



## **PUBLIC DISCLOSURE**

April 03, 2023

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

American Savings Bank, FSB

Charter Number 708384

300 North Beretania Street  
Honolulu, HI 96817

Office of the Comptroller of the Currency

25 Jessie Street  
16th Floor  
San Francisco, CA 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 safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## Table of Contents

Overall CRA Rating.....	1
Description of Institution .....	2
Scope of the Evaluation .....	3
Discriminatory or Other Illegal Credit Practices Review .....	4
State Rating.....	5
State of Hawaii.....	5
Appendix A: Scope of Examination .....	Appendix A - 1
Appendix B: Summary of MMSA and State Ratings.....	Appendix B - 1
Appendix C: Definitions and Common Abbreviations.....	Appendix C - 1
Appendix D: Tables of Performance Data.....	Appendix D - 1

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of American Savings Bank, FSB (ASB or bank or institution) with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution)		
	Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending Test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The Lending Test rating is based on the bank's overall lending performance in the state of Hawaii. Good level of community development (CD) loans, lending activity, the geographic and borrower distribution of lending, and a substantial majority of the bank's loans being in the assessment areas (AAs). ASB's use of flexible lending practices, including the responsiveness to borrowers during the COVID-19 pandemic, had a positive impact on conclusions under the Lending Test.
- The Investment Test rating is based on the bank's level of investments, donations, and grants that reflected its responsiveness to the AAs needs.
- The Service Test rating is based on the accessibility of branch offices to geographies and individuals of different income levels and the bank providing a significant level of CD services.

### Lending in Assessment Area

A substantial majority of the bank's loans are in ASB's AAs.

The bank originated and purchased 99.6 percent of its total loans inside ASB's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. The substantial majority of the bank's loans originated and purchased in the AA positively impacted the bank's geographic distribution of lending by income level of geography.

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	11,835	100.0	4	0.0	11,839	4,221,797	100.0	540	0.0	4,222,337
Small Business	12,503	99.3	94	0.7	12,597	742,986	98.2	13,690	1.8	756,676
Small Farm	65	100.0	0	0.0	65	3,026	100.00	0	0.0	3,026
<b>Total</b>	<b>24,403</b>	<b>99.6</b>	<b>98</b>	<b>0.4</b>	<b>24,501</b>	<b>4,967,809</b>	<b>99.7</b>	<b>14,230</b>	<b>0.3</b>	<b>4,982,039</b>

## Description of Institution

American Savings Bank, FSB (ASB or bank) is a full-service federally chartered stock savings bank headquartered in Honolulu, Hawaii. As of December 31, 2021, the bank had total assets of \$9.2 billion, total deposits of \$8.2 billion, total loans of \$5.2 billion, and tier 1 capital of \$715 million. ASB is a wholly owned subsidiary of American Savings Holdings, Inc., a subsidiary of Hawaiian Electric Industries, Inc. (HEI). HEI is a Hawaii-based holding company with two core operating companies, ASB and Hawaiian Electric Company, Inc. (HECO).

ASB is an intrastate bank that operates 42 branches throughout Hawaii. Six branches are in the Hawaii Non-MSA, seven branches are in the Kahului-Wailuku-Lahaina MSA, and 29 branches are in the Urban Honolulu MSA. ASB operates 42 cash dispensing and 55 full-service automated teller machines (ATMs), with at least one full-service ATM at each of its branch locations. See Service Test for additional information. There has not been any merger or acquisition activity since the prior evaluation.

ASB has three assessment areas: Hawaii Non-MSA (Islands of Hawaii and Kauai), Kahului-Wailuku-Lahaina MSA (Island of Maui), and Urban Honolulu MSA (Island of Oahu). ASB is ranked third in each assessment area with a 11.01 percent deposit market share in the Hawaii Non-MSA, a 16.94 percent deposit share in the Kahului-Wailuku-Lahaina MSA, and a 14.06 percent deposit share in the Urban Honolulu MSA. The bank's major deposit competitors are First Hawaiian Bank, Bank of Hawaii, Central Pacific Bank, and Territorial Savings Bank.

ASB offers a full range of loan and deposit products and services. Bank products and services are provided through the bank's branch network and other alternative delivery systems such as online banking, mobile banking, telephone banking, bill payment, direct deposit, and ATM services.

Approximately 81 percent of the bank's loan portfolio is composed of real estate loans with the primary focus on one-to-four family residential mortgage loans. The bank also originates home equity loans and lines of credit, multifamily loans, construction loans, commercial loans, other non-residential real estate loans, consumer loans, and small business loans.

