

PUBLIC DISCLOSURE

January 27, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Territorial Savings Bank
RSSD # 564977**

**1132 Bishop Street, Suite 2200
Honolulu, Hawaii, 96813**

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

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

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INSTITUTION RATING

Institution's Community Reinvestment Act (CRA) Rating

Territorial Savings Bank is rated "SATISFACTORY"

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

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

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

The major factors supporting the institution's rating include:

- Lending levels that reflect excellent responsiveness to assessment area credit needs. All residential and small business lending was conducted within the bank's assessment areas.
- Good geographic dispersion of lending throughout the Honolulu assessment area, particularly within low- and moderate-income census tracts.
- Good distribution of lending to low- and moderate-income borrowers within the Honolulu assessment area.
- An adequate level of community development investments, grants and donations that were responsive to the development needs of the Honolulu assessment area as well as the broader statewide area.
- Readily accessible retail banking services within the bank's assessment areas, including low- and moderate-income geographies.
- A relatively high level of community development services in the Honolulu assessment area.

Description of Institution

Territorial Savings Bank (TSB), a wholly-owned subsidiary of Territorial Bancorp Incorporated (TBI), was founded in 1921 and is headquartered in Honolulu, Hawaii. As of September 30, 2019, the bank’s assets totaled \$2.09 billion. Originally established as a savings and loan institution, TSB became a state member bank of the Federal Reserve System in July 2014. TSB operates 29 full-service branches in the state of Hawaii, including 23 on Oahu and six located on neighboring islands.

TSB is primarily a residential mortgage lender, with a significant majority of its loans originated for the purpose of home purchase or refinance. However, TSB also offers other loan and deposit products to businesses and consumers which are accessible in-branch and via mobile and online banking. In addition to residential mortgage loans, the bank offers consumer installment loans and credit cards, as well as commercial term loans, lines of credit, and loans secured by commercial real estate. Deposit products include traditional checking and savings accounts, certificates of deposit, money market accounts, and individual retirement accounts.

Exhibit 1 below summarizes TSB’s loan portfolio as of June 30, 2019, and reflects the bank’s focus on residential mortgage lending.

EXHIBIT 1 LOANS AND LEASES AS OF JUNE 30, 2019		
Loan Type	\$ ('000s)	%
Secured by 1-4 Family Residential Real Estate	1,566,036	97.6
Commercial/Industrial & Non-Farm Non-Residential Real Estate	14,984	0.9
Multi-Family Residential Real Estate	12,725	0.8
Construction & Land Development	9,636	0.6
Consumer Loans & Credit Cards	821	0.1
All Other	34	0.0
Total (Gross)	1,604,236	100.0

TSB’s assessment areas are unchanged from the prior review period and include the following geographies:

- The Honolulu assessment area, which includes the Urban Honolulu Metropolitan Statistical Area (MSA). This includes all of Honolulu County, encompassing the entire island of Oahu;
- The Maui assessment area, which includes a part of the Kahului-Wailuku-Lahaina MSA. This area encompasses Maui County and covers the islands of Maui, Lanai, and Molokai (except for a portion of Molokai that composes Kalawao County), as well as the uninhabited island of Molokini, but excludes the island of Kahoolawe which has no permanent residents; and
- The Kauai-Hawaii assessment area (Hawaii Non-MSA assessment area), which includes Hawaii County and a part of Kauai County. Hawaii County includes the island of Hawaii; Kauai County includes the islands of Kauai, Niihau, Lehua, and Kaula. The uninhabited islands of Lehua and Kaula, as well as the privately owned island of Niihau, are excluded from the assessment area.

Over the current review period, there were no impediments that prevented TSB from meeting the credit needs of its assessment areas, consistent with its business strategy, size, financial capacity, and local economic conditions. The prior CRA evaluation was conducted as of February 26, 2018 using the Interagency Large Institution CRA Examination Procedures and resulted in a “Satisfactory” rating.

Scope of Examination

The Interagency Large Institution CRA Examination Procedures were used to evaluate TSB's performance during the current review period. In accordance with these procedures, the bank was evaluated under the lending, investment, and service tests. Consistent with the procedures, greater weight was placed on the bank's lending test performance relative to the investment and service tests. The evaluation period for the lending test was October 1, 2017 through June 30, 2019. The evaluation period for community development loans, investments and services was February 27, 2018 through January 27, 2020.

The review considered the bank's lending for purposes of home purchase, refinance, home improvement, multifamily, and other closed-end lending reportable under the Home Mortgage Disclosure Act (HMDA), as well as its small business and community development lending. As home purchase and refinance loans represent a significant majority of the bank's lending, greater weight was placed on the bank's performance in these areas. Home improvement loans were weighted less due to a lower volume of activity. The limited volume of multifamily, other HMDA, and small business lending during the review period prevented a more detailed analysis; consequently, the bank's lending in these areas was considered but did not contribute to the overall lending test rating. These loans are presented in Appendix C – Community Reinvestment Act Core Tables, along with all other lending data.

The Honolulu and Maui assessment areas were reviewed using the full-scope examination procedures. The performance in the Honolulu assessment area was weighted significantly in this evaluation since the bank's loans and deposits are largely concentrated in this area. The Hawaii Non-MSA assessment area was reviewed using limited-scope examination procedures, based on the bank's limited presence and lower volumes of deposits and lending activity in the area. Performance within the Hawaii Non-MSA assessment area was evaluated as either above, consistent with, or below the performance in the Honolulu assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

This section of the performance evaluation contains conclusions regarding TSB’s overall performance, followed by specific conclusions for individual assessment areas.

Lending Test

Overall, TSB’s lending test performance is considered low satisfactory. The bank exhibited stronger levels of performance in its lending activity and assessment area concentration. Performance in the Honolulu assessment area, where the greatest weight in this evaluation was placed, is generally stronger than performance in the bank’s other assessment areas based on the volume of lending and the respective borrower and geographic distributions within this area. However, the bank’s performance is offset by low volumes of community development lending.

LENDING ACTIVITY

As reflected in Exhibits 2 and 3 below, TSB’s lending activity reflects excellent responsiveness to assessment area credit needs. Home mortgage-related lending, particularly home purchase and refinance loans, composed a significant majority of the bank’s lending activity during the review period. The bank’s focus on residential mortgage lending helps to address the significant need for affordable housing throughout its assessment areas.

EXHIBIT 2 SUMMARY OF LENDING ACTIVITY OCTOBER 31, 2017 TO DECEMBER 31, 2017				
Loan Type	#	%	\$ ('000s)	%
HMDA Home Purchase	117	69.6	65,045	69.6
HMDA Home Improvement	20	11.9	10,884	11.6
HMDA Refinance	27	16.1	14,958	16.0
HMDA Multifamily	4	2.4	2,540	2.7
Total HMDA Related	168	100.0	93,427	100.0
Total Loans	168	100.0	93,427	100.0

EXHIBIT 3 SUMMARY OF LENDING ACTIVITY JANUARY 1, 2018 TO JUNE 30, 2019				
Loan Type	#	%	\$ ('000s)	%
Small Business	7	1.1	1,923	0.6
Total Business Related	7	1.1	1,923	0.6
HMDA Home Purchase	418	67.0	214,085	67.9
HMDA Home Improvement	8	1.3	2,690	0.9
HMDA Refinancing	187	30.0	94,599	30.0
HMDA Multifamily	2	0.3	1,280	0.4
HMDA Other Purpose Closed-End	2	0.3	730	0.2
Total HMDA Related	617	98.9	313,384	99.4
Total Loans	624	100.0	315,307	100.0

ASSESSMENT AREA CONCENTRATION

As reflected in Exhibits 4 and 5 below, TSB made a substantial majority of loans within its assessment areas. All of the loans originated by TSB during the review period were within its assessment areas.

EXHIBIT 4 LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREAS OCTOBER 31, 2017 TO DECEMBER 31, 2017								
Loan Type	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
HMDA Home Purchase	117	100.0	65,045	100.0	0	0.0	0	0.0
HMDA Home Improvement	20	100.0	10,884	100.0	0	0.0	0	0.0
HMDA Refinance	27	100.0	14,958	100.0	0	0.0	0	0.0
HMDA Multifamily	4	100.0	2,540	100.0	0	0.0	0	0.0
Total HMDA Related	168	100.0	93,427	100.0	0	0.0	0	0.0
Total Loans	168	100.0	93,427	100.0	0	0.0	0	0.0

EXHIBIT 5 LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREAS JANUARY 1, 2018 TO JUNE 30, 2019								
Loan Type	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
Small Business	7	100.0	1,923	100.0	0	0.0	0	0.0
Total Business Related	7	100.0	1,923	100.0	0	0.0	0	0.0
HMDA Home Purchase	418	100.0	214,085	100.0	0	0.0	0	0.0
HMDA Home Improvement	8	100.0	2,690	100.0	0	0.0	0	0.0
HMDA Refinancing	187	100.0	94,599	100.0	0	0.0	0	0.0
HMDA Multifamily	2	100.0	1,280	100.0	0	0.0	0	0.0
HMDA Other Purpose Closed-End	2	100.0	730	100.0	0	0.0	0	0.0
Total HMDA Related	617	100.0	313,384	100.0	0	0.0	0	0.0
Total Loans	624	100.0	315,307	100.0	0	0.0	0	0.0

GEOGRAPHIC AND BORROWER DISTRIBUTION

The geographic distribution of TSB's loans across census tracts of different income levels, particularly within low- and moderate-income tracts, is generally good. There are relatively few low- and moderate-income census tracts in the assessment areas designated by the bank. Nevertheless, the bank's performance within low- and moderate-income tracts within the Honolulu assessment area during the review period was generally consistent with aggregate lending performance and the percentage of owner-occupied housing units within these tracts. Although the bank's performance in the Maui assessment area was relatively weak compared to the Honolulu assessment area, the lending in the Honolulu assessment area played a significant role in the bank's performance.

The distribution of the bank's loans among borrowers of different income levels is also considered good. Similar to the geographic distribution, the bank's performance in the Honolulu assessment area was

generally consistent with aggregate lending performance. While the performance in the Maui assessment area was notably weaker, it was also skewed by low lending volumes overall within the assessment area.

COMMUNITY DEVELOPMENT LENDING

TSB made a low level of community development loans during the review period. The bank extended five separate overdraft lines of credit totaling \$50,000 to an organization providing community services to the homeless and other low- and moderate-income individuals and families. All community development loans were made within the Honolulu assessment area.

The bank's performance represents an improvement from the prior evaluation period, during which the bank made no community development loans; however, it remains low. This is mainly a product of the bank's business model, which is designed to serve community needs primarily through residential mortgage lending.

