluation, where HB originated 84 CD loans amounting to \$196.1 million. As the below table demonstrates, CD loans primarily supported affordable housing initiatives in the AA, which is a need identified by the community contact.

Community Development Lending in Puget Sound AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	4	7,758	5	21,000	2	2,892	-	-	11	31,650
2021	9	94,982	9	38,616	-	-	6	25,474	24	159,072
2022	14	108,548	5	7,550	-	-	9	43,122	28	159,220
YTD 2023	5	66,600	1	750	-	-	-	-	6	67,350
Total	32	277,888	20	67,916	2	2,892	15	68,596	69	417,292
<i>Source: Bank Data</i>										

The following are notable examples of CD loans in the Puget Sound AA.

- In 2022, HB originated a \$17.9 million loan to a low-income housing focused organization for a multifamily affordable housing LIHTC project in the AA with all 85 units set aside for LMI renters.
- In 2021, HB originated a \$31.1 million loan to a community services organization for a 119-unit affordable housing project benefitting LMI renters in the AA.
- In 2020, HB originated a \$20.0 million loan to a large affordable housing organization in the AA providing rental housing and rental assistance programs specifically for LMI renters in the Seattle.

INVESTMENT TEST

Investment test performance in the AA is good.

Investment and Grant Activity

The institution has a significant level of qualified CD investments, grants, and donations, particularly those not routinely provided by private investors, occasionally in a leadership position. While total CD investment dollars declined slightly from the prior evaluation, where investments and donations totaled \$103.4 million, the institution compares favorably to similarly-situated institutions operating in the AA. Additionally, the majority of investment dollars are current period and the majority of HB's investments focused on the provision of affordable housing, a primary CD need identified in the AA.

Qualified Investments in Puget Sound AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	14	25,464	1	544	-	-	-	-	15	26,008
2020 (Partial)	3	5,588	2	2,999	-	-	-	-	5	8,587
2021	1	1,544	-	-	-	-	-	-	1	1,544
2022	3	54,140	-	-	-	-	-	-	3	54,140
YTD 2023	-	-	-	-	-	-	-	-	-	-
Subtotal	21	86,736	3	3,543	-	-	-	-	24	90,279
Qualified Grants & Donations	20	372	51	252	1	25	11	80	83	729
Total	41	87,108	54	3,795	1	25	11	80	107	91,008
<i>Source: Bank Data</i>										

The following are notable examples of investments and donations made in the Puget Sound AA.

- In 2022, HB invested in a \$10.0 million LIHTC to transition two historic hotel properties into 107 units of affordable housing in the Seattle area.
- In 2022, HB invested in a \$21.2 million LIHTC to construct 84 units of affordable housing targeted to LMI individuals in the AA. The project receives additional funding in the form of grants and subsidies.
- In 2022, the bank invested in a \$22.8 million LIHTC for the construction of 95 units of affordable housing for chronically homeless individuals.

Responsiveness to Credit and Community Development Needs

HB exhibits good responsiveness to credit and CD needs. The institution demonstrated responsiveness to the AA through its focus on funding investments targeting the identified community need of affordable housing. Refer to the preceding table for specific details.

Community Development Initiatives

HB makes significant use of innovative and complex investments in the AA to support CD initiatives. Three of the investments, totaling \$54.1 billion were LIHTCs, which are considered complex. Refer to bankwide conclusions for additional detail.

SERVICE TEST

Service Test performance in the AA is adequate.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's Puget Sound AA. As demonstrated in the below table, HB's branch distribution in LMI areas compares favorably to demographic indicators.

Branch and ATM Distribution by Geography Income Level – Puget Sound AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	42	4.2	197,414	4.3	3	8.6	3	9.7
Moderate	216	21.4	1,004,199	21.9	9	25.7	8	25.8
Middle	439	43.5	1,984,292	43.2	13	37.1	13	41.9
Upper	293	29.0	1,361,484	29.6	10	28.6	7	22.6
NA	20	2.0	48,272	1.1	-	-	-	-
Total	1,010	100.0	4,595,661	100.0	35	100.0	31	100.0
<i>Source: 2020 U.S. Census Data; Bank Data</i>								

HB's branch distribution in low-income tracts compares favorably to the 6.1 percent of branches operated by other institutions in the same CTs. HB's distribution in moderate-income areas is in line with the 25.2 percent of branches operated by other institutions within the same CTs.

Alternative delivery systems are discussed under bankwide conclusions.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing of branches in the Puget Sound AA has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. During the evaluation period, HB closed eight branches in the Puget Sound AA: two in low-income CTs, one in a moderate-income CT, four

in middle-income CTs, and one in an upper-income CT. While three branches in LMI tracts closed during the evaluation period, HB operates existing branches in close proximity to the closed branches. Therefore, the closures did not significantly affect the accessibility of delivery systems in those areas.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and individuals. Products and services offered in the Puget Sound AA are consistent with the institution overall, and banking hours do not differ throughout the AA. Drive-up service is available at 29 branch locations. Refer to bankwide conclusions for additional detail.

Community Development Services

The institution provides an adequate level of CD services in the Puget Sound AA. CD service activity decreased somewhat from the previous evaluation, where the bank had provided 1,642 hours of CD services. However, as previously discussed, the decline is primarily attributable to the limitations presented by the COVID-19 pandemic. Additionally, the institution's level of services is generally in line with that of similarly-situated institutions and the majority of hours targeted community service initiatives, an identified AA CD need.

Community Development Services in Puget Sound AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (Partial)	-	134	-	-	134
2021	60	142	12	473	687
2022	40	356	35	-	431
YTD 2023	-	13	-	-	13
Total	100	645	47	473	1,265
<i>Source: Bank Data</i>					

The following are notable examples of CD services benefitting the AA.

- In 2021, an HB employee provided 60 hours of CD service as a Board member for an organization that gives emergency food assistance to homeless individuals in the AA.
- In 2022, an HB officer provided 120 hours serving on the Board of a community services organization that facilitates basic services for disadvantaged LMI individuals in the AA.
- In 2021, an HB officer provided 46 hours serving on the Board of a non-profit organization in the AA that combats homelessness through providing shelter, meals, support networks, and other services to LMI individuals.

WA NON-MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN WA NON-MSA AA

The WA Non-MSA AA consists of Kittitas County, in central Washington, and San Juan County, in northern coastal Washington. While not contiguous, performance between the counties was generally consistent; therefore, they are presented together. No changes have been made to the AA since the previous evaluation.

Economic and Demographic Data

As of the 2010 U.S. Census data, the AA contained one moderate-, eight middle-, and three-upper-income CTs, as well one CT with no income designation. Due to population growth and updates to CT designations, the AA now consists of 1 moderate-, 9 middle-, and 11 upper-income CTs, as well as 2 CTs without an income designation. Five of the middle-income CTs, all located in San Juan County, are designated as underserved by the FFIEC. The below table summarizes key demographics of the AA.

Demographic Information of the Assessment Area						
Assessment Area: WA Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	23	0.0	4.3	39.1	47.8	8.7
Population by Geography	62,125	0.0	2.2	49.2	46.7	1.9
Housing Units by Geography	38,478	0.0	2.3	47.6	48.4	1.7
Owner-Occupied Units by Geography	17,755	0.0	2.6	45.5	49.3	2.5
Occupied Rental Units by Geography	9,866	0.0	3.5	59.5	35.4	1.6
Vacant Units by Geography	10,857	0.0	0.7	40.2	58.8	0.3
Businesses by Geography	9,454	0.0	5.0	54.1	39.8	1.0
Farms by Geography	625	0.0	1.3	45.6	52.3	0.8
Family Distribution by Income Level	15,950	14.8	15.3	21.2	48.8	0.0
Household Distribution by Income Level	27,621	22.4	15.1	16.8	45.8	0.0
Median Family Income Non-MSAs - WA		\$70,452	Median Housing Value			\$401,803
			Median Gross Rent			\$1,092
			Families Below Poverty Level			7.4%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

The above D&B demographics demonstrate that housing affordability is low, yet a relatively large percentage, 28.2 percent, of housing units in the AA are vacant. This may be due to the less active migration flows of the areas, particularly San Juan County.

The following table lists the unemployment rates for Kittitas and San Juan Counties alongside the state and national averages during the evaluation period.

Unemployment Rates in WA Non-MSA AA			
Area	2020	2021	2022
	%	%	%
Kittitas	8.9	6.5	5.8
San Juan	8.0	5.1	3.9
State	8.5	5.2	4.2
National Average	8.1	5.3	3.6
<i>Source: Bureau of Labor Statistics</i>			

Kittitas County

The county seat and largest city is Ellensburg, which contains Central Washington University. As such, the student population is a key driver of the local economy. According to U.S. Census data compiled by DataUSA, the top employment industries in Kittitas County are educational services, accommodation and food services, and health care and social assistance. While unemployment in the county has exceeded the state and national rates throughout the review period, the rate has trended downwards each year indicating stabilization.

San Juan County

San Juan County is comprised primarily of the San Juan Islands with limited access. The local population relies on the state ferry system for travel. According to U.S. Census data compiled by DataUSA, the top employment industries in San Juan County are construction, accommodation and food services, and retail trade. The county unemployment rate trended in-line with the national average throughout the review period while consistently holding under the state average.

Competition

As of the June 30, 2022, Deposit Market Share Report, HB ranked 9th out of 12 FDIC-insured institutions competing in the AA, with 4.9 percent of the deposit market share. According to the same data, HB operates 2 of the only 21 branches located in the AA. Although some large, national banks are present in the AA, regional and local institutions own the majority of the deposit market share.

Community Contact

Examiners contacted a local housing organization that provides housing services and education for LMI individuals and seniors in Kittitas County. The contact relayed how challenging finding housing for LMI borrowers can be when a large portion of available housing goes to the student population. In addition, the contact detailed how the limited supply of housing, especially affordable housing, in the market continues to present difficulties. Furthermore, the contact stated that a large need in the area is to increase the supply of affordable housing through LIHTC projects.

Credit and Community Development Needs and Opportunities

Considering the community contact information, key economic and demographic figures, and market share reports, examiners determined that affordable housing continues to be the primary credit need for the WA Non-MSA AA. In addition, the community contact conveyed the need for more LIHTC projects.

CONCLUSIONS ON PERFORMANCE CRITERIA IN WA NON-MSA AA

LENDING TEST

Lending Test performance in the AA is adequate.

Lending Activity

HB's lending levels reflect adequate responsiveness to the AA credit needs, taking into account the number and amount of small business and home mortgage loans. During the evaluation period, HB originated 188 small business loans totaling \$19.8 million and 43 home mortgage loans totaling \$17.1 million within the WA Non-MSA AA. The institution originated a notable increase in small business lending and a marginal increase in home mortgage lending since the prior evaluation where HB originated 95 small business loans totaling \$14.1 million and 31 home mortgage loans totaling \$11.2 million. As previously discussed, small business lending increased due to PPP lending while home mortgage lending increased due to the HMDA requirement that HB begin reporting open-end credit as of 2022.

HB ranks 11th out of 63 commercial lenders within the AA, retaining 3.2 and 8.1 percent of the small business market share by number and dollar, respectively, in 2021. According to aggregate data for home mortgage lending in 2021, HB ranks 71st out of 300 home mortgage lenders retaining 0.2 percent of the market share by both number and dollar volume.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the WA Non-MSA AA. Adequate performance in both small business and home mortgage lending supports this conclusion. With no low-income CTs in the AA, conclusions derive from the institution's performance in moderate-income CTs.

Small Business

Geographic Distribution of Small Business Loans						
Assessment Area: WA Non-MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2020	9.6	10.6	12	11.5	2,243	22.6
2021	9.6	9.4	7	10.3	341	4.8
2022	5.0	--	0	0.0	0	0.0
Middle						
2020	65.4	67.2	55	52.9	4,971	50.1
2021	65.5	67.9	38	55.9	4,604	64.2
2022	54.1	--	7	43.8	2,114	78.7
Upper						
2020	25.0	22.2	37	35.6	2,704	27.3
2021	24.9	22.7	23	33.8	2,227	31.1
2022	39.8	--	9	56.2	573	21.3
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	1.0	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	104	100.0	9,918	100.0
2021	100.0	100.0	68	100.0	7,172	100.0
2022	100.0	--	16	100.0	2,687	100.0
Source: 2020, 2021, & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

The geographic distribution of small business loans reflects adequate penetration throughout the WA Non-MSA AA. Penetration to moderate-income geographies was generally in line with aggregate and demographic indicators in both 2020 and 2021. The bank did not make any small business loans to moderate-income geographies in 2022; however, the origination volume in 2022 was significantly below prior years and this year carries less weight due to the unavailability of aggregate data for the year. Therefore, overall performance is adequate.

Home Mortgage

Although HB did not originate any home mortgage loans in LMI CTs in the AA during the review period, the total volume of home mortgage lending in 2020 and 2021 was insufficient to draw meaningful conclusions and aggregate data is not yet available for 2022. See the table on the following page.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: WA Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2020	1.9	1.7	0	0.0	0	0.0
2021	1.9	1.7	0	0.0	0	0.0
2022	2.6	--	0	0.0	0	0.0
Middle						
2020	66.9	70.4	5	38.5	1,600	32.8
2021	66.9	70.6	7	77.8	2,852	57.3
2022	45.5	--	7	33.3	2,722	37.3
Upper						
2020	31.3	27.9	8	61.5	3,273	67.2
2021	31.3	27.7	2	22.2	2,124	42.7
2022	49.3	--	13	61.9	4,512	61.8
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	2.5	--	1	4.8	65	0.9
Totals						
2020	100.0	100.0	13	100.0	4,873	100.0
2021	100.0	100.0	9	100.0	4,976	100.0
2022	100.0	--	21	100.0	7,299	100.0
Source: 2015 ACS & 2020 U.S. Census; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business customers of different sizes and retail customers of different income levels. This conclusion is supported by good small business and adequate home mortgage lending performance.