American Savings Bank, FSB	
Outstanding Loan Balances	
by Major Product Types	
as of December 31, 2021	
Construction	115,549
1-4 Residential	3,150,543
5+ Residential	127,220
Non-residential	918,507
Commercial & Industrial	743,196
Agriculture	166
Consumer	112,683
Other Loans	69,008
Total Loans	5,236,872

There are no known legal, financial, or other factors that impede the bank's ability to help meet the credit needs of its AAs. The bank received an "Satisfactory" rating at its last CRA examination dated May 6, 2019.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The Office of the Comptroller of the Currency (OCC) reviewed the bank's home mortgage loans and small loans to businesses for the period beginning January 1, 2019, through December 31, 2021. The OCC did not review small farm or consumer loans in this evaluation. The OCC reviewed CD loans, investments, and services for the period beginning May 7, 2019, through December 31, 2021. In addition, ASB's qualifying activities performed in response to the COVID-19 pandemic are addressed in this evaluation.

For the lending test, an analysis was conducted for 2019, 2020, and 2021 using the 2015 American Community Survey (ACS) and January 1, 2019, through December 31, 2021, bank data (HMDA Aggregate data or CRA data). The OCC also used 2019, 2020, and 2021 Dun and Bradstreet (D&B) data.

### Selection of Areas for Full-Scope Review

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

The OCC conducted full-scope reviews on the bank's three AAs: Hawaii Non-MSA, Kahului-Wailuku-Lahaina MSA, and Urban Honolulu MSA.

## **Ratings**

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings.

ASB's overall rating is based on its performance in the Hawaii Non-MSA, the Kahului-Wailuku-Lahaina MSA, and the Urban Honolulu MSA. However, the OCC placed the most weight on performance in the Urban Honolulu MSA since 72 percent of the dollar volume of home mortgage loans and small loans to businesses was originated or purchased in this AA. In addition, 80 percent of the deposits are gathered from the Urban Honolulu MSA. See lending activity under the "Conclusions With Respect to Performance Tests" for more information.

When evaluating the bank's performance under the lending test, the OCC placed substantially greater weight on home mortgage loans than on small business loans because of the identified community credit need for home mortgage loans. In addition, home mortgage lending is the bank's business focus. Based on number, 48 percent of total reportable loans are home mortgage loans, and 51 percent are small business loans. However, based on dollar volume, 85 percent of the dollar volume is home mortgage loans, and only 15 percent of the dollar volume is small business loans.

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

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

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

## State Rating

### State of Hawaii

**CRA rating for the State of Hawaii:** Satisfactory

**The Lending Test is rated:** High Satisfactory

**The Investment Test is rated:** High Satisfactory

**The Service Test is rated:** High Satisfactory

The major factors that support this rating include

- The bank exhibits a good geographic distribution of loans in its AAs.
- ASB exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution.
- The bank's level of CD loans is good and responsive to community needs.
- ASB makes extensive use of flexible lending practices to serve its AA's credit needs.
- ASB has a good level of qualified CD investments and grants in the state.
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the Hawaii Non-MSA. Service delivery systems are readily accessible to geographies and individuals of different income levels in the Kahului-Wailuku-Lahaina MSA and the Urban Honolulu MSA.
- ASB provides a significant level of CD services.

## Description of Institution's Operations in Hawaii

### Hawaii Non-MSA

Demographic Information of the Assessment Area						
Assessment Area: Hawaii Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	64	4.7	9.4	45.3	12.5	28.1
Population by Geography	261,173	6.2	13.7	57.9	22.2	0.0
Housing Units by Geography	114,894	6.3	14.5	58.4	20.8	0.0
Owner-Occupied Units by Geography	57,012	4.5	16.3	57.5	21.7	0.0
Occupied Rental Units by Geography	30,441	10.7	11.4	58.4	19.5	0.0
Vacant Units by Geography	27,441	5.2	14.1	60.3	20.4	0.0
Businesses by Geography	21,198	9.6	3.4	66.2	20.8	0.0
Farms by Geography	1,024	4.2	7.5	66.7	21.6	0.0
Family Distribution by Income Level	58,971	22.4	16.0	20.4	41.3	0.0
Household Distribution by Income Level	87,453	26.9	13.9	17.3	41.9	0.0
Median Family Income Non-MSAs - HI		\$64,846	Median Housing Value			\$376,745
			Median Gross Rent			\$1,164
			Families Below Poverty Level			12.3%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Hawaii Non-MSA consists of Hawaii County and Kauai County. Hawaii County is made up of the Island of Hawaii (commonly known as the “Big Island”), while Kauai County consists of the islands of Kauai and Niihau. The bank has elected to exclude Niihau from this AA. Niihau is a privately owned island. ASB operates six branches, representing 14 percent of the bank’s total branches, with 20 full-service ATMs in the AA. Home mortgage loans in the AA represent 13 percent of total home mortgage loans. Small business loans represent 14 percent of total small business loans.