INNOVATIVE AND FLEXIBLE LENDING

TSB makes use of innovative and flexible lending products to address the needs of residential mortgage borrowers within its assessment areas. The bank maintains a first-time homebuyer program through which borrowers who have not owned a home in at least three years can qualify for a reduction of up to 50 basis points off the base costs of a mortgage loan. This reduction in up-front expenses can be particularly beneficial to borrowers of lower incomes. During the review period, the bank originated 75 mortgages under this program, which represented 14 percent of home purchase loans.

Investment Test

TSB's overall performance under the investment test is low satisfactory. The bank made an adequate level of qualified community development investments and grants, rarely in a leadership position. The bank makes occasional use of innovative and/or complex investments to support community development initiatives and exhibits adequate responsiveness to credit and community development needs. While the bank's investments primarily benefit the bank's Honolulu assessment area, some benefit is also derived for the broader statewide area.

The bank's investments consist of mortgage-backed securities (MBS) secured by residential loans to low- and moderate-income borrowers. During the current review period, the bank invested in one such security in the amount of \$2.8 million. This investment is secured by nine mortgage loans to low- or moderate-income (LMI) borrowers in the Honolulu assessment area, and one LMI borrower in the Hawaii Non-MSA assessment area.

The bank also retained on its books 13 securities with a current value of \$8.84 million. Ten of these prior period investments totaling \$6.1 million are secured in part by mortgage loans to LMI borrowers in the broader statewide area. In total, the bank's current and prior-period investments supported 66 units of housing for low- and moderate-income residents within the bank's assessment areas.

In addition, TSB made 26 donations totaling over \$84,000 donations to community organizations within the assessment areas promoting affordable housing, economic development, and services to low- and

moderate-income individuals and families. TSB's overall investment activity is reflected in Table 13 in Appendix C.

Service Test

The bank's overall performance under the service test is high satisfactory. Its delivery systems are readily accessible across the assessment area, and the bank's hours and services do not vary in a way that inconveniences portions of the assessment areas or population. The bank provides a relatively high level of community development services.

RETAIL BANKING SERVICES

TSB's retail services are readily accessible to the bank's geographies and to individuals of different incomes within the assessment area. The bank operates 29 branches; 23 locations within the Honolulu assessment area, and three branches each in the Maui and Hawaii Non-MSA assessment areas. One of these branches is within a low-income census tract, and another five are located within moderate-income census tracts. The bank did not open or close any branches during the review period.

Each of the bank's branches includes an ATM. Several, including three branches within moderate-income census tracts, offer Saturday hours. Additionally, several branches, including one of the bank's branches located within a moderate-income tract, provide night depository services. TSB's services do not vary in a way that inconveniences low- or moderate-income geographies or populations within the assessment area. Information regarding the bank's branches may be found in Table 14 in Appendix C.

COMMUNITY DEVELOPMENT SERVICES

TSB provides a relatively high level of community development services. Bank employees provided 1,517 hours of service to 12 community development organizations within the assessment areas during the review period. The services provided by the bank helped address community needs regarding homelessness and affordable housing, economic development, and community services to low- and moderate-income individuals and families.

Fair Lending or Other Illegal Practices Review

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

FULL-SCOPE ASSESSMENT AREA CONCLUSIONS

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

Honolulu Assessment Area

DESCRIPTION OF OPERATIONS IN HONOLULU

The Honolulu assessment area consists of the Urban Honolulu, Hawaii MSA, which includes the entirety of Honolulu County. Honolulu County covers the entire island of Oahu. Although Honolulu County is the smallest of the four counties in Hawaii in geographical size, it had a population of 980,080 as of 2018, making up 69 percent of the state's entire population.¹

As of June 30, 2019, the Honolulu assessment area had 13 Federal Deposit Insurance Corporation (FDIC)-insured commercial institutions operating 181 offices.² TSB operated 23 branches in the area and held \$1.4 billion in deposits, representing four percent of the deposit market share.³ The bank also maintains its administrative office in downtown Honolulu. This office does not accept deposits, but is included in the FDIC's listing of the bank's offices.

The following exhibit presents key demographic and business information used to help develop a performance context for the assessment area.

¹ U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2018; available from: www.census.gov/quickfacts/.

² Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2019; available from: <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>.

³ Ibid.

EXHIBIT 6 ASSESSMENT AREA DEMOGRAPHICS HONOLULU ASSESSMENT AREA 2019 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	10	4.1	6,135	2.8	1,608	26.2	42,678	19.6
Moderate-income	51	20.9	46,157	21.2	5,411	11.7	40,076	18.4
Middle-income	103	42.2	98,771	45.3	5,355	5.4	47,913	22.0
Upper-income	65	26.6	66,798	30.6	1,783	2.7	87,278	40.0
Unknown-income	15	6.1	84	0.0	14	16.7	0	0.0
Total AA	244	100.0	217,945	100.0	14,171	6.5	217,945	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	9,918	1,621	1.0	16.3	7,580	76.4	717	7.2
Moderate-income	82,026	20,249	12.0	24.7	52,888	64.5	8,889	10.8
Middle-income	154,157	81,615	48.4	52.9	58,348	37.8	14,194	9.2
Upper-income	94,767	64,995	38.6	68.6	21,994	23.2	7,778	8.2
Unknown-income	371	71	0.0	19.1	241	65.0	59	15.9
Total AA	341,239	168,551	100.0	49.4	141,051	41.3	31,637	9.3
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	1,880	5.4	1,506	4.8	360	10.8	14	3.8
Moderate-income	6,844	19.5	6,084	19.4	708	21.3	52	14.3
Middle-income	12,447	35.5	11,470	36.6	876	26.4	101	27.7
Upper-income	12,475	35.6	11,363	36.2	983	29.6	129	35.4
Unknown-income	1,398	4.0	934	3.0	396	11.9	68	18.7
Total AA	35,044	100.0	31,357	100.0	3,323	100.0	364	100.0
% of Total Businesses				89.5		9.5		1.0
2019 Median Family Income ⁴			\$86,366	June 2019 Median Housing Value ⁵			\$836,100	
2019 HUD Adjusted Median Family Income ⁶			\$99,000	2018 Unemployment Rate ⁷			2.3%	

⁴ U.S. Department of Housing and Urban Development, Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il17/index/html>.

⁵ Zillow Research, Zillow Home Value Index, Single-Family Homes Time Series; available from: <https://www.zillow.com/research/data/>.

⁶ U.S. Department of Housing and Urban Development, Adjusted Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il17/index/html>.

⁷ Annual Unemployment Rate, U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

Economic Conditions

During the review period, the Honolulu assessment area experienced overall economic growth. The primary economic drivers of the area were tourism and military defense.⁸ In 2018, tourism grew for the seventh consecutive year by 5.9 percent in the number of visitors and 5.7 percent in visitor spending since the prior year.⁹ Most recently in early 2019, average visitor spending per day exceeded \$22 million on the Island of Oahu.¹⁰ Increased tourism benefitted the retail and leisure industries, which employed one-sixth of workers.¹¹ The number of jobs in food and accommodation grew by more than 2,000 in early 2019.¹² However, these employment gains were primarily in low-skilled and low-pay positions.¹³ Second to tourism as an economic driver is the defense industry. Home to five large military bases, the share of workers in federal military and civilian roles increased during the review period.¹⁴ In addition to the dual primary drivers of the region, the construction industry was an economic bright spot that added new jobs during the review period.¹⁵

Overall, the area ranked in the top five highest areas in the U.S. for living costs.¹⁶ During the review period, the cost of living rose faster than incomes.¹⁷ Pressure from the cost of living increased out-migration and strained the labor market.¹⁸ The state of Hawaii overall experienced a decline in population for two consecutive years for the first time since the 1950s.¹⁹ The drop in population led to restrained growth and job losses.²⁰ Although there was overall economic growth since the Great Recession, anecdotal information gathered from interviews with community contacts indicated that the recovery did not benefit low- and moderate-income individuals.

As depicted in Exhibit 7 on the following page, loans to small businesses from banks subject to the CRA leveled off in 2017 and 2018 after a spike in lending in 2016. Lending to small businesses played a critical role in the economy given that small businesses accounted for 89.5 percent of all businesses in the assessment area, as noted in Exhibit 6.

⁸ Moody's Precis Report, Honolulu HI, November 2017.

⁹ Hawai'i Tourism Authority, Fact Sheet: Benefits of Hawai'i's Tourism Economy, August 2019; available from: <https://www.hawaiitourismauthority.org/media/3693/hta-tourism-econ-impact-fact-sheet-august-2019.pdf>.

¹⁰ Ibid.

¹¹ Moody's Precis Report, Honolulu HI, November 2017.

¹² Moody's Precis Report, Honolulu HI, November 2019.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ University of Hawaii Economic Research Organization, State Forecast Update, 2019 Third Quarter; available from: https://uhero.hawaii.edu/assets/19Q3_SU_Public.pdf.

¹⁶ Moody's Precis Report, Honolulu HI, November 2017.

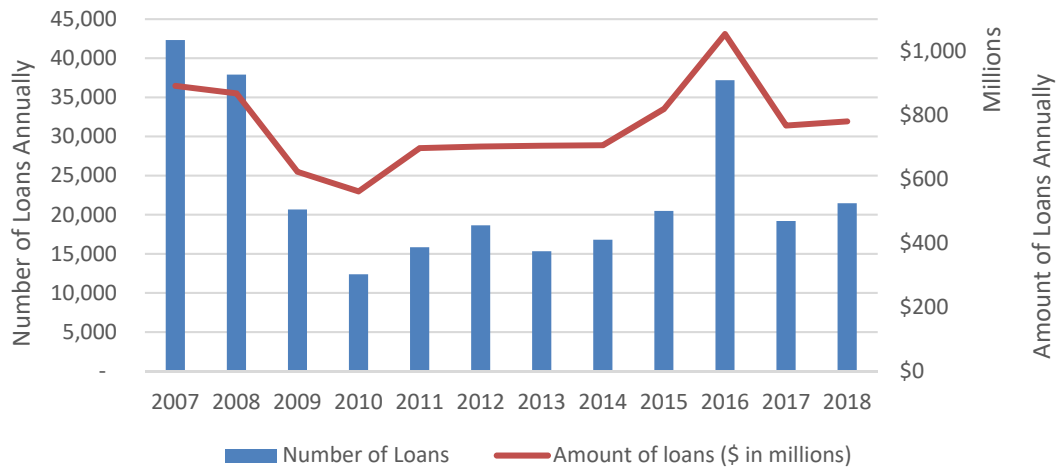
¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ University of Hawaii Economic Research Organization, State Forecast Update, 2019 Third Quarter; available from: https://uhero.hawaii.edu/assets/19Q3_SU_Public.pdf.