Small Business

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: WA Non-MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	91.1	35.7	12	11.5	1,848	18.6
2021	90.9	48.0	9	13.2	2,399	33.5
2022	92.8	--	10	62.5	2,145	79.8
>\$1,000,000						
2020	2.6	--	12	11.5	2,837	28.6
2021	2.5	--	6	8.8	1,020	14.2
2022	1.9	--	6	37.5	542	20.2
Revenue Not Available						
2020	6.3	--	80	76.9	5,233	52.8
2021	6.7	--	53	77.9	3,753	52.3
2022	5.3	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	104	100.0	9,918	100.0
2021	100.0	100.0	68	100.0	7,172	100.0
2022	100.0	--	16	100.0	2,687	100.0
Source: 2020 – 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

HB's ratio of loans made to small businesses appears to compare unfavorably to demographic and peer indicators; however, the institution's lending percentage is skewed by the high number of loans for which income information was not available. The significant majority of these 'Revenue NA' loans are PPP loans. Calculation of an adjusted ratio of loans made to businesses with GARs of \$1 million or less in 2020 and 2021 was 50.0 percent and 60.0 percent, respectively. Further, the PPP was specifically meant to assist smaller businesses with payroll costs during the COVID-19 pandemic and these loans were particularly impactful to the AA; this provides positive qualitative consideration to the conclusions.

Lending to small businesses in 2022 is below demographic indicators; however, this year contributes less weight to conclusions as aggregate data, which would be a better indicator of actual opportunity for lending to small businesses, is not yet available. Further, demographic data includes very small businesses and start-ups, which may not be credit-seeking or credit-worthy; as such, actual opportunity for lending to small businesses in the AA is likely well below demographic indicators. Considering all factors, overall performance is good.

Home Mortgage

Although HB originated only one home mortgage loan to LMI borrowers in the AA during the review period, the total volume of home mortgage lending in 2020 and 2021 was insufficient to draw meaningful conclusions and aggregate data is not yet available for 2022. See the following table.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: WA Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	16.9	1.5	0	0.0	0	0.0
2021	16.9	1.4	0	0.0	0	0.0
2022	14.8	--	0	0.0	0	0.0
Moderate						
2020	14.9	6.6	1	7.7	127	2.6
2021	14.9	6.2	0	0.0	0	0.0
2022	15.3	--	0	0.0	0	0.0
Middle						
2020	22.0	14.9	2	15.4	500	10.3
2021	22.0	15.5	2	22.2	1,125	22.6
2022	21.2	--	4	19.0	1,041	14.3
Upper						
2020	46.1	67.1	9	69.2	3,853	79.1
2021	46.1	65.6	6	66.7	3,653	73.4
2022	48.8	--	11	52.4	1,891	25.9
Not Available						
2020	0.0	10.0	1	7.7	394	8.1
2021	0.0	11.3	1	11.1	198	4.0
2022	0.0	--	6	28.6	4,367	59.8
Totals						
2020	100.0	100.0	13	100.0	4,873	100.0
2021	100.0	100.0	9	100.0	4,976	100.0
2022	100.0	--	21	100.0	7,299	100.0
Source: 2015 ACS & 2020 U.S. Census; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Community Development Loans

HB did not originate any CD loans in the AA during the review period. This performance is unchanged from that at the previous examination, where HB also did not originate any CD loans to the AA. Despite the institution's minimal operations in the AA, this performance is poor.

INVESTMENT TEST

Investment Test performance is poor.

Investment and Grant Activity

HB has a poor level of qualified CD investments and grants, particularly those not routinely provided by private investors. In 2021, the institution made one donation totaling \$10,000 to an organization that builds affordable homes for LMI first-time homebuyers in the AA. This level represents a marginal increase in investment and grant activity specifically directed to the AA compared with the prior evaluation, in which activity included only two donations totaling \$5,000. Despite the institution's limited operations in the AA, this performance is poor.

Responsiveness to Credit and Community Development Needs

HB exhibits poor responsiveness to credit and CD needs. While all direct activity benefited affordable housing initiatives, which demonstrates a degree of responsiveness, the overall activity level in the AA is too low to be considered responsive to overall AA needs.

Community Development Initiatives

HB does not use innovative and/or complex investments to support CD initiatives in the AA.

SERVICE TEST

Service Test performance is poor.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution's WA Non-MSA AA. HB operates two full-service branches in the AA, both of which are located in middle-income CTs. However, the AA does not contain any low-income CTs and branching opportunities in the only moderate-income tract of the AA is limited, as evidenced by the relatively low 2.2 percent of population living in this tract and 9.5 percent of branch penetration to this area achieved by peer branching structures.

Alternative delivery systems are discussed under bankwide conclusions.

Changes in Branch Locations

During the evaluation period, HB did not open or close any branches in the AA; therefore, this criterion did not impact AA-level conclusions.

Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Performance in the AA is consistent with the discussion at the institution level; refer to overall conclusions for detail.

Community Development Services

The institution did not provide any CD services in the AA during the review period. This performance is similar to that at the prior evaluation, where only five hours of service targeted the AA. Despite the impact of COVID-19 and PPP lending on CD service hour volume, as discussed under the bankwide section, this performance is poor.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

The following table summarizes performance in each limited-scope AA as compared to the performance in the Puget Sound AA and WA Non-MSA AA in which full-scope procedures were conducted. Examiners drew conclusions regarding the institution's CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. The conclusions from areas reviewed using limited-scope procedures did not impact or alter the bank's overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
Bellingham MSA	Consistent	Above	Above
Yakima MSA	Consistent	Above	Consistent
Longview MSA	Consistent	Below	Above

The following facts and data support the conclusions for each limited-scope AA. Also included are details regarding the number and dollar volume of home mortgage, small business loans, and CD loans originated during the review period; qualified investments (new and prior period) and donations during the review period; and CD services for the review period. Service hours for all limited scope AAs are consistent with Washington overall, and products, services, and alternative delivery systems are discussed at the institution level. Additional information is in the Limited-Scope Assessment Areas Appendices.

Bellingham MSA

HB operates two full-service branches in the AA: one in a low-income CT and one in a moderate-income CT. Branch locations did not change in the AA during the review period.

Activity	#	\$
Small Business Loans	475	64,445
Home Mortgage Loans	227	115,548
Community Development Loans	3	16,750
Investments (New)	1	17,288
Investments (Prior Period)	1	416
Donations	6	14,050
CD Services	39	-
<i>Source: Bank Data</i>		

Yakima MSA

HB operates three full-service branches in the AA: one in a low-income CT and two in middle-income CTs. The institution closed one branch located in a moderate-income CT in the Yakima MSA during the review period.

Activity	#	\$
Small Business Loans	514	70,965
Home Mortgage Loans	48	13,006
Community Development Loans	3	27,100
Investments (New)	1	18,035
Investments (Prior Period)	1	810
Donations	2	10,000
CD Services	32	-
<i>Source: Bank Data</i>		

Longview MSA

HB operates one full-service branch in the AA located in a middle-income CT. The institution closed one branch located in a moderate-income CT in the Longview MSA during the review period.

Activity	#	\$
Small Business Loans	182	28,535
Home Mortgage Loans	28	6,960
Community Development Loans	4	1,212
Investments (New)	-	-
Investments (Prior Period)	-	-
Donations	3	5,300
CD Services	123	-
<i>Source: Bank Data</i>		

Geographic Distribution and Borrower Profile

Geographic distribution and borrower profile tables are included as an appendix to this evaluation.

PORTLAND-VANCOUVER-HILLSBORO MULTISTATE MSA

CRA RATING FOR PVH: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN PVH MSA

The PVH MSA is located in and around the Portland, Oregon area and is comprised of Multnomah and Washington Counties in Oregon and Clark County in Washington. Yamhill County was also included in the AA until January 2021, when HB closed the sole branch maintained in the county; thus, Yamhill County is excluded from the PVH analysis after 2020.

Economic and Demographic Data

As of the 2010 U.S. Census data, the PVH MSA contained 10 low-, 97 moderate-, 169 middle-, and 101 upper-income CTs, as well as 2 CTs with no income designation. Due to population growth and updates to CT designations, the AA now consists of 11 low-, 108 moderate-, 195 middle-, and 129 upper-income CTs as well as 3 CTs without designation. The table on the following page provides additional demographic information.

Demographic Information of the Assessment Area						
Assessment Area: PVH MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	446	2.5	24.2	43.7	28.9	0.7
Population by Geography	1,919,111	2.5	25.3	44.5	27.5	0.2
Housing Units by Geography	772,084	2.5	24.5	44.6	28.1	0.3
Owner-Occupied Units by Geography	438,504	1.4	19.9	46.2	32.3	0.1
Occupied Rental Units by Geography	297,863	4.0	31.5	42.2	21.8	0.5
Vacant Units by Geography	35,717	3.1	22.4	45.3	28.8	0.4
Businesses by Geography	275,773	2.0	22.8	41.1	33.1	1.0
Farms by Geography	5,701	1.7	19.0	48.0	31.0	0.4
Family Distribution by Income Level	452,611	20.6	18.3	20.9	40.1	0.0
Household Distribution by Income Level	736,367	23.3	16.7	18.2	41.8	0.0
Median Family Income MSA - 38900 Portland-Vancouver-Hillsboro, OR- WA MSA		\$94,727	Median Housing Value			\$413,666
			Median Gross Rent			\$1,367
			Families Below Poverty Level			6.7%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to Moody's Analytics, the PVH MSA continued its economic growth in rebounding post pandemic. However, the AA presents a high cost of living and a lack of housing affordability to accompany its growth. High tech, logistics, and manufacturing are the primary drivers of the local economy. The largest employers in the AA are Intel Corp., Providence Health Systems, Oregon Health & Science University, and Nike Inc. Unemployment levels in the AA trail behind the state and national averages but have shown improvement each year of the review period, as demonstrated in the following table.

Unemployment Rates in PVH MSA			
Area	2020	2021	2022
	%	%	%
PVH MSA	8.9	6.5	5.8
Oregon	7.6	5.2	4.2
Washington	8.5	5.2	4.2
National Average	8.1	5.3	3.6
Source: Bureau of Labor Statistics			

Competition

According to the June 30, 2022 Deposit Market Share Report, HB ranked 11th out of 26 FDIC-insured institutions competing in the AA, with 1.1 percent of the deposit market share. According to the same data, the top five institutions consist of large, national banks that account for 75.8 percent of the deposit market share. In addition, HB operates 26 out of the 305 total branches operated by all institutions in the AA. As a result of these factors, competition for deposits in the AA appears highly competitive.

Community Contact

Examiners contacted a local economic development CDFI that provides small businesses with funding, education, and support services in the PVH MSA. The contact detailed how tech firms moving to Portland created growth for not only the tech sector but also for small businesses in supporting industries, such as the food and beverage industry. The contact further expanded that the growth has created upwards pressure on prices in the AA. Additionally, the contact stated that banks in the area could do better at supporting small businesses in the AA through providing capital funding, training, and general resources. The contact hopes that banks can support CDFIs in the AA even if they are not lending to a small business through referring customers, assisting with underwriting, or hosting events.

Credit and Community Development Needs and Opportunities

Considering the community contact information, key economic and demographic figures, and market share reports, examiners determined that affordable housing continues to be a primary credit need along with services, resources, and funding for small businesses in the PVH MSA. In addition, the community contact conveyed the need for more small business services and interaction with CDFIs.

SCOPE OF EVALUATION – PVH MSA

The scope of evaluation in the PVH MSA is consistent with the overall Scope of Evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PVH MSA

LENDING TEST

Lending Test performance is good.

Lending Activity

HB's lending levels reflect good responsiveness to the AA credit needs. During the evaluation period, HB originated 1,311 small business loans totaling \$293.2 million and 150 home mortgage loans totaling \$136.4 million within the PVH MSA. The institution originated a notable increase in small business lending and a marginal increase in home mortgage lending since the prior evaluation where

HB originated 309 small business loans totaling \$98.7 million and 105 home mortgage loans totaling \$33.8 million. As previously discussed, small business lending increased due to PPP lending and home mortgage lending increased due to the HMDA requirement that HB begin reporting open-end credit as of 2022.

HB ranks 18th out of 183 commercial lenders within the AA, retaining 0.9 and 4.8 percent of the small business market share by number and dollar, respectively, in 2021. According to aggregate data for home mortgage lending in 2021, HB ranks 226th out of 652 home mortgage lenders retaining less than 0.1 percent of the market share by both number and 0.1 percent by dollar volume.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the PVH MSA. Good performance in small business lending primarily support this conclusion along with adequate performance in home mortgage lending.

Small Business

Geographic Distribution of Small Business Loans						
Assessment Area: PVH MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.9	3.3	57	7.7	11,438	8.1
2021	2.9	3.1	37	7.8	9,272	8.4
2022	2.0	--	8	8.0	3,061	7.4
Moderate						
2020	23.7	23.8	194	26.3	35,189	24.8
2021	23.6	23.5	104	21.9	28,421	25.9
2022	22.8	--	13	13.0	6,063	14.6
Middle						
2020	40.5	40.0	292	39.6	56,168	39.6
2021	40.1	41.4	187	39.5	39,326	35.8
2022	41.1	--	52	52.0	22,370	53.8
Upper						
2020	30.2	30.4	170	23.1	34,161	24.1
2021	30.7	30.0	131	27.6	30,827	28.0
2022	33.1	--	25	25.0	8,761	21.1
Not Available						
2020	2.7	2.6	24	3.3	4,762	3.4
2021	2.7	2.0	15	3.2	2,080	1.9
2022	1.0	--	2	2.0	1,350	3.2
Totals						
2020	100.0	100.0	737	100.0	141,718	100.0
2021	100.0	100.0	474	100.0	109,926	100.0
2022	100.0	--	100	100.0	41,605	100.0
Source: 2020, 2021, & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

In 2020 and 2021, the institution's small business lending in low-income CTs was more than double both aggregate and demographic data indicators. In 2022, performance was above demographics.