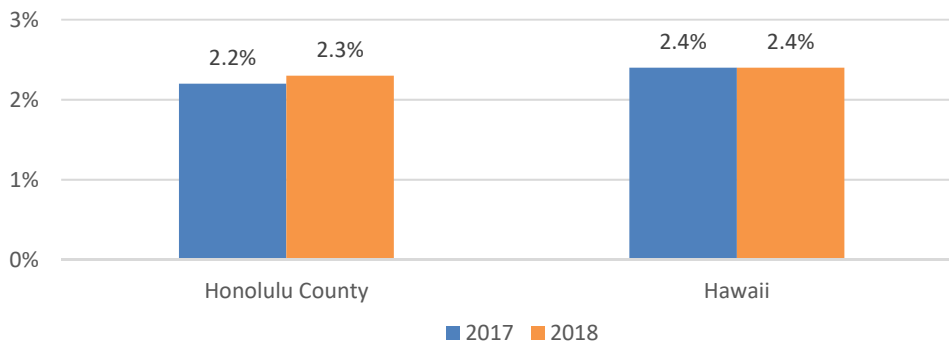
²⁰ Ibid.

Exhibit 7
Loans to Small Businesses in Assessment Area²¹
2007-2018



As reflected in Exhibit 8, the unemployment rate slightly increased during the review period. However, the area rate remained nominally lower than the statewide unemployment rate.

Exhibit 8
Unemployment Rate²²
2017-2018



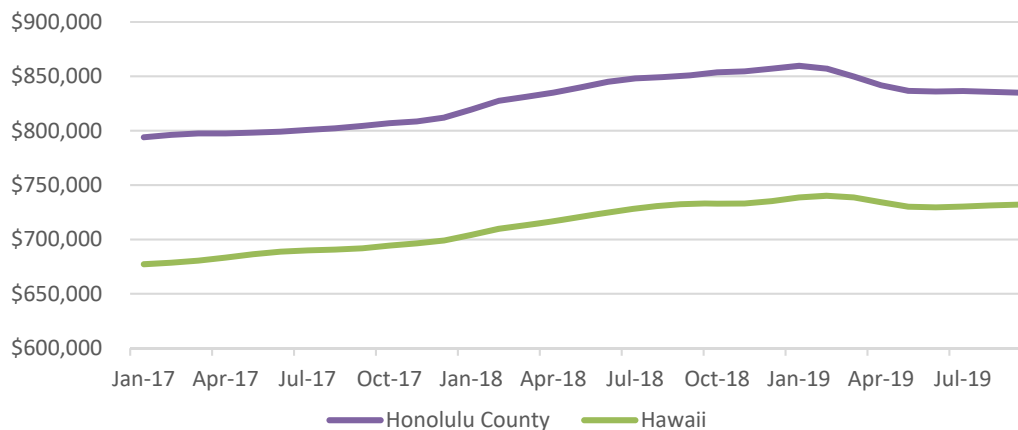
As depicted in Exhibit 9 on the following page, the prices of homes in Honolulu County and the state of Hawaii increased during the review period. Median prices in the area were higher than statewide median prices and peaked in January 2019 to \$859,700. According to the National Association of Realtors, the state of Hawaii had the least accessible housing market in the country with the lowest Affordability Distribution Score, which measures the affordability of currently available homes for sale

²¹ Aggregate CRA Small Business data reports available from: <https://www.ffiec.gov/craadweb/aggregate.aspx>.

²² U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

considering affordability for all income levels.²³ As of 2019, 39 percent of homeowners in the area spent over 30 percent of their income on housing and utilities, compared to only 27 percent nationwide.²⁴

Exhibit 9
Median Home Prices²⁵
January 2017- September 2019



In addition to high homeownership costs, Honolulu County had high rent prices. In Honolulu County, 58 percent of renters were cost-burdened compared to 50 percent nationwide.²⁶ This measure indicated that over half of all renters in the area spent more than 30 percent of their income on rent and utilities.

High living costs also impacted the population experiencing homelessness. Although the population experiencing homelessness slightly decreased in 2019 by one percent to 4,453, there was a 12 percent increase in the number of individuals who were unsheltered (sleeping in places not meant for human habitation, including outdoor areas and vehicles).²⁷ The increase in the population of unsheltered individuals raised the visibility of the issue.²⁸ Youth under the age of 18 years were one demographic group that was significantly impacted, making up nearly 20 percent of the total population experiencing homelessness.²⁹

In 2017, Honolulu County had a slightly lower poverty rate and food stamp usage rate than the statewide rate, as depicted in Exhibit 10 on the following page. Both the poverty and food stamp usage rates in the area decreased during the review period. With consideration of the state’s high cost of living, the Supplemental Poverty Measure estimated Hawaii’s poverty rate to be substantially higher at 13.7 percent.³⁰

²³ National Association of Realtors, Realtors Affordability Distribution Curve and Score; available from: <https://www.nar.realtor/research-and-statistics/housing-statistics/realtors-affordability-distribution-curve-and-score>.

²⁴ Prosperity Now Scorecard, Honolulu County, HI; available from: <https://scorecard.prosperitynow.org>.

²⁵ Zillow Research, Zillow Home Value Index, Single-Family Homes Time Series; available from: <https://www.zillow.com/research/data/>.

²⁶ Prosperity Now Scorecard, Honolulu County, HI; available from: <https://scorecard.prosperitynow.org>.

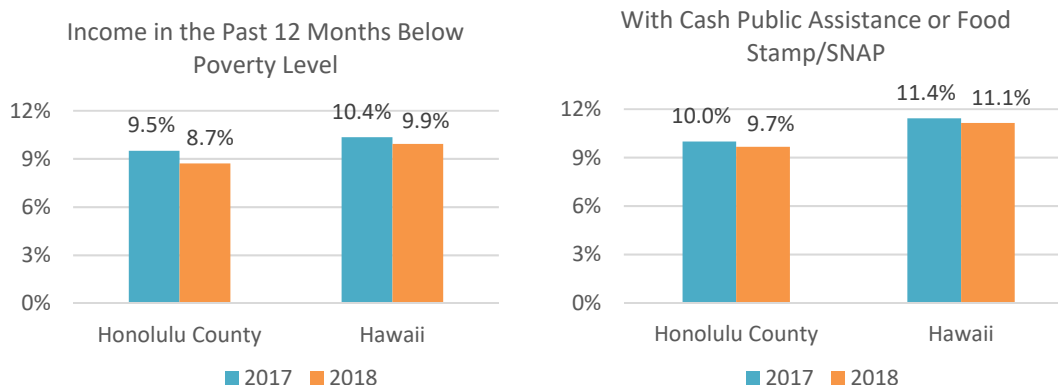
²⁷ Partners in Care: Oahu’s Continuum of Care, The Oahu 2019 Point in Time County Comprehensive Report, available from: <https://www.partnersincareoahu.org>.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Census Bureau, The Supplemental Poverty Measure 2018; available from: <https://www.census.gov/library/publications/2019/demo/p60-268.html>.

Exhibit 10
Poverty and Food Stamp Usage Rates³¹
2017-2018



Credit and Community Development Needs

The economic data discussed previously and the feedback from community contacts indicate that small businesses in the assessment area faced challenges in accessing credit. As shown in Exhibit 7 and previously discussed, small business lending levels peaked in 2016 prior to leveling off in 2017 and 2018, but remained below pre-Great Recession levels. The Small Business Credit Survey found that of the 43 percent of small businesses that applied for financing in the prior 12 month period, only 47 percent received all the credit they needed.³² Most firms applied for less than \$100,000, primarily to expand their business or cover operating expenses.³³ More than half of applicants who sought financing in this range did not obtain the amount of financing needed.³⁴ The majority of applicants applied for loans or lines of credit from large banks.³⁵ However, applicants who applied for loans or lines of credit from online lenders grew from 19 percent in 2016 to 32 percent in 2018.³⁶ Firms who had financing shortfalls typically had higher credit risk, did not earn a profit, were located in urban areas, or were young start-up firms less than five years old.³⁷ The survey noted that the largest funding gap was most prevalent for businesses who sought between \$100,000 and \$250,000.³⁸ Overall, there is a general need for more access to credit and smaller dollar loans.

There are high levels of households who are underbanked (households who have a bank account but still use alternative cash services) in the assessment area. Many underbanked households turn to predatory payday lenders or rely on prepaid cards to receive the financial services that are not offered by traditional banks. According to community contacts, there is an opportunity for banks to provide

³¹ Poverty and Food Stamp Usage Rates, U.S. Census Bureau, American Community Survey, 5-Year Estimates; available from: <https://www.census.gov/programs-surveys/acs/data.html>.

³² Small Business Credit Survey, Report on Employer Firms 2019, available from: <https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf>.

³³ Ibid.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Ibid.

³⁸ Small Business Credit Survey, Report on Employer Firms 2019, available from: <https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf>.

more products and services that cater to the population that is underbanked. For example, community contacts noted that many individuals rely on online lenders and digital platforms that lack an accompanying education piece to ensure individuals understand their use of credit. Although the technology-based financial services offer individuals convenience, many individuals using the services need supplementary credit counseling or financial education. Banks could address this need by providing more outreach and financial education services.

Homeownership assistance and financing, including securing housing on Hawaiian Home Lands, is an additional need identified by community contacts. Information provided by these contacts indicated there were over 20,000 individuals on the waiting list to secure their 99-year homestead lease for property on Hawaiian Home Lands from the state agency. If an individual is successful in receiving their lease, only one financial institution offers insured or guaranteed mortgages for properties on Hawaiian Home Lands across all Hawaiian Islands. Because the property is leased rather than wholly-owned by the borrower, banks may be hesitant to engage in this type of lending due to a perceived increase in risk.

Additionally, community contacts noted that there is a need for banks to provide more down payment assistance to help first-time homebuyers and households without other financing options to secure permanent and stable homeownership.

According to community contacts, there is also a need for more investments in community service agencies as well as Community Development Financial Institutions (CDFIs). More investment in local CDFIs would help meet the high demand of services and financing products that banks do not offer to low- and moderate-income communities. More investments, small business lending, homeownership lending, as well as outreach and education are all activities banks could engage in to support the wide range of community needs in the area. The prevalence of poverty in the high cost area discussed previously highlights the importance of banks to participate in more investment and outreach to address the unmet community credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE HONOLULU ASSESSMENT AREA

Lending Test

TSB's lending test performance in the Honolulu assessment area is adequate. Lending activity in the assessment area reflects excellent responsiveness to community credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area, and the distribution of borrowers reflects good penetration among borrowers of different income levels. The bank makes use of innovative and flexible lending practices in serving assessment area needs through its first-time homebuyer program. However, the performance is offset by a low level of community development loans.

Lending Activity

TSB's lending levels demonstrate excellent responsiveness to credit needs within the Honolulu assessment area. A substantial majority of the bank's home mortgage and small business loans were originated within this assessment area during the review period. Consistent with the bank's strategic focus on residential mortgage lending, home mortgage loans accounted for a substantial majority of its lending activity within the assessment area during the review period.