In 2020, the institution's lending in moderate-income CTs was slightly above peer and demographics. Lending declined marginally in 2021, coming in line with aggregate and demographic data. In 2022, the bank was below the demographic indicator. Overall, this performance is good.

Home Mortgage

Geographic Distribution of Home Mortgage Loans						
Assessment Area: PVH MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	0.9	0.8	0	0.0	0	0.0
2021	1.0	0.9	1	3.4	22,500	45.9
2022	1.4	--	0	0.0	0	0.0
Moderate						
2020	20.9	19.6	8	13.3	6,788	24.7
2021	20.7	20.7	6	20.7	6,719	13.7
2022	19.9	--	11	18.0	24,013	40.0
Middle						
2020	47.9	47.9	36	60.0	13,939	50.8
2021	47.6	47.5	15	51.7	16,873	34.4
2022	46.2	--	27	44.3	11,506	19.2
Upper						
2020	30.2	31.7	16	26.7	6,701	24.4
2021	30.6	30.9	7	24.1	2,952	6.0
2022	32.3	--	21	34.4	23,749	39.6
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.1	--	2	3.3	700	1.2
Totals						
2020	100.0	100.0	60	100.0	27,428	100.0
2021	100.0	100.0	29	100.0	49,044	100.0
2022	100.0	--	61	100.0	59,968	100.0
Source: 2015 ACS & 2020 U.S. Census; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

HB only made one home mortgage loan in a low-income tract in the AA during the review period. However, opportunity for lending to these CTs was very low, as indicated by demographic and aggregate data of approximately one percent in both 2020 and 2021.

In 2020, home mortgage lending in moderate-income CTs was below aggregate. However, in 2021, home mortgage lending improved, matching the aggregate performance and the percentage of owner-occupied housing units. In 2022, HB's lending only marginally trailed the percentage of

owner-occupied housing units. Although performance varied throughout the review period, HB's overall home mortgage distribution reflects adequate penetration.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among business customers of different sizes and poor penetration to retail customers of different income levels.

Small Business

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: PVH MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	89.8	43.6	37	5.0	8,218	5.8
2021	90.6	50.2	30	6.3	8,105	7.4
2022	91.9	--	28	28.0	12,983	31.2
>\$1,000,000						
2020	3.5	--	125	17.0	45,078	31.8
2021	3.1	--	155	32.7	56,245	51.2
2022	2.6	--	72	72.0	28,622	68.8
Revenue Not Available						
2020	6.7	--	575	78.0	88,422	62.4
2021	6.3	--	289	61.0	45,576	41.5
2022	5.5	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	737	100.0	141,718	100.0
2021	100.0	100.0	474	100.0	109,926	100.0
2022	100.0	--	100	100.0	41,605	100.0
<i>Source: 2020 – 2022 D&B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

HB's ratio of loans made to small businesses appears to compare unfavorably to demographic and peer indicators in both 2020 and 2021; however, the institution's lending percentage is skewed by the high number of loans for which income information was not available, the significant majority of which are PPP loans. Calculation of an adjusted ratio of loans made to businesses with GARs of \$1 million or less in 2020 and 2021 was 22.8 percent and 16.2 percent, respectively. While this is still well below aggregate, the PPP was specifically meant to assist smaller businesses with payroll costs during the COVID-19 pandemic and these loans were particularly impactful to the AA, and the bank's participation in the program receives very favorable consideration.

Lending to small businesses in 2022 is well below demographic indicators; however, this year contributes less weight to conclusions. Further, D&B data includes very small businesses and start-ups, which may not be credit-seeking or credit-worthy. Considering all factors, overall performance is adequate.

Home Mortgage

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: PVH MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	22.0	4.3	1	1.7	77	0.3
2021	21.9	5.7	1	3.4	81	0.2
2022	20.6	--	3	4.9	931	1.6
Moderate						
2020	17.5	16.7	9	15.0	1,956	7.1
2021	17.4	17.8	3	10.3	930	1.9
2022	18.3	--	5	8.2	786	1.3
Middle						
2020	20.1	25.3	10	16.7	2,955	10.8
2021	20.2	24.3	6	20.7	1,607	3.3
2022	20.9	--	7	11.5	1,726	2.9
Upper						
2020	40.4	41.1	22	36.7	9,846	35.9
2021	40.5	38.2	7	24.1	2,721	5.5
2022	40.1	--	24	39.3	13,173	22.0
Not Available						
2020	0.0	12.6	18	30.0	12,594	45.9
2021	0.0	14.0	12	41.4	43,705	89.1
2022	0.0	--	22	36.1	43,351	72.3
Totals						
2020	100.0	100.0	60	100.0	27,428	100.0
2021	100.0	100.0	29	100.0	49,044	100.0
2022	100.0	--	61	100.0	59,968	100.0
Source: 2015 ACS & 2020 U.S. Census; Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

With only one home mortgage loan to low-income borrowers in each of 2020 and 2021, the institution trailed below aggregate performance in the AA in both years. In 2022, although the institution increased to three loans to low-income borrowers, performance still compared

unfavorably against the percentage of families. This performance indicates poor penetration even though the percentage of families includes borrowers that would not qualify for credit.

In 2020, the institution's home mortgage lending to moderate-income families performed similarly to aggregate lending. However, lending penetration to moderate-income families declined in 2021 while aggregate lending improved in that timeframe. In 2022, HB's lending also compared unfavorably to the percentage of moderate-income families. Overall, this performance is poor.

Community Development Loans

HB is a leader in making CD loans in the PVH MSA. Performance represents a substantial increase in dollar volume from the previous evaluation where HB originated 84 CD loans amounting to \$70.2 million. HB also displays excellent responsiveness to the affordable housing needs within the AA, which is a credit need identified by examiners' review of economic and demographic figures.

Community Development Lending in PVH MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	3	5,530	4	3,550	-	-	-	-	7	9,080
2021	4	41,300	6	3,431	-	-	1	1,034	11	45,765
2022	3	15,525	7	4,022	-	-	3	21,358	13	40,905
YTD 2023	-	-	4	2,478	-	-	-	-	4	2,478
Total	10	62,355	21	13,481	-	-	4	22,392	35	98,228
<i>Source: Bank Data</i>										

Notable examples of CD loans in the PVH MSA include the following:

- In 2021, HB originated a \$13.4 million loan for the construction of a 41-unit affordable housing project in the PVH MSA that provides rent at below market rates for LMI renters.
- In 2020, HB originated a \$5.0 million loan to a non-profit organization in the PVH MSA that provides affordable housing programs and services to LMI individuals in need.

INVESTMENT TEST

Investment Test in the PVH MSA is good.

Investment and Grant Activity

The institution has a significant level of qualified CD investments, grants, and donations, particularly those not routinely provided by private investors, often in a leadership position in the PVH MSA. Although investment activity declined from the prior evaluation, when HB's qualified investments and donations totaled \$48.2 million, the institution's performance compares very favorably to similarly-situated institutions over a similar review period.

Qualified Investments in PVH MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	8	12,597	-	-	-	-	-	-	8	12,597
2020 (Partial)	-	-	-	-	-	-	-	-	-	-
2021	1	12,133	-	-	-	-	-	-	1	12,133
2022	1	10,558	-	-	-	-	-	-	1	10,558
YTD 2023	-	-	-	-	-	-	-	-	-	-
Subtotal	10	35,288	-	-	-	-	-	-	10	35,288
Qualified Grants & Donations	2	20	18	112	2	40	1	5	23	177
Total	12	35,308	18	112	2	40	1	5	33	35,465
<i>Source: Bank Data</i>										

The following are notable examples of investments and donations made in the PVH MSA AA.

- In 2021, HB invested in a \$12.1 million LIHTC to construct 41 units of affordable housing for families and individuals.
- In 2022, HB made a \$10.5 million investment that funded 132 units of multifamily housing for LMI persons.
- In 2021, the bank provided a \$20 thousand donation to a community service organization that provides services targeted to LMI persons including free meals, job training programs, academic support, and health and wellness programs.

Responsiveness to Credit and Community Development Needs

HB exhibits good responsiveness to credit and CD needs. The institution's investments targeted affordable housing initiatives illustrates responsiveness to a critical need for additional affordable housing in the AA.

Community Development Initiatives

The institution makes occasional use of innovative and/or complex investments to support CD initiatives. HB's investment in a \$12.1 million LIHTC to provide newly constructed affordable housing units is an example of an instrument that displays a degree of complexity.

SERVICE TEST

Service Test performance in the PVH Multistate is adequate.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the PVH MSA. The following table details HB's distribution of branches and deposit-taking ATMs in the PVH MSA by CT income level.

Branch and ATM Distribution by Geography Income Level – PVH MSA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	11	2.5	48,515	2.5	-	-	-	-
Moderate	108	24.2	485,453	25.3	1	16.7	-	-
Middle	195	43.7	854,029	44.5	1	16.7	-	-
Upper	129	28.9	527,417	27.5	3	50.0	-	-
NA	3	0.7	3,697	0.2	1	16.6	-	-
Total	446	100.0	1,919,111	100.0	6	100.0	-	-
<i>Source: 2020 U.S. Census Data; Bank Data</i>								

Although the bank has no branches in low-income CTs, branching opportunities in low-income CTs are limited as demonstrated by the above population demographics and that only 1.9 percent of all institutions' branches are located in these CTs. HB's one branch in a moderate-income CT compares unfavorably to census and population indicators and is below the 31.0 percent of branches operated by other institutions in the AA according to 2022 peer branch and deposit data. However, the five branches in the AA not located in LMI CTs operate in close proximity to one or more LMI CTs. Therefore, these branches also reasonably serve these LMI geographies.

Alternative delivery systems are discussed under bankwide conclusions.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing of branches in the PVH MSA has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. During the evaluation period, HB closed three branches in the PVH MSA: two in middle-income CTs and one in an upper-income CT.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and individuals. Products and services offered in the PVH MSA are consistent with the institution overall, and banking hours do not differ throughout the AA. Four locations offer drive-up service.

Community Development Services

The institution provides an adequate level of CD services in the PVH MSA. The level of CD activity represents a decrease from the previous evaluation where the institution provided 1,566 hours. As previously discussed, some of the lack of activity can be attributed to the limitations presented by the COVID-19 pandemic. However, the bank's performance is generally in line with similarly-situated institutions.

Community Development Services in PVH MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020 (Partial)	-	11	-	-	11
2021	60	85	-	-	145
2022	299	226	41	-	566
YTD 2023	116	40	-	-	156
Total	475	362	41	-	878
<i>Source: Bank Data</i>					

The following are notable examples of CD services benefitting the AA:

- In 2022 and 2023, an employee provided 242 hours as a Board member of a CD organization that preserves, creates, and acquires affordable housing projects for LMI individuals in the AA.
- In 2022, one HB officer provided 44 hours serving on the Board of a non-profit organization that facilitates basic services and programs to at-risk and vulnerable LMI populations in the AA.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

Heritage Bank	
Scope of Examination: Full scope reviews were performed on the following assessment areas within the noted rated areas: State of Washington: Puget Sound Assessment Area WA Non-MSA Assessment Area Portland-Vancouver-Hillsboro Multi-State MSA Assessment Area	
Time Period Reviewed:	6/30/2020 to 7/5/2023
Products Reviewed: Home Mortgage: 1/1/2020 – 12/31/2022 Small Business: 1/1/2020 – 12/31/2022	

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	Type of Evaluation	Branches Visited	Other Information
Washington:			
Puget Sound AA	Full-scope	None	None
WA Non-MSA AA	Full-scope	None	None
Bellingham MSA	Limited-scope	None	None
Yakima MSA	Limited-scope	None	None
Longview MSA	Limited-scope	None	None
PVH Multistate MSA:	Full-scope	None	None

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
Washington	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
PVH Multistate MSA	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

WASHINGTON

Bellingham MSA

The Bellingham MSA consists of Whatcom County, which is seated in the northwestern portion of Washington State. As of the 2010 U.S. Census data, the Bellingham MSA AA contained 1 low-, 2 moderate-, 25 middle-, and 5 upper-income CTs, as well as one CT with no income designation. Due to population growth and updates to CT designations, the AA now consists of 1 low-, 12 moderate-, 26 middle-, and 14 upper-income CTs. In addition, there is one CT that does not have an income designation within the AA.

Demographic Information of the Assessment Area						
Assessment Area: Bellingham MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	54	1.9	22.2	48.1	25.9	1.9
Population by Geography	226,847	0.9	21.5	52.8	23.0	1.9
Housing Units by Geography	98,000	1.4	20.8	50.2	25.7	2.0
Owner-Occupied Units by Geography	55,361	0.1	14.6	54.9	29.2	1.2
Occupied Rental Units by Geography	33,617	3.6	28.6	47.3	17.0	3.6
Vacant Units by Geography	9,022	0.3	30.4	32.0	36.4	0.9
Businesses by Geography	31,465	5.2	14.5	52.7	25.3	2.3
Farms by Geography	1,331	0.5	10.1	60.2	27.7	1.6
Family Distribution by Income Level	53,699	19.0	18.9	23.2	38.9	0.0
Household Distribution by Income Level	88,978	23.9	15.7	18.7	41.7	0.0
Median Family Income MSA - 13380 Bellingham, WA MSA		\$83,751	Median Housing Value			\$364,713
			Median Gross Rent			\$1,124
			Families Below Poverty Level			7.3%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to the June 30, 2022 Deposit Market Share Report, HB ranks 9th out of 14 FDIC-insured depository institutions holding a 4.1 percent market share with \$241.8 million in deposits. As of the same data, HB operates 2 out of the 49 total branches within the Bellingham MSA.