Lending Distribution by Geography

Overall, TSB's geographic distribution of loans reflects good penetration throughout the Honolulu assessment area. A relatively low percentage of the area's owner-occupied units are located within low- and moderate-income census tracts. This factor, along with strong competition from other financial institutions, may limit opportunities for lending within these geographies. The bank's performance reflected these challenges, but exceeded aggregate lending levels at times during the review period.

Home Purchase Loans

The geographic distribution of home purchase lending is good. As reflected in Table 3 of Appendix C, TSB's home purchase lending within low- and moderate-income census tracts was generally consistent with aggregate lending performance and the percentage of owner-occupied housing units located within these tracts.

Home Refinance Loans

The geographic distribution of home refinance lending is adequate. As reflected in Table 4 of Appendix C, TSB's home refinance lending within low-income tracts in 2017 exceeded both aggregate lending and the percentage of owner-occupied units within these tracts. However, the bank made no refinance loans within low-income tracts in 2018 and 2019. Home refinance lending in moderate-income census tracts was slightly below aggregate lending performance in 2017 but rebounded in 2018 and 2019.

Home Improvement Loans

The geographic distribution of TSB's home improvement lending is good. The bank originated a total of 28 home improvement loans during the current review period. Given the limited volume of the bank's overall home improvement lending, limited weight in the overall analysis is given to the bank's performance in this category.

As reflected in Table 5 of Appendix C, the bank originated no home improvement loans within low-income tracts during the review period. However, these tracts hold only one percent of owner-occupied units within the assessment area. The bank's home improvement lending within moderate-income tracts materially exceeded aggregate lending levels and was generally consistent with the percentage of owner-occupied units within these geographies.

Lending Distribution by Borrower Income

TSB's residential mortgage lending reflects good penetration among borrowers of different income levels within the Honolulu assessment area. This performance was primarily supported by stronger levels of performance in home purchase lending.

Home Purchase Loans

The distribution of the bank's home purchase lending to borrowers of different income levels is excellent. As reflected in Table 9 of Appendix C, the bank's lending to low-income borrowers during the review period was significantly higher than aggregate performance. The bank's performance in lending to moderate-income borrowers also exceeded aggregate lending performance. While the bank's

performance was below the percentage of low- and moderate-income families within the assessment area, such families often face significant difficulty in purchasing a home given the high housing costs previously discussed.

Home Refinance Loans

TSB's borrower distribution in home refinance lending is adequate. The bank's performance in lending to low- and moderate-income borrowers in the last quarter of 2017 was below aggregate performance and significantly below the percentage of low- and moderate-income families within the assessment area, as reflected in Table 10 of Appendix C. However, the bank's performance for all of 2018 exceeded aggregate lending performance for both low- and moderate-income borrower distribution, and improved in relation to area demographics.

Home Improvement Loans

The distribution of the bank's home improvement lending to borrowers of different income levels is poor. As noted in Table 11 of Appendix C, TSB's lending to low- and moderate-income borrowers for the review period was below aggregate lending performance. However, given the bank's limited home improvement lending volume, limited weight in the evaluation is placed on the bank's lending in this category.

Community Development Lending

TSB makes a low level of community development loans. The bank originated five community development loans totaling \$50,000 within the Honolulu assessment area during the review period. Each of the five loans was an overdraft line of credit to an organization providing educational, social, and community support services to the Honolulu assessment area.

Investment Test

TSB's investment test performance in the Honolulu assessment area is adequate. The bank made 26 donations and grants totaling \$84,394 to area community development organizations that provided community services to low- and moderate-income individuals or promoted affordable housing within the assessment area. The bank also retained three investments in the amount of \$2.7 million from the prior period, consisting of securities backed by mortgage loans made to low- and moderate-income borrowers in the Honolulu assessment area. In addition, the bank made an investment in a new mortgage-backed security totaling over \$2.8 million that was secured by ten mortgage loans to low- or moderate-income borrowers in the state of Hawaii. Although this investment was made at a broader statewide level, nine of the 10 borrowers were located in the Honolulu assessment area. Notable community development donations and grants in the assessment area include:

- A \$10,000 grant to an organization that assists low-income families in rural areas in becoming homeowners through the USDA Section 502 Direct Loan program. With technical assistance from the organization, the shared labor of multiple families in building each other's homes provides the down payment for each home. Along with discounted mortgage loan rates as low as 1.0 percent, this makes homeownership possible for lower-income borrowers.

- A \$12,000 grant to an organization providing financial education, information and support to prospective first-time homebuyers.
- A \$6,000 grant to a non-profit organization that helps families with children escape homelessness and transition into sustainable independence.

Service Test

The bank's service test performance within the Honolulu assessment area is good. Delivery systems are readily accessible to the bank's geographies and individuals of different incomes in the assessment area. TSB's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies. TSB's employees provided a relatively high level of community development services within the Honolulu assessment area.

Retail Banking Services

TSB's delivery systems are readily accessible to the bank's geographies and individuals of different income levels within the Honolulu assessment area. The bank operates 23 branch locations within the assessment area, including one branch in a low-income census tract, and another four branches in moderate-income tracts. The bank did not open or close any branches during the review period. Each of the bank's branches within the assessment area includes an ATM. Several, including two locations within moderate-income tracts, offer Saturday hours. In addition, several branches, including one located within a moderate-income tract, provide night depository services. TSB's services do not vary in a way that inconveniences low- or moderate-income geographies or populations within the assessment area.

Community Development Services

TSB provides a relatively high level of community development services within the Honolulu assessment area. Bank employees provided 979 hours of service to eight community development organizations within the assessment area during the review period. The services provided by the bank helped address community needs regarding the provision of community services to low- and moderate-income individuals and families, homelessness and affordable housing, and economic development. Notable community services provided by the bank include:

- A bank employee provided 200 hours presenting financial literacy and home ownership education to assessment area residents on behalf of a Native Hawaiian non-profit organization promoting affordable housing.
- A bank employee provided 100 hours supporting fundraising for an organization that provides mentoring and recreation for children of low- and moderate-income incarcerated parents.
- A bank officer provided 280 hours of service as a member of the board and the finance committee of an organization providing food services to low- and moderate-income individuals. In addition, another bank employee drafted a marketing plan and budget for the organization.
- Employees provided 67 hours instructing prospective first-time homebuyers on applying for and obtaining home loans and an additional 14 hours supporting fundraising efforts of the non-profit organization sponsoring these homebuyer education courses.

Maui Assessment Area

DESCRIPTION OF OPERATIONS IN MAUI

The Maui assessment area is composed of portions of the Kahului-Wailuku-Lahaina, Hawaii MSA. The assessment area encompasses Maui County and covers the islands of Maui, Lanai, and Molokai (except for a portion of Molokai that comprises Kalawao County), as well as the uninhabited island of Molokini, but excludes the island of Kahoolawe which has no permanent residents. The Maui assessment area has a land mass of 1,162 square miles which accounts for nearly 18 percent of the total land mass in the state of Hawaii. As of 2018, the population of the assessment area was 167,207.³⁹

As of June 30, 2019, the Maui assessment area had seven FDIC-insured commercial institutions operating 37 offices.⁴⁰ TSB operated three branches in the assessment area, which had total deposits of \$104.2 million, representing 2.8 percent of the market.⁴¹

The following exhibit presents key demographic and business information used to help develop a performance context for the assessment area.

³⁹ U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2018; available from: www.census.gov/quickfacts/.

⁴⁰ Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2019; available from: <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>.

⁴¹ Ibid.

EXHIBIT 11 ASSESSMENT AREA DEMOGRAPHICS MAUI ASSESSMENT AREA 2019 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	7,322	20.0
Moderate-income	8	21.6	6,102	16.6	835	13.7	6,688	18.2
Middle-income	22	59.5	26,643	72.6	1,890	7.1	8,066	22.0
Upper-income	4	10.8	3,940	10.7	91	2.3	14,609	39.8
Unknown-income	3	8.1	0	0.0	0	0.0	0	0.0
Total AA	37	100.0	36,685	100.0	2,816	7.7	36,685	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	11,926	4,322	14.0	36.2	4,866	40.8	2,738	23.0
Middle-income	51,540	22,842	74.1	44.3	15,901	30.9	12,797	24.8
Upper-income	7,691	3,660	11.9	47.6	1,872	24.3	2,159	28.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	71,157	30,824	100.0	43.3	22,639	31.8	17,694	24.9
Income Categories	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	1,287	16.7	1,185	16.6	90	17.1	12	23.1
Middle-income	5,807	75.2	5,378	75.3	394	75.0	35	67.3
Upper-income	626	8.1	580	8.1	41	7.8	5	9.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	7,720	100.0	7,143	100.0	525	100.0	52	100.0
% of Total Businesses				92.5		6.8		0.7
2019 Median Family Income ⁴²			\$76,195	June 2019 Median Housing Value ⁴³			\$670,700	
2019 HUD Adjusted Median Family Income ⁴⁴			\$83,800	2019 Unemployment Rate ⁴⁵			2.4%	

⁴² U.S. Department of Housing and Urban Development, Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il17/index/html>.

⁴³ Zillow Research, Zillow Home Value Index, Single-Family Homes Time Series; available from: <https://www.zillow.com/research/data/>.

⁴⁴ U.S. Department of Housing and Urban Development, Adjusted Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il17/index/html>.

⁴⁵ Annual Unemployment Rate, U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

Economic Conditions

The Maui assessment area economy grew during the review period. Primary economic drivers of the area were tourism, logistics, and agriculture.⁴⁶ A rise in visitor traffic drove hiring in the retail as well as leisure and hospitality industries.⁴⁷ Combined, these industries employed half of all non-farm workers.⁴⁸ Visitor spending in the area continued to increase and demand remained high from domestic tourists.⁴⁹ Growth in the professional and business services sector was concentrated in low-wage administrative and support jobs.⁵⁰ Although the economic expansion during the review period pushed the unemployment rate close to a thirty year low and helped grow average earnings, job opportunities were limited to low-skill and low-wage positions.⁵¹ However, renewable energy was one sector on the rise that created more mid-wage jobs in the solar panel installation trade.⁵² The renewable energy industry continued to see high demand for solar panels to help alleviate the reliance on imported petroleum that results in electricity prices that are three times that of prices on the U.S. mainland.⁵³ Economic growth was also steady in the housing sector during the review period. Although there were intermittent upswings in the number of housing permits, home prices continued to rise in the review period overall.⁵⁴ Similar to the Honolulu assessment area, the area is burdened by high living costs.⁵⁵

As depicted in Exhibit 12 on the following page, loans to small businesses from banks subject to the CRA spiked in 2016 prior to leveling off in 2017 and 2018. Lending to small businesses played a critical role in the economy given that small businesses accounted for 92.5 percent of all businesses in the assessment area, as previously noted in Exhibit 11.

⁴⁶ Moody's Precis Report, Kahului-Wailuku-Lahaina HI, July 2019.

⁴⁷ Moody's Precis Report, Kahului-Wailuku-Lahaina HI, July 2018.

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Ibid.

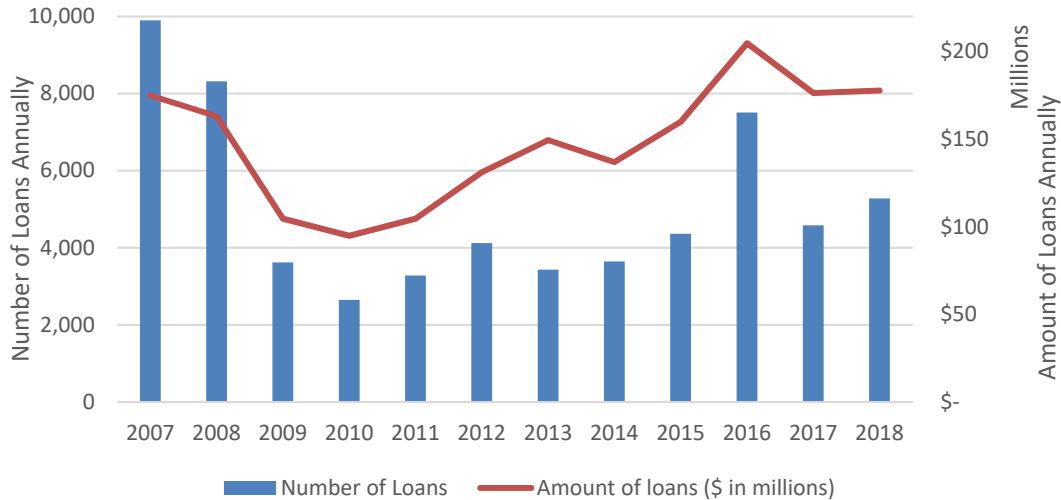
⁵² Ibid.

⁵³ Ibid.

⁵⁴ Moody's Precis Report, Kahului-Wailuku-Lahaina HI, July 2019.

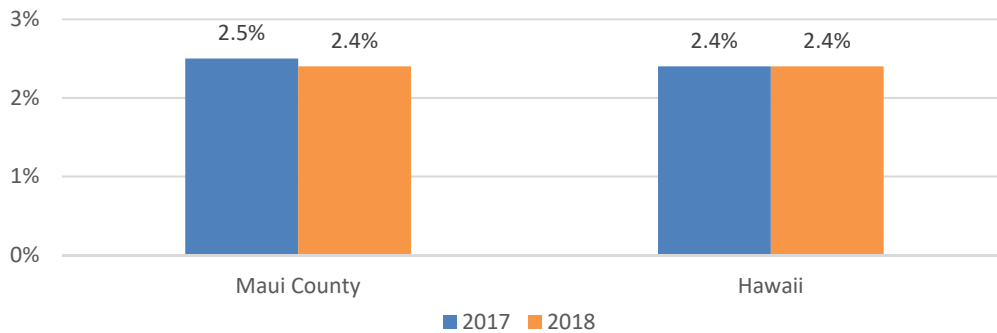
⁵⁵ Moody's Precis Report, Kahului-Wailuku-Lahaina HI, August 2017.

Exhibit 12
Loans to Small Businesses in Assessment Area⁵⁶
2007-2018



The unemployment rate decreased slightly in the assessment area during the review period, as depicted in Exhibit 13 below. The decreased unemployment rate matched the statewide unemployment rate.

Exhibit 13
Unemployment Rate⁵⁷
2017-2018



As reflected in Exhibit 14 on the following page, there was moderate growth in median home prices in the assessment area during the review period. Home prices were lower in the assessment area compared to the statewide average. Overall, the area had higher housing costs than the national average. According to the National Association of Realtors' Traditional Housing Affordability Index, the state of Hawaii had the least accessible housing market in the country.⁵⁸ As discussed previously, Hawaii

⁵⁶ Aggregate CRA Small Business data reports available from: <https://www.ffiec.gov/craadweb/aggregate.aspx>.

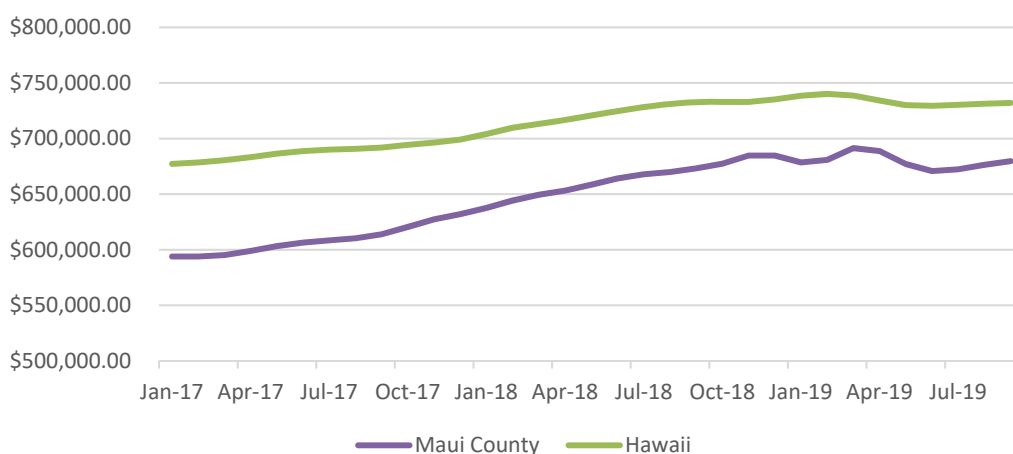
⁵⁷ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

⁵⁸ National Association of Realtors, Realtors Affordability Distribution Curve and Score; available from: <https://www.nar.realtor/research-and-statistics/housing-statistics/realtors-affordability-distribution-curve-and-score>.

had a high cost of living that impacts housing affordability. As of 2019, 44 percent of homeowners in the area were cost-burdened, compared to only 27 percent nationwide.⁵⁹

Similar to the Honolulu assessment area, rental housing costs were also high. Over 48 percent of households in the area were cost-burdened (spent more than 30 percent of their income on rent and utilities).⁶⁰ At the average hourly wage in the area, a renter must work two full time jobs to afford a market rate apartment.⁶¹ The high cost of rent impacted the 41 percent of the population that rented in the area during the review period.⁶²

Exhibit 14
Median Home Prices⁶³
January 2017- September 2019



As depicted in Exhibit 15 on the following page, the area had high levels of poverty and food stamp usage. The percentage of individuals with incomes below the poverty line in the area was nominally lower than the statewide percentage. Similarly, the percentage of people utilizing public assistance or food stamps was slightly lower than the statewide percentage. Both the poverty and food stamp usage rates decreased in the area during the review period.

⁵⁹ Prosperity Now Scorecard, Maui County, HI; available from: <https://scorecard.prosperitynow.org>.

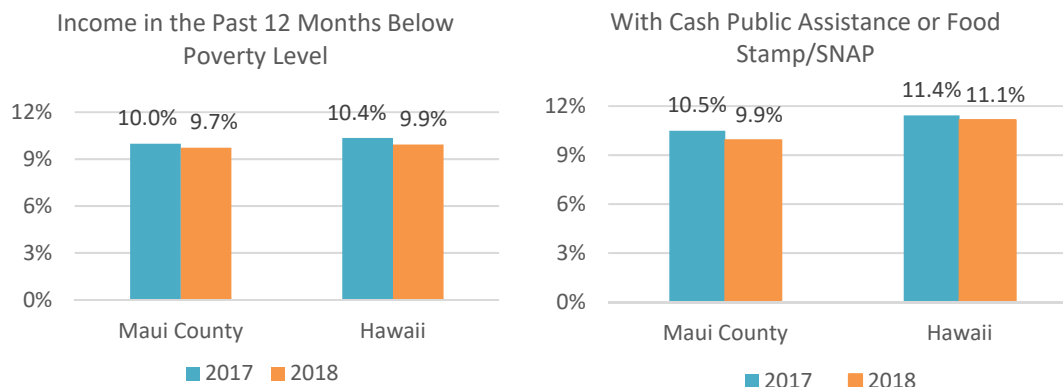
⁶⁰ Ibid.

⁶¹ National Low Income Housing Coalition, Out of Reach 2019; available from: <https://reports.nlihc.org/oor/hawaii>.

⁶² Ibid.

⁶³ Zillow Research, Zillow Home Value Index, Single-Family Homes Time Series; available from: <https://www.zillow.com/research/data/>.

**Exhibit 15
Poverty and Food Stamp Usage Rates⁶⁴
2017-2018**



Credit and Community Development Needs

Small business lending levels, as shown previously, peaked in 2016 prior to leveling off in 2017 and 2018, but remained below pre-Great Recession levels. Similar to the discussion for the credit needs of the Honolulu assessment area, the Small Business Credit Survey results indicate that small businesses continue to experience obstacles in obtaining the amount of financing needed and accessing smaller dollar loans.⁶⁵ One community contact noted that losses in small business lending during the Great Recession deterred local CDFIs and other lenders from continuing to lend to small businesses. There were recent increases in the amount of Small Business Administration (SBA) funding. However, there is still more need, specifically for small business owners that have little collateral to qualify for traditional financing products.

A variety of factors also suggest that there is a need for affordable housing development and financing within the assessment area. One community contact highlighted the area’s lack of affordable and workforce housing stock and difficulty in developing additional housing due to the high cost of property. There is a need for more investments by banks in affordable housing developments, specifically housing built by nonprofit developers. In addition to investments in affordable housing, community contacts noted the need for more financial services that help individuals with the high cost of housing. Banks could provide more down payment assistance or more investments in community organizations that help individuals with rental assistance or the cost of a deposit to help secure an affordable housing unit.

Similar to the Honolulu assessment area, there is an opportunity for banks to engage in more outreach and financial education to help improve the financial literacy and money management skills of households who are underbanked. In Wailuku, the county seat, 20 percent of households are either unbanked or underbanked.⁶⁶ The town of Wailuku is one example of a community in the area where one in five households do not have access to financial services and products that meet their credit needs.

⁶⁴ Poverty and Food Stamp Usage Rates, U.S. Census Bureau, American Community Survey, 5-Year Estimates; available from: <https://www.census.gov/programs-surveys/acs/data.html>.

⁶⁵ Small Business Credit Survey, Report on Employer Firms 2019, available from: <https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf>.

⁶⁶ Hawaii Community Lending, Hawaii’s Unbanked and Underbanked, Target Communities.