From the 2021 small business aggregate data, HB ranks 11th out of 71 lenders while holding a 2.9 and 8.1 percent of the small business lending market share by number and dollar volume, respectively. From the 2021 home mortgage aggregate data, HB ranks 32nd out of 361 lenders

while holding 0.6 and 1.0 percent of the home mortgage lending market share by number and dollar volume, respectively.

Yakima MSA

The Yakima MSA consists of Yakima County, which is seated in the southcentral portion of Washington State. As of the 2010 U.S. Census data, the AA contained 13 moderate-, 19 middle-, and 13 upper-income CTs. Due to population growth and updates to CT designations, the AA now consists of 1 low-, 15 moderate-, 22 middle-, and 19 upper-income CTs.

Demographic Information of the Assessment Area						
Assessment Area: Yakima MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	57	1.8	26.3	38.6	33.3	0.0
Population by Geography	256,728	1.0	24.9	36.8	37.2	0.0
Housing Units by Geography	89,354	1.0	23.0	34.9	41.0	0.0
Owner-Occupied Units by Geography	52,222	0.2	16.2	35.5	48.1	0.0
Occupied Rental Units by Geography	31,543	2.5	34.3	34.9	28.3	0.0
Vacant Units by Geography	5,589	0.9	23.2	29.5	46.4	0.0
Businesses by Geography	18,265	6.2	21.5	30.4	41.9	0.0
Farms by Geography	1,517	1.2	14.2	42.3	42.3	0.0
Family Distribution by Income Level	60,339	20.3	18.5	21.6	39.6	0.0
Household Distribution by Income Level	83,765	21.5	17.5	20.1	40.9	0.0
Median Family Income MSA - 49420 Yakima, WA MSA		\$62,783	Median Housing Value			\$190,433
			Median Gross Rent			\$878
			Families Below Poverty Level			12.8%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to the June 30, 2022 Deposit Market Share Report, HB ranks 8th out of 15 FDIC-insured depository institutions holding a 5.6 percent market share with \$265.9 million in deposits. Of the same data, HB operated 3 out of the 43 total branches within the Yakima MSA.

From the 2021 small business aggregate data, HB ranks 8th out of 67 lenders while holding a 5.0 and 12.0 percent of the small business lending market share by number and dollar volume, respectively. From the 2021 home mortgage aggregate data, HB ranks 72nd out of 308 lenders while holding 0.1 and 0.2 percent of the home mortgage lending market share by number and dollar volume, respectively.

Longview MSA

The Longview MSA consists of Cowlitz County, which is seated in the southwestern portion of Washington State. As of the 2010 U.S. Census data, the AA contained 4 low-, 3 moderate-, 12 middle-, and 5 upper-income CTs. Due to population growth and updates to CT designations, the AA now consists of 2 low-, 5 moderate-, 14 middle-, and 8 upper-income CTs. In addition, there is one CT that does not have an income designation within the AA.

Demographic Information of the Assessment Area						
Assessment Area: Longview MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	30	6.7	16.7	46.7	26.7	3.3
Population by Geography	110,730	5.0	19.9	45.1	28.9	1.2
Housing Units by Geography	44,970	4.7	21.0	46.6	26.2	1.4
Owner-Occupied Units by Geography	27,982	2.6	15.0	49.8	32.1	0.5
Occupied Rental Units by Geography	14,372	8.8	33.5	39.5	15.2	3.0
Vacant Units by Geography	2,616	5.4	15.9	51.9	24.5	2.2
Businesses by Geography	8,579	5.9	14.2	51.3	25.3	3.3
Farms by Geography	298	7.4	10.7	54.0	25.5	2.3
Family Distribution by Income Level	28,007	19.5	18.1	22.5	39.9	0.0
Household Distribution by Income Level	42,354	24.7	15.9	18.3	41.1	0.0
Median Family Income MSA - 31020 Longview, WA MSA		\$72,234	Median Housing Value			\$235,088
			Median Gross Rent			\$862
			Families Below Poverty Level			8.8%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to the June 30, 2022 Deposit Market Share Report, HB ranks 3rd out of 7 FDIC-insured depository institutions holding a 17.0 percent market share with \$171.3 million in deposits. Of the same data, HB operated only one out of the nine total branches within the Longview MSA.

From the 2021 small business aggregate data, HB ranks 8th out of 59 lenders while holding a 3.9 and 12.3 percent of the small business lending market share by number and dollar volume, respectively. From the 2021 home mortgage aggregate data, HB ranks 118th out of 303 lenders while holding 0.1 percent of the home mortgage lending market share by both number and dollar volume.

GEOGRAPHIC DISTRIBUTION AND BORROWER PROFILE TABLES-LIMITED SCOPE ASSESSMENT AREAS

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																		2020
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Bellingham MSA	262	33,221	5,548	1.7	0.8	1.5	5.3	6.9	5.3	72.3	73.3	74.7	15.2	12.2	12.9	5.5	6.9	5.5
Longview MSA	106	16,955	1,305	26.9	43.4	26.9	7.9	18.9	11.0	42.2	26.4	42.8	23.0	11.3	19.3	0.0	0.0	0.0
Yakima MSA	281	33,814	3,779	0.0	0.0	0.0	26.7	31.0	28.1	39.7	47.3	40.6	33.5	21.7	31.3	0.0	0.0	0.0
Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																		

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																		2021
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Bellingham MSA	179	22,105	6,187	1.7	1.7	1.3	5.3	5.6	5.7	72.3	74.9	74.2	15.3	10.6	13.8	5.4	7.3	5.0
Longview MSA	61	9,092	1,550	26.6	45.9	23.2	7.8	14.8	9.8	42.7	27.9	45.0	22.9	11.5	22.0	0.0	0.0	0.0
Yakima MSA	200	24,955	3,974	0.0	0.0	0.0	27.0	28.0	25.5	39.4	45.0	41.3	33.6	27.0	33.2	0.0	0.0	0.0
Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																		

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography												2022
Assessment Area:	Total Loans to Small Businesses		Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Bellingham MSA	34	9,119	5.2	2.9	14.5	17.6	52.7	61.8	25.3	11.8	2.3	5.9
Longview MSA	15	2,488	5.9	6.7	14.2	20.0	51.3	33.3	25.3	26.7	3.3	13.3
Yakima MSA	33	12,196	6.2	3.0	21.5	21.2	30.4	42.4	41.9	33.3	0.0	0.0
Source: 2022 D&B Data; 01/01/2022 - 12/31/2022 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%												

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																		2020
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Bellingham MSA	75	26,075	15,292	1.0	2.7	1.0	4.1	5.3	4.2	77.8	74.7	79.6	17.0	16.0	15.0	0.1	1.3	0.1
Longview MSA	6	1,415	8,954	4.3	0.0	5.0	9.0	16.7	9.7	50.3	66.7	53.0	36.3	16.7	32.3	0.0	0.0	0.0
Yakima MSA	15	4,394	9,359	0.0	0.0	0.0	17.6	13.3	10.8	41.2	73.3	38.8	41.3	13.3	50.4	0.0	0.0	0.0
Source: 2015 ACS; 01/01/2020 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																		

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																		2021
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Bellingham MSA	84	51,901	14,900	1.0	1.2	1.2	4.1	4.8	4.5	77.8	73.8	80.3	17.0	20.2	13.9	0.1	0.0	0.2
Longview MSA	6	2,701	8,475	4.3	0.0	5.3	9.0	0.0	10.5	50.3	66.7	51.4	36.3	33.3	32.8	0.0	0.0	0.0
Yakima MSA	14	4,146	9,982	0.0	0.0	0.0	17.6	35.7	12.7	41.2	28.6	40.2	41.3	35.7	47.1	0.0	0.0	0.0
Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																		

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																	2022
Assessment Area:	Total Home Mortgage Loans		Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Bellingham MSA	68	37,572	0.1	0.0	--	14.6	11.8	--	54.9	45.6	--	29.2	39.7	--	1.2	2.9	--
Longview MSA	16	2,844	2.6	0.0	--	15.0	0.0	--	49.8	50.0	--	32.1	50.0	--	0.5	0.0	--
Yakima MSA	19	4,466	0.2	0.0	--	16.2	10.5	--	35.5	21.1	--	48.1	68.4	--	0.0	0.0	--
Source: 2020 U.S. Census; 01/01/2022 - 12/31/2022 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%																	

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2020
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Bellingham MSA	262	33,221	5,548	90.5	10.7	32.9	3.5	13.0	6.0	76.3
Longview MSA	106	16,955	1,305	85.6	0.9	34.4	4.4	17.9	10.0	81.1
Yakima MSA	281	33,814	3,779	84.5	10.0	33.0	4.6	13.2	10.8	76.9
Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%										

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2021
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Bellingham MSA	179	22,105	6,187	90.1	8.4	45.0	3.5	19.6	6.4	72.1
Longview MSA	61	9,092	1,550	85.5	8.2	44.1	4.4	24.6	10.1	67.2
Yakima MSA	200	24,955	3,974	84.1	16.5	51.7	4.6	16.5	11.3	67.0
Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%										

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2022
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Bellingham MSA	34	9,119	--	92.0	50.0	--	2.7	50.0	5.3	0.0
Longview MSA	15	2,488	--	88.2	26.7	--	3.5	73.3	8.3	0.0
Yakima MSA	33	12,196	--	87.0	42.4	--	3.6	54.5	9.4	3.0
Source: 2022 D&B Data; 01/01/2022 - 12/31/2022 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%										

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2020
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Bellingham MSA	75	26,075	15,292	20.8	5.3	4.2	17.1	24.0	16.5	22.5	20.0	25.6	39.6	36.0	40.8	0.0	14.7	12.9
Longview MSA	6	1,415	8,954	20.6	0.0	2.9	18.1	16.7	14.0	21.7	33.3	25.5	39.6	33.3	41.3	0.0	16.7	16.2
Yakima MSA	15	4,394	9,359	20.2	0.0	2.3	18.1	6.7	10.3	20.6	0.0	20.9	41.1	80.0	52.9	0.0	13.3	13.7
Source: 2015 ACS ; 01/01/2020 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																		

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2021
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Bellingham MSA	84	51,901	14,900	20.8	2.4	3.2	17.1	8.3	13.3	22.5	26.2	22.9	39.6	47.6	47.8	0.0	15.5	12.7
Longview MSA	6	2,701	8,475	20.6	0.0	3.6	18.1	0.0	15.9	21.7	16.7	25.7	39.6	50.0	37.1	0.0	33.3	17.7
Yakima MSA	14	4,146	9,982	20.2	0.0	3.0	18.1	0.0	12.7	20.6	21.4	23.2	41.1	64.3	46.1	0.0	14.3	15.0
Source: 2015 ACS ; 01/01/2021 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																		

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																	2022
	Total Home Mortgage Loans		Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area:	#	\$	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Bellingham MSA	68	37,572	19.0	1.5	--	18.9	4.4	--	23.2	17.6	--	38.9	58.8	--	0.0	17.6	--
Longview MSA	16	2,844	19.5	0.0	--	18.1	0.0	--	22.5	25.0	--	39.9	75.0	--	0.0	0.0	--
Yakima MSA	19	4,466	20.3	10.5	--	18.5	10.5	--	21.6	5.3	--	39.6	52.6	--	0.0	21.1	--
Source: 2020 U.S. Census ; 01/01/2022 - 12/31/2022 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%																	

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Heritage Bank Branches as of 4-1-2025