There is a need for more investment and engagement from financial institutions to address the poverty, lack of affordable housing, and gaps in small business lending described above. Banks in the area have an opportunity to address the needs of residents who are most in need. Community development lending, as well as advocacy and service are the most impactful activities banks could participate in to better serve their communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE MAUI ASSESSMENT AREA

Lending Test

TSB's lending test performance in the Maui assessment area is poor. Lending activity in the assessment area reflects poor responsiveness to community credit needs. However, the geographic distribution of loans reflects poor penetration throughout the assessment area and the distribution of borrowers reflects poor penetration among borrowers of different income levels. In addition, the bank did not originate any community development loans within the Maui assessment area during the review period.

Lending Activity

TSB's lending levels demonstrate poor responsiveness to credit needs within the Maui assessment area. The bank originated 15 home purchase and refinance loans and no small business loans within the assessment area during the review period.

Lending Distribution by Geography

The bank's geographic distribution of loans reflects poor penetration throughout the assessment area. The bank's limited lending volume in this area and the limited number of census tracts in low- and moderate-income geographies within the assessment area partially explain this performance. For example, the Maui assessment area includes no low-income census tracts. However, only one of 15 home mortgage loans was made within a moderate-income census tract during the review period. As such, the bank did not compare favorably to aggregate lending performance within the assessment area.

Home Purchase Loans

The geographic distribution of TSB's home purchase loans reflects poor penetration throughout the assessment area. As reflected in Table 3 of Appendix C, the bank originated one of its nine home purchase loans within moderate-income tracts during the review period. The bank's performance was below both the percentage of owner-occupied units and the performance of aggregate lenders within these geographies.

Home Refinance Loans

TSB's geographic distribution of home refinance loans reflects poor penetration throughout the assessment area. As noted in Table 4 of Appendix C, none of the bank's six home refinance loans in the review period were made within moderate-income tracts. The bank's performance was below both the percentage of owner-occupied units and the performance of the aggregate within these geographies.

Home Improvement Loans

TSB did not originate any home improvement loans within the Maui assessment area during the review period, as reflected in Table 5 of Appendix C.

Lending Distribution by Borrower Income

The distribution of borrowers within the Maui assessment area reflects poor penetration among borrowers of different income levels. However, as was noted above in the discussion of geographic distribution, the limited number of loans made by the bank during the review period limits the significance of this analysis.

Home Purchase Loans

TSB's distribution of borrowers for home purchase loans within the assessment area reflects poor penetration among borrowers of different income levels. As reflected in Table 9 of Appendix C, none of the bank's six home purchase loans in the review period were made to low- or moderate-income borrowers. The bank's performance was below both aggregate performance and the percentage of low- and moderate-income families within these geographies.

Home Refinance Loans

TSB's distribution of borrowers for home refinance loans reflects adequate penetration among borrowers of different income levels. One of the bank's four loans made to borrowers with reported incomes during the review period was made to a moderate-income borrower, as reflected in Appendix C, Table 10. The bank's performance exceeded the percentage of moderate-income families within the area, as well as the performance of the aggregate. The bank made no home refinance loans to low-income borrowers within the Maui assessment area during the review period.

Home Improvement Loans

TSB did not originate any home improvement loans within the Maui assessment area during the review period, as reflected in Table 11 of Appendix C.

Community Development Lending

TSB did not originate any community development loans within the Maui assessment area during the review period. Although there is significant competition for community development lending within the assessment area, the absence of community development lending is not consistent with the opportunities available within the Maui assessment area.

Investment Test

TSB's investment test performance in the Maui assessment area is poor. The bank made no community development investments or donations specifically targeted to activities or organizations within the assessment area during the review period. However, several of the bank's non-complex, mortgage-backed securities benefitted the broader statewide area, including this assessment area.

Service Test

The bank's service test performance within the Maui assessment area is poor. The bank's employees did not provide any qualified community development service hours within the Maui assessment area during the review period. Delivery systems are accessible to the bank's geographies and individuals of different incomes in the assessment area. TSB's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies.

Retail Banking Services

TSB's delivery systems are accessible to the bank's geographies and individuals of different income levels within the Maui assessment area. The bank operates three branches within the assessment area, including one branch in a moderate-income census tract. The bank did not open or close any branches in the assessment area during the review period. Each of the bank's branches within the assessment area includes an ATM and offers Saturday hours. TSB's services do not vary in a way that inconveniences moderate-income geographies or populations within the assessment area.

LIMITED-SCOPE ASSESSMENT AREA CONCLUSIONS

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

TSB's performance in the assessment area receiving a limited review is generally below the bank's performance in the Honolulu assessment area and consistent with the Maui assessment area. The bank operates two branch locations in Hawaii County and one branch in Kauai County, areas in which several larger financial institutions maintain a prominent presence. Given TSB's limited presence and loan volumes in this assessment area, the bank's performance in this area did not impact its overall rating.

TSB's lending test performance in the Hawaii Non-MSA assessment area is below its performance in the Honolulu assessment area. The bank made only five home purchase and refinance loans during the review period, limiting the conclusiveness of the review; however, the geographic and borrower distribution of the bank's loans was below aggregate lending performance. The bank made no community development loans in the assessment area.

TSB's investment test performance in the Hawaii Non-MSA assessment area is below its performance in the Honolulu assessment area. The bank did not make any community development investments or donations within the assessment area; however, the assessment area benefited from investments and donations made to organizations serving the needs of the broader statewide area.

The bank's performance under the service test is consistent with its Honolulu assessment area performance, but exceeds its performance within the Maui assessment area. The bank provided an adequate level of community development services during the review period. Facts and data reviewed, including performance and demographic information, can be found in the tables in Appendices B and C.

EXHIBIT 16			
LIMITED-SCOPE ASSESSMENT AREA CONCLUSIONS			
ASSESSMENT AREA	LENDING TEST	INVESTMENT TEST	SERVICE TEST
Hawaii Non-MSA	Below	Below	Consistent

APPENDIX A

Glossary of Terms

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

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

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

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX B

Limited-Scope Assessment Area Market Profiles

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

U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2018; available from <http://www.census.gov/quickfacts/>.

Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2019; available from: <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>.

U.S. Department of Housing and Urban Development, Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il17/index.html>.

Zillow Research, Zillow Home Value Index, Single-Family Homes Time Series; available from: <https://www.zillow.com/research/data/>.

U.S. Department of Housing and Urban Development, Adjusted Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il17/index.html>.

U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

Hawaii Non-MSA Assessment Area

The Hawaii Non-MSA assessment area is comprised of the islands of Hawaii and Kauai, which represent the more populous portions of Hawaii and Kauai Counties. Hawaii County has a land mass of 4,028 square miles which accounts for 62.7 percent of the total land mass in the state of Hawaii making it the largest county in the state in terms of geography. Hawaii County has no incorporated cities. Kauai County has a land mass of approximately 620 square miles which accounts for 9.7 percent of the total land mass in the state of Hawaii. As of 2018, the population of Hawaii County was 200,983 people and the population of Kauai County was 72,133.

As of June 30, 2019, TSB's three branches in the assessment area held \$138.9 million in deposits and accounted for 2.9 percent of the deposit market share. TSB ranked fifth out of eight FDIC-insured depository institutions that operated 51 offices and held \$4.9 billion in total deposits in the market. Deposits were primarily concentrated in two financial institutions that collectively held 76.1 percent of the market share. In 2018, there were 60 small business lenders operating within the assessment area that were subject to the reporting requirements of CRA. These lenders extended 6,366 small business loans for \$192 million. Reporting institutions represent only a portion of all institutions competing for small business lending in the assessment area.

Exhibit 17 on the following page presents key demographic and business information used to help develop a performance context for the assessment area.

EXHIBIT 17 ASSESSMENT AREA DEMOGRAPHICS HAWAII NON-MSA ASSESSMENT AREA 2019 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	3	4.5	3,067	5.2	950	31.0	13,210	22.4
Moderate-income	6	9.1	8,351	14.2	1,947	23.3	9,420	16.0
Middle-income	29	43.9	34,040	57.7	3,287	9.7	12,003	20.4
Upper-income	8	12.1	13,513	22.9	1,084	8.0	24,338	41.3
Unknown-income	20	30.3	0	0.0	0	0.0	0	0.0
Total AA	66	100.0	58,971	100.0	7,268	12.3	58,971	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	7,286	2,591	4.5	35.6	3,259	44.7	1,436	19.7
Moderate-income	16,607	9,271	16.3	55.8	3,468	20.9	3,868	23.3
Middle-income	67,102	32,787	57.5	48.9	17,769	26.5	16,546	24.7
Upper-income	23,899	12,363	21.7	51.7	5,945	24.9	5,591	23.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	114,894	57,012	100.0	49.6	30,441	26.5	27,441	23.9
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	962	9.7	865	9.5	85	12.1	12	16.2
Moderate-income	375	3.8	350	3.8	24	3.4	1	1.4
Middle-income	6,663	67.2	6,158	67.4	451	64.0	54	73.0
Upper-income	1,911	19.3	1,759	19.3	145	20.6	7	9.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	9,911	100.0	9,132	100.0	705	100.0	74	100.0
% of Total Businesses				92.1		7.1		0.7
2019 Median Family Income			June 2019 Median Housing Value					
Hawaii County			\$45,058	Hawaii County			\$367,000	
Kauai County			\$45,058	Kauai County			\$583,800	
2019 HUD Adjusted Median Family Income			2018 Unemployment Rate					
Hawaii County			\$55,700	Hawaii County			3.0%	
Kauai County			\$55,700	Kauai County			2.5%	

APPENDIX C

CRA Core Tables

Table 1	Lending Volume of Reported Loans
Table 2	Geographic Distribution of Small Business Loans
Table 3	Geographic Distribution of Home Purchase Loans
Table 4	Geographic Distribution of Home Mortgage Refinance Loans
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Table 1 - Lending Volume of Reported Loans

Evaluation Period: October 1, 2017 to June 30, 2019

Assessment Areas	% of Rated Area Loans	Small Business Loans		Small Farm Loans		All HMDA Loans		Community Development Loans		Total Reported Loans		% of Rated Area Deposits
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<i>Full Scope</i>												
Honolulu	97.5	7	1,923	0	0	765	399,127	5	50	777	451,050	85.5
Maui	1.9	0	0	0	0	15	6,045	0	0	15	6,045	6.2
<i>Limited Scope</i>												
Hawaii Non-MSA	0.6	0	0	0	0	5	1,639	0	0	5	1,639	8.3

Table 2 - Geographic Distribution of Small Business Loans

Evaluation Period: October 1, 2017 to June 30, 2019

Assessment Areas	Total Loans from Bank		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Business Entities (%)	Bank Loans (%)	Business Entities (%)	Bank Loans (%)	Business Entities (%)	Bank Loans (%)	Business Entities (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full Scope</i>																			
Honolulu 2017	0	0.0	0.0	6.3	0.0	21.6	0.0	34.6	0.0	37.5	5.1	18.9	38.4	37.6	0.0	0.0	0.1	0.0	0.0
Honolulu 2018	5	100.0	0.0	5.6	0.0	20.3	80.0	37.0	20.0	37.1	5.2	18.7	38.9	37.2	0.0	0.0	0.0	0.0	0.0
Honolulu 2019	2	100.0	0.0	N/A	50.0	N/A	50.0	N/A	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maui 2017	0	0.0	0.0	0.0	0.0	18.2	0.0	73.4	0.0	8.4	0.0	15.0	74.1	10.9	0.0	0.0	0.0	0.0	0.0
Maui 2018	0	0.0	0.0	0.0	0.0	16.7	0.0	75.2	0.0	8.1	0.0	15.0	74.3	10.6	0.0	0.0	0.0	0.0	0.0
Maui 2019	0	0.0	0.0	N/A	0.0	N/A	0.0	N/A	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Limited Scope</i>																			
Hawaii Non-MSA 2017	0	0.0	0.0	11.4	0.0	4.8	0.0	64.5	0.0	19.2	7.5	6.1	62.9	23.6	0.0	0.0	0.0	0.0	0.0
Hawaii Non-MSA 2018	0	0.0	0.0	9.7	0.0	3.8	0.0	67.2	0.0	19.3	7.6	5.8	63.8	22.8	0.0	0.0	0.0	0.0	0.0
Hawaii Non-MSA 2019	0	0.0	0.0	N/A	0.0	N/A	0.0	N/A	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 3 - Geographic Distribution of Home Purchase Loans

Evaluation Period: October 1, 2017 to June 30, 2019

Assessment Areas	Total Loans from Bank		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Owner Occ Units (%)	Bank Loans (%)	Owner Occ Units (%)	Bank Loans (%)	Owner Occ Units (%)	Bank Loans (%)	Owner Occ Units (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full Scope</i>																			
Honolulu 2017	113	96.6	1.8	1.0	13.3	12.0	30.1	48.4	54.9	38.6	0.7	13.9	41.7	43.7	3.2	6.1	4.3	3.0	3.1
Honolulu 2018	294	98.0	1.0	1.0	18.7	12.0	39.1	48.4	41.2	38.6	0.9	14.6	41.0	43.5	0.0	0.0	0.0	0.0	0.0
Honolulu 2019	114	96.6	0.9	1.0	14.0	12.0	39.5	48.4	45.6	38.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maui 2017	2	1.7	0.0	0.0	0.0	14.0	100.0	74.1	0.0	11.9	0.0	12.2	73.8	13.9	0.3	0.0	0.0	0.5	0.0
Maui 2018	3	1.0	0.0	0.0	0.0	14.0	100.0	74.1	0.0	11.9	0.0	12.1	74.3	13.6	0.0	0.0	0.0	0.0	0.0
Maui 2019	4	3.4	0.0	0.0	25.0	14.0	75.0	74.1	0.0	11.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Limited Scope</i>																			
Hawaii Non-MSA 2017	2	1.7	50.0	4.5	0.0	16.3	50.0	57.5	0.0	21.7	5.1	18.3	53.9	22.6	0.1	0.6	0.0	0.1	0.1
Hawaii Non-MSA 2018	2	0.7	0.0	4.5	0.0	16.3	50.0	57.5	50.0	21.7	3.6	17.9	53.2	25.3	0.0	0.0	0.0	0.0	0.0
Hawaii Non-MSA 2019	0	0.0	0.0	4.5	0.0	16.3	0.0	57.5	0.0	21.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 4 - Geographic Distribution of Home Mortgage Refinance Loans

Evaluation Period: October 1, 2017 to June 30, 2019

Assessment Areas	Total Loans from Bank		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Owner Occ Units (%)	Bank Loans (%)	Owner Occ Units (%)	Bank Loans (%)	Owner Occ Units (%)	Bank Loans (%)	Owner Occ Units (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full Scope</i>																			
Honolulu 2017	27	100.0	3.7	1.0	7.4	12.0	44.4	48.4	44.4	38.6	0.7	10.7	47.2	41.4	1.7	3.7	2.2	1.4	1.9
Honolulu 2018	128	96.2	0.0	1.0	10.9	12.0	47.7	48.4	41.4	38.6	0.9	10.9	47.8	40.5	0.0	0.0	0.0	0.0	0.0
Honolulu 2019	52	96.3	0.0	1.0	13.5	12.0	53.8	48.4	32.7	38.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maui 2017	0	0.0	0.0	0.0	0.0	14.0	0.0	74.1	0.0	11.9	0.0	12.4	74.9	12.7	0.3	0.0	0.5	0.3	0.5
Maui 2018	5	3.8	0.0	0.0	0.0	14.0	80.0	74.1	20.0	11.9	0.0	13.5	73.9	12.6	0.0	0.0	0.0	0.0	0.0
Maui 2019	1	1.9	0.0	0.0	0.0	14.0	100.0	74.1	0.0	11.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Limited Scope</i>																			
Hawaii Non-MSA 2017	0	0.0	0.0	4.5	0.0	16.3	0.0	57.5	0.0	21.7	3.0	14.8	56.9	25.3	0.1	0.0	0.0	0.1	0.2
Hawaii Non-MSA 2018	0	0.0	0.0	4.5	0.0	16.3	0.0	57.5	0.0	21.7	2.9	13.7	58.5	24.9	0.0	0.0	0.0	0.0	0.0
Hawaii Non-MSA 2019	1	1.9	0.0	4.5	0.0	16.3	100.0	57.5	0.0	21.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 5 - Geographic Distribution of Home Improvement Loans

Evaluation Period: October 1, 2017 to June 30, 2019

Assessment Areas	Total Loans from Bank		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Owner Occ Units (%)	Bank Loans (%)	Owner Occ Units (%)	Bank Loans (%)	Owner Occ Units (%)	Bank Loans (%)	Owner Occ Units (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full Scope</i>																			
Honolulu 2017	20	100.0	0.0	1.0	10.0	12.0	40.0	48.4	50.0	38.6	0.6	9.0	47.1	43.3	4.6	8.3	2.7	3.9	5.8
Honolulu 2018	8	100.0	0.0	1.0	25.0	12.0	25.0	48.4	50.0	38.6	0.6	8.7	47.0	43.7	0.0	0.0	0.0	0.0	0.0
Honolulu 2019	0	0.0	0.0	1.0	0.0	12.0	0.0	48.4	0.0	38.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maui 2017	0	0.0	0.0	0.0	0.0	14.0	0.0	74.1	0.0	11.9	0.0	17.7	68.5	13.8	1.0	0.0	0.0	1.4	0.0
Maui 2018	0	0.0	0.0	0.0	0.0	14.0	0.0	74.1	0.0	11.9	0.0	11.2	74.8	14.0	0.0	0.0	0.0	0.0	0.0
Maui 2019	0	0.0	0.0	0.0	0.0	14.0	0.0	74.1	0.0	11.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Limited Scope</i>																			
Hawaii Non-MSA 2017	0	0.0	0.0	4.5	0.0	16.3	0.0	57.5	0.0	21.7	2.6	12.3	54.0	31.1	1.0	0.0	0.0	0.6	2.1
Hawaii Non-MSA 2018	0	0.0	0.0	4.5	0.0	16.3	0.0	57.5	0.0	21.7	2.1	9.2	59.0	29.7	0.0	0.0	0.0	0.0	0.0
Hawaii Non-MSA 2019	0	0.0	0.0	4.5	0.0	16.3	0.0	57.5	0.0	21.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 6 - Geographic Distribution of Home Mortgage Other Purpose Closed-end Loans

Evaluation Period: October 1, 2017 to June 30, 2019

Assessment Areas	Total Loans from Bank		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Owner Occ Units (%)	Bank Loans (%)	Owner Occ Units (%)	Bank Loans (%)	Owner Occ Units (%)	Bank Loans (%)	Owner Occ Units (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full Scope</i>																			
Honolulu 2018	2	100.0	0.0	1.0	50.0	12.0	50.0	48.4	0.0	38.6	0.0	10.5	42.4	47.1	0.0	0.0	0.0	0.0	0.0
Honolulu 2019	0	0.0	0.0	1.0	0.0	12.0	0.0	48.4	0.0	38.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maui 2018	0	0.0	0.0	0.0	0.0	14.0	0.0	74.1	0.0	11.9	0.0	9.8	77.0	13.1	0.0	0.0	0.0	0.0	0.0
Maui 2019	0	0.0	0.0	0.0	0.0	14.0	0.0	74.1	0.0	11.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Limited Scope</i>																			
Hawaii Non-MSA 2018	0	0.0	0.0	4.5	0.0	16.3	0.0	57.5	0.0	21.7	0.0	22.9	49.4	27.7	0.0	0.0	0.0	0.0	0.0
Hawaii Non-MSA 2019	0	0.0	0.0	4.5	0.0	16.3	0.0	57.5	0.0	21.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 7 - Geographic Distribution of Multifamily Loans

Evaluation Period: October 1, 2017 to June 30, 2019

Assessment Areas	Total Loans from Bank		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Multifamily Units (%)	Bank Loans (%)	Multifamily Units (%)	Bank Loans (%)	Multifamily Units (%)	Bank Loans (%)	Multifamily Units (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full Scope</i>																			
Honolulu 2017	4	100.0	0.0	4.7	100.0	36.2	0.0	42.6	0.0	16.4	1.1	62.6	30.8	5.5	4.4	0.0	7.0	0.0	0.0
Honolulu 2018	2	100.0	0.0	1.0	100.0	12.0	0.0	48.4	0.0	38.6	1.9	61.1	33.3	3.7	0.0	0.0	0.0	0.0	0.0
Honolulu 2019	0	0.0	0.0	1.0	0.0	12.0	0.0	48.4	0.0	38.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maui 2017	0	0.0	0.0	0.0	0.0	14.8	0.0	73.7	0.0	11.5	0.0	28.6	71.4	0.0	0.0	0.0	0.0	0.0	0.0
Maui 2018	0	0.0	0.0	0.0	0.0	14.0	0.0	74.1	0.0	11.9	0.0	0.0	57.1	42.9	0.0	0.0	0.0	0.0	0.0
Maui 2019	0	0.0	0.0	0.0	0.0	14.0	0.0	74.1	0.0	11.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Limited Scope</i>																			
Hawaii Non-MSA 2017	0	0.0	0.0	7.4	0.0	2.7	0.0	64.6	0.0	25.3	28.6	0.0	71.4	0.0	0.0	0.0	0.0	0.0	0.0
Hawaii Non-MSA 2018	0	0.0	0.0	4.5	0.0	16.3	0.0	57.5	0.0	21.7	16.7	0.0	83.3	0.0	0.0	0.0	0.0	0.0	0.0
Hawaii Non-MSA 2019	0	0.0	0.0	4.5	0.0	16.3	0.0	57.5	0.0	21.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 8 - Borrower Distribution of Small Business Loans