UNINUM	Branch Number	Branch Name	Street Address	City	County	State	Zip	Service Type	Hours	Drive Up (Y-N)	Safe Deposit Boxes (Y-N)	Night Drop (Y-N)	ATM (Y-N)	ATM Takes Deposits (Y-N)	Tract Code	Tract Income	Established	Acquired
57174	120	Allenmore	1722 S Union Avenue	Tacoma	Pierce	WA	98405	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0611.00	Middle	12/8/1997	11/5/2010
245352	150	Anacortes	2202 Commercial Avenue	Anacortes	Skagit	WA	98221	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	9405.00	Middle	3/30/1998	5/1/2014
61976	140	Auburn North	1001 D Street NE	Auburn	King	WA	98002	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	N		0305.01	Low	1/11/1999	7/15/2013
432602	180	Bellevue Commercial Banking Center	10500 NE 8th Street	Bellevue	King	WA	98004	Full Service - Brick and Mortar	9am-5pm M-F	N	N	N	N		0238.05	Upper	4/11/2005	1/16/2018
245351	149	Bellingham	265 York Street	Bellingham	Whatcom	WA	98225	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0006.00	Low	3/3/1997	5/1/2014
654914	191	Boise	250 S 5th Street	Boise	Ada	ID	83702	Full Service - Brick and Mortar	By Appt. Only	N	N	N	N		0001.02	Upper	1/10/2023	
245350	148	Burlington	1800 S Burlington Blvd	Burlington	Skagit	WA	98233	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	9518.00	Middle	1/19/1994	5/1/2014
245346	145	Camano Island	165 E McElroy Drive	Camano Island	Island	WA	98282	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	9715.00	Upper	12/1/1975	5/1/2014
252509	138	Canyon Road	12803 Canyon Road E	Puyallup	Pierce	WA	98373	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0713.10	Upper	10/2/1995	7/15/2013
12318	142	Coupeville	401 N Main	Coupeville	Island	WA	98239	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	9710.00	Upper	7/1/1961	5/1/2014
663389	194	Eugene	3011 N Delta Highway	Eugene	Lane	OR	97408	Full Service - Brick and Mortar	9am-5pm M-F	N	N	N	N		0022.01	Upper	3/4/2024	
655180	192	Everett	2831 Colby Ave	Everett	Snohomish	WA	98201	Full Service - Brick and Mortar	9am-5pm M-F	N	Y	Y	Y	Y	0408.00	Middle	2/13/2023	
47809	110	Federal Way	32303 Pacific Highway S	Federal Way	King	WA	98003	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	N		0303.14	Low	10/1/1992	6/1/2006
245356	152	Freeland	5590 S Harbor Avenue	Freeland	Island	WA	98249	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	9718.00	Upper	10/1/1998	5/1/2014
433916	157	Friday Harbor	535 Market Street	Friday Harbor	San Juan	WA	98250	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	9604.00	Middle	1/5/2005	5/1/2014
521981	123	Gig Harbor	5119 Olympic Drive	Gig Harbor	Pierce	WA	98335	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	N		0724.08	Upper	2/17/2011	
41846	0	Heritage Bank (Main Office)	201 5th Avenue SW	Olympia	Thurston	WA	98501	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0101.00	Middle	1/1/1927	
73837	182	Hillsboro	314 E Main Street	Hillsboro	Washington	OR	97123	Full Service - Brick and Mortar	9am-5pm M-F	Y	N	Y	N		0326.04	Middle	4/12/1999	7/2/2018
361529	124	Kent	415 W James Street	Kent	King	WA	98032	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0292.03	Moderate	4/16/2001	5/27/2011
272318	2	Lacey	4400 Pacific Avenue SE	Lacey	Thurston	WA	98503	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0112.00	Moderate	1/1/1927	
272323	103	Lakewood	10318 Gravelly Lake Drive SW	Lakewood	Pierce	WA	98499	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0719.02	Upper	1/16/1996	
245349	147	Langley	105 1st Street	Langley	Island	WA	98260	Full Service - Brick and Mortar	9am-5pm M-F	N	Y	Y	Y	Y	9720.00	Upper	2/22/1993	5/1/2014
594813	187	Lloyd	1201 NE Lloyd Boulevard	Portland	Multnomah	OR	97232	Full Service - Brick and Mortar	9am-5pm M-F	N	N	N	N		0024.02	Upper	2/5/2018	7/2/2018
15798	111	Longview	927 Commerce Avenue	Longview	Cowlitz	WA	98632	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0021.00	Middle	5/1/1978	7/30/2010
252992	164	Lynnwood	19510 58th Avenue W	Lynnwood	Snohomish	WA	98036	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0517.01	Moderate	2/4/1980	5/1/2014
419398	169	Marysville	1031 State Avenue	Marysville	Snohomish	WA	98270	Full Service - Brick and Mortar	9am-5pm M-F	Y	N	Y	Y	Y	0529.03	Low	7/1/2002	5/1/2014
252998	167	Mill Creek	1504 132nd Street SE	Mill Creek	Snohomish	WA	98012	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0417.04	Middle	11/4/1991	5/1/2014

Heritage Bank Branches as of 4-1-2025

UNINUM	Branch Number	Branch Name	Street Address	City	County	State	Zip	Service Type	Hours	Drive Up (Y-N)	Safe Deposit Boxes (Y-N)	Night Drop (Y-N)	ATM (Y-N)	ATM Takes Deposits (Y-N)	Tract Code	Tract Income	Established	Acquired
442531	108	Mobile Branch	201 5th Avenue SW	Olympia	Thurston	WA	98501	Limited Service - Mobile/Seasonal	9am-5pm M-F	Y	Y	Y	Y	Y	0101.00	Middle	8/1/2005	
357005	154	Mount Vernon	1700 Urban Avenue	Mount Vernon	Skagit	WA	98273	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	9522.00	Moderate	1/24/2000	5/1/2014
252999	168	Mukilteo	11832 Mukilteo Speedway	Mukilteo	Snohomish	WA	98275	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0420.06	Moderate	4/6/1992	5/1/2014
456861	159	Northwest Avenue - Bellingham	920 W Bakerview Road	Bellingham	Whatcom	WA	98226	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0002.03	Moderate	10/23/2006	5/1/2014
245344	143	Oak Harbor	450 SW Bayshore Drive	Oak Harbor	Island	WA	98277	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	9707.00	Middle	2/26/1968	5/1/2014
55113	116	Portland	1000 SW Broadway	Portland	Multnomah	OR	97205	Full Service - Brick and Mortar	9am-5pm M-F	N	Y	N	N		0106.02	Upper	9/23/1994	7/30/2010
14683	133	Puyallup East Main	1307 E Main Avenue	Puyallup	Pierce	WA	98372	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0734.06	Upper	10/1/1973	7/15/2013
521570	121	Puyallup South Hill	4627 S Meridian	Puyallup	Pierce	WA	98373	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0712.11	Middle	9/9/2010	
570716	178	Seattle	1420 5th Avenue	Seattle	King	WA	98101	Full Service - Brick and Mortar	9am-5pm M-F	N	N	Y	N		0082.00	Upper	8/3/2015	
272317	1	Shelton	301 E Wallace Kneeland Blvd	Shelton	Mason	WA	98584	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	9606.00	Middle	1/1/1927	
11452	162	Shoreline	20333 Ballinger Way NE	Shoreline	King	WA	98155	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0204.01	Middle	7/9/1955	5/1/2014
492447	160	Smokey Point - Arlington	4220 172nd Street NE	Arlington	Snohomish	WA	98223	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0528.03	Middle	1/5/2009	5/1/2014
419852	155	Stanwood	26317 72nd Avenue NW	Stanwood	Snohomish	WA	98292	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0533.01	Moderate	8/5/2002	5/1/2014
450624	109	Sumner	1005 Wood Avenue	Sumner	Pierce	WA	98390	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0733.01	Middle	2/15/2006	
272324	104	Tacoma Downtown	909 A Street	Tacoma	Pierce	WA	98402	Full Service - Brick and Mortar	9am-5pm M-F	N	N	N	N		0616.01	Moderate	4/21/1997	
603999	189	Tacoma Mall Blvd	5801 Tacoma Mall Blvd	Tacoma	Pierce	WA	98409	Full Service - Brick and Mortar	9am-5pm M-F	Y	N	Y	N		0630.00	Moderate	8/27/2018	
365499	184	Tanasbourne	9515 NE Windsor Street	Beaverton	Washington	OR	97006	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	N		0316.26	Moderate	9/30/2002	7/2/2018
662240	193	Tigard	10300 SW Greenburg Road	Portland	Multnomah	OR	97223	Full Service - Brick and Mortar	9am-5pm M-F	N	N	Y	N		0309.00	Moderate	1/29/2024	12/21/1999
12501	127	Toppenish	537 West 2nd Avenue	Toppenish	Yakima	WA	98948	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	9400.05	Middle	11/1/1962	6/20/2013
272319	3	Tumwater	850 Trosper Road SW	Tumwater	Thurston	WA	98512	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0109.20	Middle	1/1/1927	
245883	129	Union Gap	2205 S First Street	Yakima	Yakima	WA	98903	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0014.00	Middle	3/15/1994	6/20/2013
452965	119	Vancouver	700 Washington Street	Vancouver	Clark	WA	98660	Full Service - Brick and Mortar	9am-5pm M-F	N	N	N	N		0424.00	Unknown	3/1/2006	7/30/2010
272321	101	West Olympia	900 Cooper Point Road SW	Olympia	Thurston	WA	98502	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	Y	Y	0105.10	Moderate	9/8/1994	
245884	130	Yakima Downtown	301 W Yakima Avenue	Yakima	Yakima	WA	98902	Full Service - Brick and Mortar	9am-5pm M-F	Y	Y	Y	N		0001.00	Low	5/20/1996	6/20/2013

2025 Branch Openings and Closings - Last 2 years

UNINUM	Branch Number	Name	Address	City	County	State	Zip	Service Type	MSA	MSA Code	Tract Code	Tract Income	Closed	Opened	Relocation (Y/N)
654914	191	Boise	999 W Main St	Boise	Ada	ID	83702	Full Service	Boise City	14260	0001.02	Upper		1/10/2023	N
252994	165	Everett	5615 Evergreen Way	Everett	Snohomish	WA	98203	Full Service	Seattle-Bellevue-Kent	42644	0411.00	Moderate	2/10/2023		N
655180	192	Everett	2831 Colby Ave	Everett	Snohomish	WA	98201	Full Service	Seattle-Bellevue-Kent	42644	0408.00	Middle		2/13/2023	N
654914	191	Boise	999 W Main St	Boise	Ada	ID	83702	Full Service	Boise City	14260	0001.02	Upper	3/31/2023		Y
654914	191	Boise	250 S 5th St	Boise	Ada	ID	83702	Full Service	Boise City	14260	0001.02	Upper		4/3/2023	Y
452965	119	Vancouver	700 Washington St	Vancouver	Clark	WA	98660	Full Service	Portland-Vancouver-Hillsboro	38900	0424.00	Unknown	5/5/2023		Y
452965	119	Vancouver	700 Washington St	Vancouver	Clark	WA	98660	Full Service	Portland-Vancouver-Hillsboro	38900	0424.00	Unknown		5/8/2023	Y
357091	132	Ellensburg	100 N Main St	Ellensburg	Kittitas	WA	98926	Full Service	Washington State Non-MSA	NA	9756.00	Middle	9/8/2023		N
433589	185	Durham	7632 SW Durham Rd	Tigard	Washington	OR	97224	Full Service	Portland-Vancouver-Hillsboro	38900	0308.06	Upper	1/26/2024		N
662240	193	Tigard	10300 SW Greenburg Rd	Portland	Washington	OR	97223	Full Service	Portland-Vancouver-Hillsboro	38900	0309.00	Moderate		1/29/2024	N
650165	190	Eugene	149 W 12th St	Eugene	Lane	OR	97401	Full Service	Eugene-Springfield	21660	0039.00	Moderate	3/1/2024		N
663389	194	Eugene	3011 N Delta Hwy	Eugene	Lane	OR	97408	Full Service	Eugene-Springfield	21660	0022.01	Upper		3/4/2024	N



Effective August 1, 2024. All fees and service charges are subject to change.

The following is our schedule of fees for banking services. These are for elective services and may be assessed against your account should you use these services.

Fee Schedule

Account Closed within 90 days	\$25.00
Account Research/Reconciliation (per hour)	\$30.00
Debit Card and ATM Fees	
Heritage Bank ATM ¹	no charge
ATM Transaction Fee (Non-Heritage Bank ATM ¹)	\$2.50
Debit Card Cash Advance Fee	\$2.50
Foreign Exchange Fee ²	Up to 1% of transaction amount in US Dollars
ATM/Debit Card Replacement	\$10.00
Bank Check	\$7.00
Collection Item—Outgoing/Incoming	\$25.00
Copy of Cancelled Check (first 5 free)	\$2.50
Counter Checks (first sheet of 4 free)	\$1.00 each
Dormant Account Fee (monthly)	\$10.00
Foreign Currency	
Sell	\$10.00
Purchase	\$10.00
Foreign Drafts	\$30.00
Garnishment/Levies	\$100.00
Health Savings Account Setup Fee	\$10.00
ICS Sweep Maintenance Fee (monthly)	\$100.00
ICS Non-Sweep Maintenance Fee (monthly)	\$25.00/account
IRA Transfer/Closure	\$30.00
Paper statement fee (monthly) ³	\$3.00
Paper statement with check images (monthly) ³	\$5.00

Purchase Rolled Coin (each)	\$0.05
Purchase Currency (per \$100)	\$0.05
Returned Deposited Item	\$12.00
Special Statement cutoff or duplicate	\$4.00
Stop Payment	\$34.00
Undeliverable Mail Fee	\$5.00
Wire Transfer	
Domestic	
Outgoing	\$30.00
Incoming	\$15.00
Foreign	
Outgoing	\$50.00
Incoming	\$20.00

Insufficient Funds & Overdrafts

Insufficient funds/overdraft fee (each) ⁴	\$34.00 each
--	--------------

- 1 Heritage Bank ATM includes transactions at MoneyPass network ATMs.
- 2 Visa charges an International Service Assessment (ISA) fee up to 1% of the total transaction to purchase goods or services in a foreign currency or in U.S. dollars with a foreign merchant (a "Foreign Transaction"). Foreign Transactions include internet transactions made in the U.S. but with a merchant who processes the transaction in a foreign country. This is not a Heritage Bank fee.
- 3 Not applicable to all accounts; consult your Truth in Savings Disclosure.
- 4 There is a limit of 6 insufficient funds/overdraft fees per day. Overdrafts may be created by checks issued by you, in person, ATM, ACH, or other electronic withdrawals authorized by you or published fees or charges for bank products & services.



Effective August 1, 2024. All fees and service charges are subject to change.

Business Analysis Checking

Account Services

Minimum Balance to Open.....	\$100.00
Account Maintenance (monthly)	\$15.00/account
Analysis Statement – Mailed (monthly)	\$6.00
No charge for online statements	
Earnings Credit	Variable ¹
Deposit Premium	Variable ²
Uncollected Funds Usage Rate	WSJ Prime + 3%

Depository Services

ACH Credits Received.....	\$0.12 each
ACH Debits Received	\$0.12 each
Cash Deposited Fee.....	\$1.00/\$1,000
Checks Paid.....	\$0.20 each
Deposited Checks.....	\$0.15 each
Deposits.....	\$0.45 each
Purchased Currency.....	\$0.05/\$100
Purchased Rolled Coin.....	\$0.05 each
Returned Deposited Items	\$12.00 each
Stop Payment Fee	\$34.00 each

ACH Origination Services

ACH Setup Fee	\$50.00
ACH Origination Maintenance (monthly).....	\$35.00/profile
ACH Online Batch Fee	\$5.00 each
ACH Returned Items.....	\$5.00 each
ACH Originated Credits.....	\$0.15 each
ACH Originated Debits	\$0.15 each
Same Day ACH Originated Credits.....	\$1.50 each
Same Day ACH Originated Debits	\$1.50 each
ACH Direct Transmission Setup	\$350.00
ACH Direct Transmission Maintenance (monthly)	\$200.00

Reporting Services

Fed EDI Reporting Service	
Maintenance (monthly)	\$20.00/profile

Fraud Prevention Services

ACH Block Maintenance (monthly)	\$10.00/account
ACH Filter Maintenance (monthly)	\$15.00/account
ACH Positive Pay Maintenance (monthly)	\$20.00/account
Check Positive Pay Maintenance	
(monthly – first account)	\$50.00/account
Each Additional Check Positive Pay	
Account (monthly)	\$15.00/account
Payee Positive Pay Maintenance (monthly)	\$10.00/account
(in addition to Check Positive Pay)	

Debtor in Possession

Debtor in Possession Setup Fee	\$100.00/account
Debtor in Possession Maintenance (monthly).....	\$95.00/account

International Services

Foreign Drafts	\$30.00 each
----------------------	--------------

Lockbox Services

Lockbox	Variable ³
---------------	-----------------------

Online Banking Services

Heritage Direct SMB Maintenance (monthly).....	No charge
Heritage Direct Corporate Maintenance (monthly)...	\$35.00/profile
Online Stop Payment Fee.....	\$30.00

Bill Pay Services

Business Bill Pay (monthly)	\$7.50/profile
Business Bill Pay with Payroll (monthly)	\$12.50/profile

Remote Deposit Capture (RDC) Services

RDC Setup Fee	\$100.00
RDC Maintenance (monthly – first scanner)	\$50.00/profile
Each Additional Scanner (monthly).....	\$25.00/scanner
RDC Deposited Items.....	\$0.10 each

Continued on back >

All pricing is subject to change without notice, except as otherwise provided by applicable law. Not all fees and charges are eligible for offset through your earnings credit. Some fees and charges may be directly charged to your analyzed account.



SCHEDULE OF ANALYSIS FEES & SERVICE CHARGES

Effective August 1, 2024. All fees and service charges are subject to change.

Wire Services

Online Wire Maintenance (monthly)	\$25.00/profile
Online – Originated Domestic Wire	\$15.00/wire
Online – Originated Foreign Wire (USD)	\$25.00/wire
Online – Originated Foreign Wire (FX)	\$25.00/wire
In Branch – Originated Domestic Wire	\$30.00/wire
In Branch – Originated Foreign Wire (USD)	\$50.00/wire
In Branch – Originated Foreign Wire (FX)	\$50.00/wire
Phone/Email – Originated Domestic Wire	\$50.00/wire
Phone/Email – Originated Foreign Wire (USD)	\$80.00/wire
Phone/Email – Originated Foreign Wire (FX)	\$80.00/wire
Incoming Domestic Wire	\$15.00/wire
Incoming Foreign Wire	\$20.00/wire

Funds Management Services

Business Sweep Maintenance (monthly)	\$75.00
Line of Credit (LOC) Sweep Maintenance (monthly)	\$150.00
LOC and Business Sweep Maintenance (monthly)	\$175.00
ICS Sweep Maintenance Fee (monthly)	\$100.00
ICS Non-Sweep Maintenance Fee (monthly)	\$25.00/account
ZBA Parent Account Maintenance (monthly)	\$30.00/account
ZBA Subsidiary Account Maintenance (monthly)	\$15.00/account

Other Fees & Services

Account Closed within 90 days	\$25.00
Account Research/Reconciliation (per hour)	\$30.00
Debit Card and ATM Fees	
Heritage Bank ATM ⁴	No charge
ATM Transaction Fee (Non-Heritage Bank ATM ⁴)	\$2.50
Debit Card Cash Advance Fee	\$2.50
Foreign Exchange Fee ⁵	Up to 1% of transaction amount in US Dollars
ATM/Debit Card Replacement	\$10.00
Bank Check (official/cashier's check)	\$7.00
Collection Item—Outgoing/Incoming	\$25.00
Copy of Paid Check (first 5 free)	\$2.50
Counter Checks (first sheet of 4 free)	\$1.00 each

Dormant Account Fee (monthly)	\$10.00
Duplicate Bank Statement	\$4.00
Foreign Currency:	
Sell	\$10.00
Purchase	\$10.00
Garnishment/Levies	\$100.00
Undeliverable Mail Fee	\$5.00

Insufficient Funds & Overdrafts

Insufficient Funds & Overdraft Fee (each) ⁶	\$34.00
--	---------

Health Savings Accounts for Employees

<25 Employees	\$25.00/month
Set Up Fee	\$50.00
25-50 Employees	\$50.00/month
Set Up Fee	\$100.00
50-75 Employees	\$75.00/month
Set Up fee	\$150.00
>75 Employees	\$100.00/month
Set Up Fee	\$150.00

1 The rate is periodically set based on current market conditions and is subject to change without notice. Analyzed account service charges may be offset by collected balances and some may be subject to direct charges. The Earnings Credit amount is calculated by multiplying the Balance Available to Support Services by the Earnings Credit Rate for the analysis period times the number of calendar days in the analysis period, divided by the number of calendar days in the current year. The Earnings Credit Amount will be applied against the Current Period Analyzed Charges to determine the Total Charges Due. For more information please contact your treasury management relationship officer.

2 Deposit Premium is a fee based on the average monthly adjusted ledger balance of your analyzed account, which is based in part on what the bank is assessed and charged for deposit insurance. This premium may vary from the assessment as it is not wholly tied to the same assessment base and may not reflect rebates, credits or exceptions. This fee is subject to change without notice.

3 Contact your relationship manager, treasury management relationship officer or local branch for more information.

4 Heritage Bank ATM includes transactions at MoneyPass network ATMs.

5 Visa charges an International Service Assessment (ISA) fee up to 1% of the total transaction to purchase goods or services in a foreign currency or in U.S. dollars with a foreign merchant (a "Foreign Transaction"). Foreign Transactions include internet transactions made in the U.S. but with a merchant who processes the transaction in a foreign country. This is not a Heritage Bank fee.

6 Overdrafts may be created by checks issued by you, in person, ATM, ACH, or other electronic withdrawals authorized by you or published fees or charges for bank products & services.

All pricing is subject to change without notice, except as otherwise provided by applicable law. Not all fees and charges are eligible for offset through your earnings credit. Some fees and charges may be directly charged to your analyzed account.





SCHEDULE OF BUSINESS FEES & SERVICE CHARGES

Effective August 1, 2024. All fees and service charges are subject to change.

Business Checking Accounts

Small Business Checking

Minimum Balance to Open.....	\$100.00
Maintenance Fee (monthly).....	\$6.00/account
Maintenance fee will not be charged if a \$1,500 minimum daily balance is maintained or with 5 or more debit card transactions per cycle.	
Combined Transactions ¹ (more than 200).....	\$0.35 each
Paper Statement Fee (monthly)	\$5.00/account
.....	No charge for online statements

Nonprofit Interest Checking

Minimum Balance to Open.....	\$100.00
Maintenance Fee (monthly).....	\$6.00/account
Maintenance fee will not be charged if a \$100 minimum daily balance is maintained or with 5 or more debit card transactions per cycle.	
Minimum Balance to Earn Interest	All balances
Combined Transactions ¹ (more than 200).....	\$0.35 each
Paper Statement Fee (monthly)	\$5.00/account
.....	No charge for online statements

Nonprofit Interest Plus Checking

Minimum Balance to Open.....	\$500.00
\$50,000 in combined deposit and outstanding commercial loan balances required to open.	
Maintenance Fee (monthly).....	\$30.00/account
Maintenance fee will not be charged with combined monthly average balance of \$50,000 or more in deposit accounts and outstanding commercial loan balances.	
Minimum Balance to Earn Interest	All balances
Combined Transactions ¹ (more than 400).....	\$0.35 each
Paper Statement Fee (monthly)	\$5.00/account
No charge for online statements	

Business Interest/Public Now Checking

Minimum Balance to Open.....	\$100.00
Maintenance Fee (monthly).....	\$8.00/account
Maintenance fee will not be charged if a \$2,500 minimum daily balance is maintained or with 5 or more debit card transactions per cycle.	
Minimum Balance to Earn Interest	\$2,500
Combined Transactions ¹ (more than 200).....	\$0.35 each
Paper Statement Fee (monthly)	\$5.00/account
No charge for online statements	

Business Savings & Money Market Accounts

Business Savings

Minimum Balance to Open.....	\$500.00
Maintenance Fee (monthly).....	\$8.00/account
Maintenance fee will not be charged if a \$500 minimum daily balance is maintained.	
Minimum Balance to Earn Interest	All balances

Business Money Market/Public Money Market

Minimum Balance to Open.....	\$1,000.00
Maintenance Fee (monthly).....	\$10.00/account
Maintenance fee will not be charged if a \$1,000 minimum daily balance is maintained.	
Minimum Balance to Earn Interest	All balances

Public Savings

Minimum Balance to Open.....	\$5,000.00
Maintenance Fee (monthly).....	\$8.00/account
Maintenance fee will not be charged if a \$5,000 minimum daily balance is maintained.	
Minimum Balance to Earn Interest	\$100.00

Treasury Management Solutions

Online Banking Services

Heritage Direct SMB Maintenance (monthly).....	No charge
Heritage Direct Corporate Maintenance (monthly)	\$35.00/profile

Bill Pay Services

Business Bill Pay (monthly)	\$7.50/customer
Business Bill Pay with Payroll (monthly)	\$12.50/customer

ACH Origination Services

ACH Setup Fee	\$50.00
ACH Origination Maintenance (monthly)	\$35.00/profile
ACH Direct Transmission Setup	\$350.00
ACH Direct Transmission Maintenance (monthly)	\$200.00

Reporting Services

Fed EDI Reporting Service Maintenance (monthly) ...	\$20.00/profile
---	-----------------

Continued on back >

The above outlined fees may not be applicable to all customers. Depending on your type of account, fees may vary.



Effective August 1, 2024. All fees and service charges are subject to change.

Fraud Prevention Services

ACH Block Maintenance (monthly)	\$10.00/account
ACH Filter Maintenance (monthly)	\$15.00/account
ACH Positive Pay Maintenance (monthly)	\$20.00/account
Check Positive Pay Maintenance (monthly)	\$20.00/account
Payee Positive Pay Maintenance (monthly)	\$10.00/account
(in addition to Check Positive Pay)	

Remote Deposit Capture (RDC) Services

RDC Setup Fee	\$100.00
RDC Maintenance (monthly – first scanner)	\$50.00/profile
Each Additional Scanner (monthly)	\$25.00/scanner

Wire Services

Online Wire Maintenance (monthly)	\$25.00/profile
Online – Originated Domestic Wire	\$15.00/wire
Online – Originated Foreign Wire	\$25.00/wire
In Branch – Originated Domestic Wire	\$30.00/wire
In Branch – Originated Foreign Wire	\$50.00/wire
Phone/Email – Originated Domestic Wire	\$50.00/wire
Phone/Email – Originated Foreign Wire (USD)	\$80.00/wire
Phone/Email – Originated Foreign Wire (FX)	\$80.00/wire
Incoming Domestic Wire	\$15.00/wire
Incoming Foreign Wire	\$20.00/wire

Funds Management Services

Business Sweep Maintenance (monthly)	\$75.00
Line of Credit (LOC) Sweep Maintenance (monthly)	\$150.00
LOC and Business Sweep Maintenance (monthly)	\$175.00
ICS Sweep Maintenance Fee (monthly)	\$100.00
ICS Non-Sweep Maintenance Fee (monthly)	\$25.00/account
ZBA Parent Account Maintenance (monthly)	\$30.00/account
ZBA Subsidiary Account Maintenance (monthly)	\$15.00/account