Evaluation Period: October 1, 2017 to June 30, 2019

Assessment Areas	Total Small Business Loans		Businesses with Revenue <= \$1 Million		Originations Regardless of Revenue Size			Aggregate Lending (%)		Market Share (%)	
	Bank Loans (#)	% Rated Area Total	Bank Loans (%)	All Businesses (%)	<= \$100K	> \$100K and <= \$250K	> \$250K and <= \$1 Million	All Loans	Loans to Revenue <= \$1 Million (%)	All Loans	Loans to Revenue <= \$1 Million (%)
<i>Full Scope</i>											
Honolulu 2017	0	0.0	0.0	87.0	0.0	0.0	0.0	18,954	48.9	0.0	0.0
Honolulu 2018	5	100.0	100.0	89.5	20.0	20.0	60.0	21,180	45.9	0.0	0.0
Honolulu 2019	2	100.0	100.0	N/A	50.0	0.0	50.0	N/A	N/A	N/A	N/A
Maui 2017	0	0.0	0.0	91.3	0.0	0.0	0.0	4,455	45.9	0.0	0.0
Maui 2018	0	0.0	0.0	92.5	0.0	0.0	0.0	5,143	42.4	0.0	0.0
Maui 2019	0	0.0	0.0	N/A	0.0	0.0	0.0	N/A	N/A	N/A	N/A
<i>Limited Scope</i>											
Hawaii Non-MSA 2017	0	0.0	0.0	90.1	0.0	0.0	0.0	5,480	47.7	0.0	0.0
Hawaii Non-MSA 2018	0	0.0	0.0	92.1	0.0	0.0	0.0	6,366	46.4	0.0	0.0
Hawaii Non-MSA 2019	0	0.0	0.0	N/A	0.0	0.0	0.0	N/A	N/A	N/A	N/A

Table 9 - Borrower Distribution of Home Purchase Loans

Evaluation Period: October 1, 2017 to June 30, 2019

Assessment Areas	Total Loans from Bank		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Families (%)	Bank Loans (%)	Families (%)	Bank Loans (%)	Families (%)	Bank Loans (%)	Families (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full Scope</i>																			
Honolulu 2017	112	96.6	5.4	19.6	14.3	18.4	19.6	22.0	60.7	40.0	1.8	11.2	29.6	57.4	3.7	8.0	5.1	2.8	3.8
Honolulu 2018	274	98.6	7.3	19.6	17.9	18.4	24.1	22.0	50.7	40.0	2.7	16.1	30.3	51.0	0.0	0.0	0.0	0.0	0.0
Honolulu 2019	104	98.1	3.8	19.6	16.3	18.4	26.9	22.0	52.9	40.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maui 2017	2	1.7	0.0	20.0	0.0	18.2	0.0	22.0	100.0	39.8	0.9	6.0	17.5	75.6	0.4	0.0	0.0	0.6	0.4
Maui 2018	2	0.7	0.0	20.0	0.0	18.2	0.0	22.0	100.0	39.8	1.5	8.2	18.9	71.4	0.0	0.0	0.0	0.0	0.0
Maui 2019	2	1.9	0.0	20.0	0.0	18.2	0.0	22.0	100.0	39.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Limited Scope</i>																			
Hawaii Non-MSA 2017	2	1.7	0.0	22.4	0.0	16.0	50.0	20.4	50.0	41.3	2.3	10.5	22.6	64.7	0.1	0.0	0.0	0.1	0.2
Hawaii Non-MSA 2018	2	0.7	0.0	22.4	0.0	16.0	0.0	20.4	100.0	41.3	3.6	13.3	23.8	59.2	0.0	0.0	0.0	0.0	0.0
Hawaii Non-MSA 2019	0	0.0	0.0	22.4	0.0	16.0	0.0	20.4	0.0	41.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 10 - Borrower Distribution of Home Mortgage Refinance Loans

Evaluation Period: October 1, 2017 to June 30, 2019

Assessment Areas	Total Loans from Bank		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Families (%)	Bank Loans (%)	Families (%)	Bank Loans (%)	Families (%)	Bank Loans (%)	Families (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full Scope</i>																			
Honolulu 2017	27	100.0	0.0	19.6	3.7	18.4	29.6	22.0	66.7	40.0	5.0	14.7	28.9	51.4	2.1	0.3	1.8	1.6	2.6
Honolulu 2018	99	97.1	8.1	19.6	11.1	18.4	24.2	22.0	56.6	40.0	7.4	12.7	22.4	57.5	0.0	0.0	0.0	0.0	0.0
Honolulu 2019	40	95.2	5.0	19.6	17.5	18.4	22.5	22.0	55.0	40.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maui 2017	0	0.0	0.0	20.0	0.0	18.2	0.0	22.0	0.0	39.8	4.1	13.0	22.8	60.0	0.4	1.8	1.1	0.0	0.2
Maui 2018	3	2.9	0.0	20.0	33.3	18.2	33.3	22.0	33.3	39.8	8.3	13.0	21.8	56.9	0.0	0.0	0.0	0.0	0.0
Maui 2019	1	2.4	0.0	20.0	0.0	18.2	0.0	22.0	100.0	39.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Limited Scope</i>																			
Hawaii Non-MSA 2017	0	0.0	0.0	22.4	0.0	16.0	0.0	20.4	0.0	41.3	6.6	14.3	25.3	53.9	0.1	0.0	0.0	0.2	0.1
Hawaii Non-MSA 2018	0	0.0	0.0	22.4	0.0	16.0	0.0	20.4	0.0	41.3	9.9	13.3	23.2	53.6	0.0	0.0	0.0	0.0	0.0
Hawaii Non-MSA 2019	1	2.4	0.0	22.4	0.0	16.0	0.0	20.4	100.0	41.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 11 - Borrower Distribution of Home Improvement Loans

Evaluation Period: October 1, 2017 to June 30, 2019

Assessment Areas	Total Loans from Bank		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Families (%)	Bank Loans (%)	Families (%)	Bank Loans (%)	Families (%)	Bank Loans (%)	Families (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full Scope</i>																			
Honolulu 2017	20	100.0	5.0	19.6	0.0	18.4	5.0	22.0	90.0	40.0	4.4	13.1	27.0	55.4	4.7	4.5	4.2	3.5	5.4
Honolulu 2018	5	100.0	0.0	19.6	40.0	18.4	20.0	22.0	40.0	40.0	4.3	13.6	29.2	52.9	0.0	0.0	0.0	0.0	0.0
Honolulu 2019	0	0.0	0.0	19.6	0.0	18.4	0.0	22.0	0.0	40.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maui 2017	0	0.0	0.0	20.0	0.0	18.2	0.0	22.0	0.0	39.8	4.0	12.6	28.3	55.1	1.0	12.5	0.0	1.8	0.0
Maui 2018	0	0.0	0.0	20.0	0.0	18.2	0.0	22.0	0.0	39.8	5.9	13.2	22.1	58.8	0.0	0.0	0.0	0.0	0.0
Maui 2019	0	0.0	0.0	20.0	0.0	18.2	0.0	22.0	0.0	39.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Limited Scope</i>																			
Hawaii Non-MSA 2017	0	0.0	0.0	22.4	0.0	16.0	0.0	20.4	0.0	41.3	6.2	13.4	31.4	49.0	1.0	0.0	2.6	1.1	0.7
Hawaii Non-MSA 2018	0	0.0	0.0	22.4	0.0	16.0	0.0	20.4	0.0	41.3	5.8	14.2	28.5	51.5	0.0	0.0	0.0	0.0	0.0
Hawaii Non-MSA 2019	0	0.0	0.0	22.4	0.0	16.0	0.0	20.4	0.0	41.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 12 - Borrower Distribution of Home Mortgage Other Purpose Closed-end Loans

Evaluation Period: October 1, 2017 to June 30, 2019

Assessment Areas	Total Loans from Bank		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Families (%)	Bank Loans (%)	Families (%)	Bank Loans (%)	Families (%)	Bank Loans (%)	Families (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full Scope</i>																			
Honolulu 2018	1	100.0	0.0	19.6	0.0	18.4	100.0	22.0	0.0	40.0	1.2	20.0	24.8	53.9	0.0	0.0	0.0	0.0	0.0
Honolulu 2019	0	0.0	0.0	19.6	0.0	18.4	0.0	22.0	0.0	40.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maui 2018	0	0.0	0.0	20.0	0.0	18.2	0.0	22.0	0.0	39.8	8.5	5.1	16.9	69.5	0.0	0.0	0.0	0.0	0.0
Maui 2019	0	0.0	0.0	20.0	0.0	18.2	0.0	22.0	0.0	39.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Limited Scope</i>																			
Hawaii Non-MSA 2018	0	0.0	0.0	22.4	0.0	16.0	0.0	20.4	0.0	41.3	9.1	13.0	15.6	62.3	0.0	0.0	0.0	0.0	0.0
Hawaii Non-MSA 2019	0	0.0	0.0	22.4	0.0	16.0	0.0	20.4	0.0	41.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 13 - Qualified Investments

Evaluation Period: February 27, 2018 to January 27, 2020

Assessment Areas	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total	#	\$ (000's)
<i>Full Scope</i>									
Honolulu	3	2,693	26	84	29	2,777	23.7	0	0
Maui	0	0	0	0	0	0	0	0	0
Statewide/Regional	10	6,147	1	2,806	11	8,953	76.3	0	0
<i>Limited Scope</i>									
Hawaii Non-MSA	0	0	0	0	0	0	0	0	0

Table 14 - Distribution of Branch Delivery System and Branch Openings/Closings

Evaluation Period: February 27, 2018 to January 27, 2020

Assessment Areas	Deposits	Branches						Branch Openings / Closings						Population			
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income Level of Geography (%)				# of Branch Openings	# of Branch Closings	Net Change in Location of Branches (+ or -)				% of Population within each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<i>Full Scope</i>																	
Honolulu	85.5	23	79.3	4.3	17.4	52.2	26.1	0	0	0	0	0	0	3.2	22.3	46.4	28.0
Maui	6.2	3	10.3	0.0	33.3	66.7	0.0	0	0	0	0	0	0	0.0	16.6	72.9	10.5
<i>Limited Scope</i>																	
Hawaii Non-MSA	8.3	3	10.3	0.0	0.0	66.7	33.3	0	0	0	0	0	0	6.2	13.7	57.9	22.2