Other Fees & Services

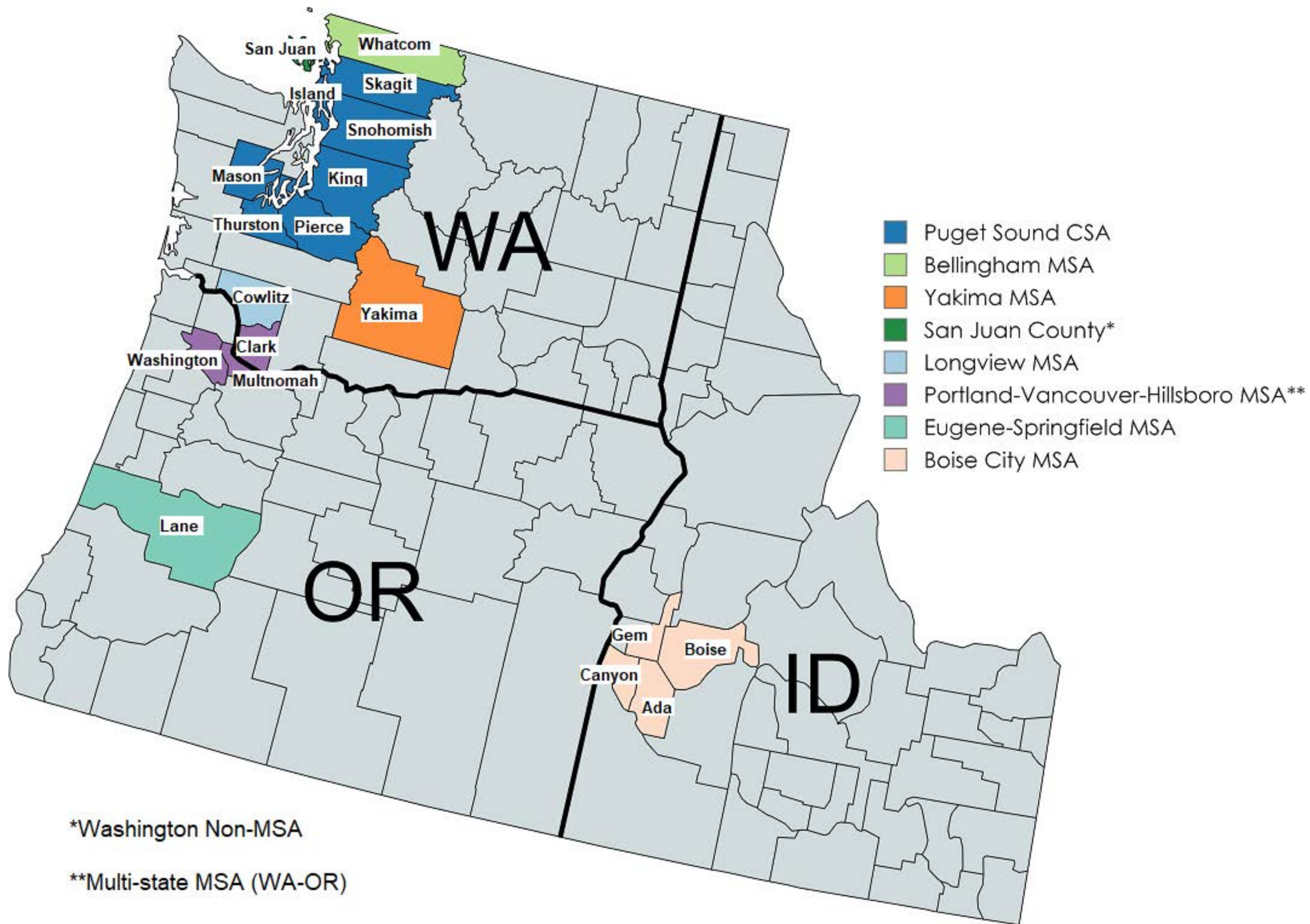
Account Closed within 90 days	\$25.00
Account Research/Reconciliation	\$30.00 per hour
Debit Card and ATM Fees	
Heritage Bank ATM ²	No charge
ATM Transaction Fee (Non-Heritage Bank ATM ²)	\$2.50
Debit Card Cash Advance Fee	\$2.50
Foreign Exchange Fee ³	Up to 1% of transaction amount in US Dollars
Debit Card Replacement	\$10.00
Bank Check (official/cashier's check)	\$7.00
Collection Item Outgoing/Incoming	\$25.00
Copy of Paid Check (first 5 free)	\$2.50
Counter Checks (first sheet of 4 free)	\$1.00 each
Dormant Account Fee (monthly)	\$10.00
Foreign Currency	
Sell	\$10.00
Purchase	\$10.00
Foreign Drafts	\$30.00 per draft
Garnishment/Levies	\$100.00 per occurrence
Purchased Rolled Coin	\$.05 each
Purchased Currency (per \$100)	\$.05
Returned Deposited Items	\$12.00 per item
Special Statement Cutoff or Duplicate	\$4.00
Stop Payment	\$34.00
Undeliverable Mail Fee	\$5.00

Insufficient Funds & Overdrafts

Insufficient funds/overdraft fee (each) ⁴	\$34.00 each
--	--------------

- Transactions include deposits, deposited items, checks, withdrawals, ACH credits and ACH debits. Excludes debit card transactions.
- Heritage Bank ATM includes transactions at MoneyPass network ATMs.
- Visa charges an International Service Assessment (ISA) fee up to 1% of the total transaction to purchase goods or services in a foreign currency or in U.S. dollars with a foreign merchant (a "Foreign Transaction"). Foreign Transactions include internet transactions made in the U.S. but with a merchant who processes the transaction in a foreign country. This is not a Heritage Bank fee.
- There is a limit of 6 insufficient funds/overdraft fees per day. Overdrafts may be created by checks issued by you, in person, ATM, ACH, or other electronic withdrawals authorized by you or published fees or charges for bank products & services.

The above outlined fees may not be applicable to all customers. Depending on your type of account, fees may vary.



*Washington Non-MSA

**Multi-state MSA (WA-OR)

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: ALASKA (02)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
JUNEAU CITY AND BOROUGH (110), AK										
MSA NA										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	0	0	1	186	0	0	1	186	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	0	0	1	186	0	0	1	186	0	0
TOTAL INSIDE AA IN STATE	0	0	0	0	0	0	0	0	0	0
TOTAL OUTSIDE AA IN STATE	0	0	1	186	0	0	1	186	0	0
STATE TOTAL	0	0	1	186	0	0	1	186	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: ARIZONA (04)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
MARICOPA COUNTY (013), AZ										
MSA 38060										
Outside Assessment Area										
Median Family Income < 10%	0	0	0	0	0	0	0	0	0	0
Median Family Income 10-20%	0	0	0	0	0	0	0	0	0	0
Median Family Income 20-30%	0	0	0	0	0	0	0	0	0	0
Median Family Income 30-40%	0	0	0	0	0	0	0	0	0	0
Median Family Income 40-50%	0	0	0	0	0	0	0	0	0	0
Median Family Income 50-60%	0	0	0	0	0	0	0	0	0	0
Median Family Income 60-70%	0	0	0	0	0	0	0	0	0	0
Median Family Income 70-80%	0	0	0	0	0	0	0	0	0	0
Median Family Income 80-90%	0	0	0	0	0	0	0	0	0	0
Median Family Income 90-100%	0	0	0	0	0	0	0	0	0	0
Median Family Income 100-110%	2	150	0	0	0	0	2	150	0	0
Median Family Income 110-120%	0	0	0	0	0	0	0	0	0	0
Median Family Income ≥ 120%	0	0	0	0	2	1,635	1	635	0	0
Median Family Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	2	150	0	0	2	1,635	3	785	0	0
TOTAL INSIDE AA IN STATE	0	0	0	0	0	0	0	0	0	0
TOTAL OUTSIDE AA IN STATE	2	150	0	0	2	1,635	3	785	0	0
STATE TOTAL	2	150	0	0	2	1,635	3	785	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: CALIFORNIA (06)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
SAN DIEGO COUNTY (073), CA										
MSA 41740										
Outside Assessment Area										
Median Family Income < 10%	0	0	0	0	0	0	0	0	0	0
Median Family Income 10-20%	0	0	0	0	0	0	0	0	0	0
Median Family Income 20-30%	0	0	0	0	0	0	0	0	0	0
Median Family Income 30-40%	0	0	0	0	0	0	0	0	0	0
Median Family Income 40-50%	0	0	0	0	0	0	0	0	0	0
Median Family Income 50-60%	0	0	0	0	0	0	0	0	0	0
Median Family Income 60-70%	0	0	0	0	0	0	0	0	0	0
Median Family Income 70-80%	0	0	0	0	0	0	0	0	0	0
Median Family Income 80-90%	0	0	0	0	0	0	0	0	0	0
Median Family Income 90-100%	0	0	0	0	0	0	0	0	0	0
Median Family Income 100-110%	0	0	0	0	0	0	0	0	0	0
Median Family Income 110-120%	0	0	0	0	0	0	0	0	0	0
Median Family Income ≥ 120%	1	29	0	0	0	0	1	29	0	0
Median Family Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	29	0	0	0	0	1	29	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: CALIFORNIA (06)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
SANTA CLARA COUNTY (085), CA										
MSA 41940										
Outside Assessment Area										
Median Family Income < 10%	0	0	0	0	0	0	0	0	0	0
Median Family Income 10-20%	0	0	0	0	0	0	0	0	0	0
Median Family Income 20-30%	0	0	0	0	0	0	0	0	0	0
Median Family Income 30-40%	0	0	0	0	0	0	0	0	0	0
Median Family Income 40-50%	0	0	0	0	0	0	0	0	0	0
Median Family Income 50-60%	0	0	0	0	0	0	0	0	0	0
Median Family Income 60-70%	0	0	0	0	0	0	0	0	0	0
Median Family Income 70-80%	0	0	0	0	0	0	0	0	0	0
Median Family Income 80-90%	0	0	0	0	0	0	0	0	0	0
Median Family Income 90-100%	0	0	0	0	0	0	0	0	0	0
Median Family Income 100-110%	0	0	0	0	0	0	0	0	0	0
Median Family Income 110-120%	0	0	0	0	0	0	0	0	0	0
Median Family Income ≥ 120%	1	19	0	0	0	0	1	19	0	0
Median Family Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	19	0	0	0	0	1	19	0	0
TOTAL INSIDE AA IN STATE	0	0	0	0	0	0	0	0	0	0
TOTAL OUTSIDE AA IN STATE	2	48	0	0	0	0	2	48	0	0
STATE TOTAL	2	48	0	0	0	0	2	48	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: HAWAII (15)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
MAUI COUNTY (009), HI										
MSA 27980										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	0	0	0	0	2	820	0	0	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	0	0	0	0	2	820	0	0	0	0
TOTAL INSIDE AA IN STATE	0	0	0	0	0	0	0	0	0	0
TOTAL OUTSIDE AA IN STATE	0	0	0	0	2	820	0	0	0	0
STATE TOTAL	0	0	0	0	2	820	0	0	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: IDAHO (16)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
ADA COUNTY (001), ID										
MSA 14260										
Inside AA 0007										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	0	0	0	0	1	323	0	0	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	0	0	0	0	1	323	0	0	0	0
CANYON COUNTY (027), ID										
MSA 14260										
Inside AA 0007										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	7	276	3	433	5	2,003	0	0	0	0
Middle Income	0	0	0	0	0	0	0	0	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	7	276	3	433	5	2,003	0	0	0	0
JEROME COUNTY (053), ID										
MSA 46300										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	0	0	0	0	1	350	0	0	0	0
Upper Income	2	143	1	170	2	562	1	284	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	2	143	1	170	3	912	1	284	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: IDAHO (16)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
KOOTENAI COUNTY (055), ID										
MSA 17660										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	0	0	0	0	1	675	0	0	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	0	0	0	0	1	675	0	0	0	0
TOTAL INSIDE AA IN STATE	7	276	3	433	6	2,326	0	0	0	0
TOTAL OUTSIDE AA IN STATE	2	143	1	170	4	1,587	1	284	0	0
STATE TOTAL	9	419	4	603	10	3,913	1	284	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: MONTANA (30)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
GALLATIN COUNTY (031), MT										
MSA NA										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	0	0	0	0	0	0	0	0	0	0
Upper Income	0	0	1	177	0	0	1	177	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	0	0	1	177	0	0	1	177	0	0
TOTAL INSIDE AA IN STATE	0	0	0	0	0	0	0	0	0	0
TOTAL OUTSIDE AA IN STATE	0	0	1	177	0	0	1	177	0	0
STATE TOTAL	0	0	1	177	0	0	1	177	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: OREGON (41)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
CLACKAMAS COUNTY (005), OR										
MSA 38900										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	1	50	0	0	0	0	1	50	0	0
Middle Income	3	198	1	237	4	2,278	2	985	0	0
Upper Income	1	30	2	261	2	800	1	300	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	5	278	3	498	6	3,078	4	1,335	0	0
COLUMBIA COUNTY (009), OR										
MSA 38900										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	1	100	2	373	1	500	0	0	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	100	2	373	1	500	0	0	0	0
DESCHUTES COUNTY (017), OR										
MSA 13460										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	2	164	0	0	0	0	0	0	0	0
Upper Income	1	50	0	0	0	0	1	50	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	3	214	0	0	0	0	1	50	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: OREGON (41)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
JACKSON COUNTY (029), OR										
MSA 32780										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	0	0	0	0	0	0	0	0	0	0
Upper Income	1	26	0	0	0	0	1	26	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	26	0	0	0	0	1	26	0	0
LANE COUNTY (039), OR										
MSA 21660										
Inside AA 0006										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	1	50	0	0	2	1,403	2	732	0	0
Middle Income	6	357	2	326	8	4,808	1	775	0	0
Upper Income	0	0	0	0	1	300	1	300	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	7	407	2	326	11	6,511	4	1,807	0	0
MARION COUNTY (047), OR										
MSA 41420										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	1	71	0	0	1	700	1	700	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	71	0	0	1	700	1	700	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: OREGON (41)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
MULTNOMAH COUNTY (051), OR										
MSA 38900										
Inside AA 0005										
Median Family Income < 10%	0	0	0	0	0	0	0	0	0	0
Median Family Income 10-20%	0	0	0	0	0	0	0	0	0	0
Median Family Income 20-30%	0	0	0	0	0	0	0	0	0	0
Median Family Income 30-40%	0	0	0	0	0	0	0	0	0	0
Median Family Income 40-50%	0	0	0	0	1	500	0	0	0	0
Median Family Income 50-60%	0	0	0	0	1	1,000	0	0	0	0
Median Family Income 60-70%	0	0	0	0	0	0	0	0	0	0
Median Family Income 70-80%	0	0	0	0	0	0	0	0	0	0
Median Family Income 80-90%	0	0	4	900	2	1,356	1	856	0	0
Median Family Income 90-100%	0	0	0	0	0	0	0	0	0	0
Median Family Income 100-110%	2	110	1	150	2	1,209	2	110	0	0
Median Family Income 110-120%	0	0	0	0	0	0	0	0	0	0
Median Family Income ≥ 120%	2	200	2	375	1	1,000	1	100	0	0
Median Family Income Not Known	0	0	0	0	1	1,000	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	4	310	7	1,425	8	6,065	4	1,066	0	0
UNION COUNTY (061), OR										
MSA NA										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	2	104	0	0	0	0	0	0	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	2	104	0	0	0	0	0	0	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: OREGON (41)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
WASHINGTON COUNTY (067), OR										
MSA 38900										
Inside AA 0005										
Median Family Income < 10%	0	0	0	0	0	0	0	0	0	0
Median Family Income 10-20%	0	0	0	0	0	0	0	0	0	0
Median Family Income 20-30%	0	0	0	0	0	0	0	0	0	0
Median Family Income 30-40%	0	0	0	0	0	0	0	0	0	0
Median Family Income 40-50%	0	0	0	0	0	0	0	0	0	0
Median Family Income 50-60%	3	195	0	0	1	400	2	120	0	0
Median Family Income 60-70%	1	80	0	0	3	1,759	1	778	0	0
Median Family Income 70-80%	1	100	0	0	0	0	0	0	0	0
Median Family Income 80-90%	1	70	0	0	0	0	0	0	0	0
Median Family Income 90-100%	1	100	1	200	2	1,130	2	1,130	0	0
Median Family Income 100-110%	3	188	3	634	3	936	1	48	0	0
Median Family Income 110-120%	0	0	0	0	1	470	1	470	0	0
Median Family Income ≥ 120%	9	422	5	1,095	6	2,600	5	575	0	0
Median Family Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	19	1,155	9	1,929	16	7,295	12	3,121	0	0
YAMHILL COUNTY (071), OR										
MSA 38900										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	1	200	0	0	0	0	0	0
Middle Income	0	0	0	0	1	400	1	400	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	0	0	1	200	1	400	1	400	0	0
TOTAL INSIDE AA IN STATE	30	1,872	18	3,680	35	19,871	20	5,994	0	0
TOTAL OUTSIDE AA IN STATE	13	793	6	1,071	9	4,678	8	2,511	0	0
STATE TOTAL	43	2,665	24	4,751	44	24,549	28	8,505	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: WASHINGTON (53)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
BENTON COUNTY (005), WA										
MSA 28420										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	0	0	0	0	0	0	0	0	0	0
Upper Income	1	65	0	0	0	0	1	65	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	65	0	0	0	0	1	65	0	0
CHELAN COUNTY (007), WA										
MSA 48300										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	1	639	0	0	0	0
Middle Income	0	0	0	0	0	0	0	0	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	0	0	0	0	1	639	0	0	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: WASHINGTON (53)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
CLARK COUNTY (011), WA										
MSA 38900										
Inside AA 0005										
Median Family Income < 10%	0	0	0	0	0	0	0	0	0	0
Median Family Income 10-20%	0	0	0	0	0	0	0	0	0	0
Median Family Income 20-30%	0	0	0	0	0	0	0	0	0	0
Median Family Income 30-40%	0	0	0	0	0	0	0	0	0	0
Median Family Income 40-50%	0	0	0	0	0	0	0	0	0	0
Median Family Income 50-60%	0	0	0	0	1	500	0	0	0	0
Median Family Income 60-70%	0	0	0	0	0	0	0	0	0	0
Median Family Income 70-80%	1	90	0	0	0	0	1	90	0	0
Median Family Income 80-90%	0	0	0	0	1	500	0	0	0	0
Median Family Income 90-100%	0	0	0	0	0	0	0	0	0	0
Median Family Income 100-110%	0	0	0	0	1	390	0	0	0	0
Median Family Income 110-120%	0	0	0	0	3	1,597	0	0	0	0
Median Family Income ≥ 120%	0	0	0	0	2	975	0	0	0	0
Median Family Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	90	0	0	8	3,962	1	90	0	0
COWLITZ COUNTY (015), WA										
MSA 31020										
Inside AA 0008										
Low Income	0	0	1	240	0	0	0	0	0	0
Moderate Income	3	178	1	150	2	677	1	82	0	0
Middle Income	3	182	0	0	2	800	0	0	0	0
Upper Income	1	87	0	0	0	0	1	87	0	0
Income Not Known	1	30	0	0	0	0	1	30	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	8	477	2	390	4	1,477	3	199	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: WASHINGTON (53)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
GRANT COUNTY (025), WA										
MSA NA										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	0	0	0	0	1	337	1	337	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	0	0	0	0	1	337	1	337	0	0
ISLAND COUNTY (029), WA										
MSA NA										
Inside AA 0001										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	3	172	5	997	7	3,219	7	2,610	0	0
Upper Income	5	199	3	510	1	342	9	1,051	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	8	371	8	1,507	8	3,561	16	3,661	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: WASHINGTON (53)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
KING COUNTY (033), WA										
MSA 42644										
Inside AA 0001										
Median Family Income < 10%	0	0	0	0	0	0	0	0	0	0
Median Family Income 10-20%	0	0	0	0	0	0	0	0	0	0
Median Family Income 20-30%	0	0	0	0	0	0	0	0	0	0
Median Family Income 30-40%	1	48	3	578	2	1,175	1	275	0	0
Median Family Income 40-50%	1	75	3	691	2	700	3	841	0	0
Median Family Income 50-60%	0	0	3	473	1	750	0	0	0	0
Median Family Income 60-70%	2	82	0	0	3	1,996	3	1,314	0	0
Median Family Income 70-80%	2	99	0	0	5	2,915	0	0	0	0
Median Family Income 80-90%	1	50	0	0	7	5,366	4	3,366	0	0
Median Family Income 90-100%	6	238	1	250	4	2,522	4	1,571	0	0
Median Family Income 100-110%	5	452	2	297	5	4,417	2	1,667	0	0
Median Family Income 110-120%	2	131	2	322	3	2,158	3	830	0	0
Median Family Income ≥ 120%	16	1,089	5	843	18	11,070	6	3,407	0	0
Median Family Income Not Known	0	0	1	200	1	516	2	716	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	36	2,264	20	3,654	51	33,585	28	13,987	0	0
KITTITAS COUNTY (037), WA										
MSA NA										
Inside AA 0004										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	4	246	1	150	1	500	2	130	0	0
Upper Income	0	0	2	327	0	0	1	127	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	4	246	3	477	1	500	3	257	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: WASHINGTON (53)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
LEWIS COUNTY (041), WA										
MSA NA										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	1	100	1	120	2	949	4	1,169	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	100	1	120	2	949	4	1,169	0	0
MASON COUNTY (045), WA										
MSA NA										
Inside AA 0001										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	1	100	0	0	0	0	0	0	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	1	100	0	0	0	0	0	0	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: WASHINGTON (53)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
PIERCE COUNTY (053), WA										
MSA 45104										
Inside AA 0001										
Median Family Income < 10%	0	0	0	0	0	0	0	0	0	0
Median Family Income 10-20%	0	0	0	0	0	0	0	0	0	0
Median Family Income 20-30%	0	0	0	0	0	0	0	0	0	0
Median Family Income 30-40%	0	0	0	0	0	0	0	0	0	0
Median Family Income 40-50%	0	0	0	0	3	1,899	0	0	0	0
Median Family Income 50-60%	3	167	1	250	4	2,800	0	0	0	0
Median Family Income 60-70%	5	321	3	577	3	1,706	1	656	0	0
Median Family Income 70-80%	1	15	0	0	5	2,750	0	0	0	0
Median Family Income 80-90%	3	150	2	231	5	1,963	1	47	0	0
Median Family Income 90-100%	2	179	2	306	2	1,100	2	950	0	0
Median Family Income 100-110%	6	380	1	200	0	0	2	80	0	0
Median Family Income 110-120%	1	70	0	0	2	1,670	2	1,670	0	0
Median Family Income ≥ 120%	10	646	5	830	20	12,200	11	3,741	0	0
Median Family Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	31	1,928	14	2,394	44	26,088	19	7,144	0	0
SAN JUAN COUNTY (055), WA										
MSA NA										
Inside AA 0004										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	3	203	3	440	2	998	4	599	0	0
Upper Income	2	135	1	250	0	0	1	60	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	5	338	4	690	2	998	5	659	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: WASHINGTON (53)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
SKAGIT COUNTY (057), WA										
MSA 34580										
Inside AA 0001										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	1	150	0	0	1	150	0	0
Middle Income	11	459	9	1,509	12	6,174	9	2,107	0	0
Upper Income	0	0	1	188	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	11	459	11	1,847	12	6,174	10	2,257	0	0
SNOHOMISH COUNTY (061), WA										
MSA 42644										
Inside AA 0001										
Median Family Income < 10%	0	0	0	0	0	0	0	0	0	0
Median Family Income 10-20%	0	0	0	0	0	0	0	0	0	0
Median Family Income 20-30%	0	0	0	0	0	0	0	0	0	0
Median Family Income 30-40%	0	0	0	0	0	0	0	0	0	0
Median Family Income 40-50%	0	0	0	0	1	261	0	0	0	0
Median Family Income 50-60%	1	50	2	357	5	3,204	2	716	0	0
Median Family Income 60-70%	0	0	4	808	0	0	0	0	0	0
Median Family Income 70-80%	2	117	0	0	3	1,797	2	966	0	0
Median Family Income 80-90%	4	214	5	836	7	5,695	2	1,594	0	0
Median Family Income 90-100%	0	0	0	0	0	0	0	0	0	0
Median Family Income 100-110%	0	0	1	236	0	0	0	0	0	0
Median Family Income 110-120%	0	0	2	365	1	800	1	115	0	0
Median Family Income ≥ 120%	0	0	0	0	0	0	0	0	0	0
Median Family Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	7	381	14	2,602	17	11,757	7	3,391	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: WASHINGTON (53)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
THURSTON COUNTY (067), WA										
MSA 36500										
Inside AA 0001										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	5	335	6	957	4	2,535	4	1,738	0	0
Middle Income	10	618	6	1,019	4	2,427	9	2,126	0	0
Upper Income	2	100	1	125	1	577	2	627	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	17	1,053	13	2,101	9	5,539	15	4,491	0	0
WAHIAKUM COUNTY (069), WA										
MSA NA										
Outside Assessment Area										
Low Income	0	0	0	0	0	0	0	0	0	0
Moderate Income	0	0	0	0	0	0	0	0	0	0
Middle Income	0	0	1	240	1	400	2	640	0	0
Upper Income	0	0	0	0	0	0	0	0	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	0	0	1	240	1	400	2	640	0	0
WHATCOM COUNTY (073), WA										
MSA 13380										
Inside AA 0002										
Low Income	0	0	1	110	0	0	1	110	0	0
Moderate Income	2	71	1	121	4	3,286	5	2,947	0	0
Middle Income	9	586	6	1,063	7	3,612	10	1,791	0	0
Upper Income	1	65	0	0	5	2,260	1	300	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	12	722	8	1,294	16	9,158	17	5,148	0	0

Loans by County

Small Business Loans - Originations

Institution: Heritage Bank

Respondent ID: 0000029012

Agency: FDIC - 3

State: WASHINGTON (53)

Area Income Characteristics	Loan Amount at Origination ≤\$100,000		Loan Amount at Origination >\$100,000 But ≤\$250,000		Loan Amount at Origination >\$250,000		Loans to Businesses with Gross Annual Revenues ≤ \$1 Million		Memo Item: Loans by Affiliates	
	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)	Num of Loans	Amount (000s)
YAKIMA COUNTY (077), WA										
MSA 49420										
Inside AA 0003										
Low Income	1	100	0	0	0	0	0	0	0	0
Moderate Income	1	40	2	362	3	1,172	5	1,074	0	0
Middle Income	3	280	11	1,896	3	2,436	0	0	0	0
Upper Income	4	257	6	946	4	2,140	8	1,965	0	0
Income Not Known	0	0	0	0	0	0	0	0	0	0
Tract Not Known	0	0	0	0	0	0	0	0	0	0
County Total	9	677	19	3,204	10	5,748	13	3,039	0	0
TOTAL INSIDE AA IN STATE	150	9,106	116	20,160	182	108,547	137	44,323	0	0
TOTAL OUTSIDE AA IN STATE	2	165	2	360	5	2,325	8	2,211	0	0
STATE TOTAL	152	9,271	118	20,520	187	110,872	145	46,534	0	0
TOTAL ACROSS ALL STATES										
TOTAL INSIDE AA	187	11,254	137	24,273	223	130,744	157	50,317	0	0
TOTAL OUTSIDE AA	21	1,299	11	1,964	22	11,045	24	6,202	0	0
TOTAL INSIDE & OUTSIDE	208	12,553	148	26,237	245	141,789	181	56,519	0	0



Heritage
BANK

HOME MORTGAGE DISCLOSURE ACT NOTICE

Home Mortgage Disclosure Act Notice **The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, age, and income of applicants and borrowers; and information about loan approvals and denials. These data are available online at the Consumer Financial Protection Bureau's Web site (www.consumerfinance.gov/hmda). HMDA data for many other financial institutions are also available at this Web site.**



Equal Housing Lender | Member FDIC

heritagebanknw.com | 800.455.6126 |   