The bank gathered nine percent of its deposits from the Hawaii Non-MSA. According to the June 30, 2021, FDIC deposit data, ASB ranks third among eight financial institutions, with a 11.01 percent deposit market share. The bank's most significant deposit competitors in this AA are Bank of Hawaii and First Hawaiian Bank. Combined, First Hawaiian Bank and Bank of Hawaii hold 77 percent of the deposit market share. Other deposit competitors include Central Pacific Bank and Territorial Savings Bank. There is also significant competition for home mortgage and small business loans from large banks located on the mainland, mortgage brokers, and finance companies.

The largest employment sectors in this AA are tourism, government, health care, and agriculture. The unemployment rate as of December 31, 2021, was 5.3 percent for Hawaii County and 7.2 percent for Kauai County. In comparison, the state unemployment rate was 4.3 percent, and the U.S. unemployment rate was 3.9 percent.

Affordability of single-family residences varies based on the location. The average price of homes that sold in 2021 ranged from a low of \$730,511 to nearly \$1.06 million, which is an increase of a minimum of \$400,000 to the low- and high-end average home values noted during the last CRA evaluation. Affordable homes at the lower end continue to be not abundant.

There is significant opportunity to make small business loans in the AA, as there are numerous small businesses located in the Hawaii Non-MSA. Demographic data indicates that 91 percent of the businesses have nine or fewer employees.

**Kahului-Wailuku-Lahaina MSA**

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Kahului-Wailuku-Lahaina MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	35	0.0	20.0	62.9	11.4	5.7
Population by Geography	157,324	0.0	14.7	74.5	10.7	0.0
Housing Units by Geography	69,633	0.0	14.9	74.0	11.0	0.0
Owner-Occupied Units by Geography	30,212	0.0	12.3	75.6	12.1	0.0
Occupied Rental Units by Geography	22,054	0.0	19.4	72.1	8.5	0.0
Vacant Units by Geography	17,367	0.0	13.9	73.7	12.4	0.0
Businesses by Geography	17,607	0.0	14.6	75.3	10.1	0.0
Farms by Geography	573	0.0	15.4	73.6	11.0	0.0
Family Distribution by Income Level	35,825	19.8	18.1	22.0	40.1	0.0
Household Distribution by Income Level	52,266	23.4	16.1	19.6	40.8	0.0
Median Family Income MSA - 27980 Kahului-Wailuku-Lahaina, HI MSA		\$76,195	Median Housing Value			\$549,169
			Median Gross Rent			\$1,340
			Families Below Poverty Level			7.7%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Kahului-Wailuku-Lahaina MSA consists of Maui County. The MSA includes the islands Maui, Lanai, Kahoolawe, Molokini, and parts of Molokai. The Kahoolawe and Molokini islands are excluded because they are uninhabited. The island of Maui is the second largest Hawaiian island and has the third largest population.

The bank gathered 11 percent of its deposits from the Kahului-Wailuku-Lahaina MSA. According to the June 30, 2021, FDIC deposit data, ASB has \$882 million in deposits and ranks third, with a 16.9 percent deposit market share. The bank's most significant deposit competitors in this AA are Bank of Hawaii

and First Hawaiian Bank. Combined, they hold 68 percent of total deposit market share. Other significant deposit competitors are Central Pacific Bank and Territorial Savings Bank. There is also significant competition for home mortgage and small business loans from large banks located on the mainland, mortgage brokers, and finance companies. ASB operates seven branches with 15 full-service ATMs in the AA. Home mortgage loans in the AA represent 14 percent of total home mortgage loans, and small business loans in the AA represent 15 percent of total small business loans.

The largest employment sectors in this AA are agriculture and tourism. As of December 31, 2021, the unemployment rate was 7.2 percent. This AA's unemployment rate has been lower than state and national averages in the past, but it is now above the state unemployment rate of 4.3 percent and the U.S. unemployment rate of 3.9 percent.

Housing affordability is a significant issue in the AA as the median price of a single-family home continues to rise. In December 2020, the median price for a single-family home was \$710,287. By the end of 2021, the median price had risen to \$831,414. While home purchase lending presents a challenge, there are opportunities to partner with CD organizations to make loans to LMI individuals. In addition, there are opportunities to make home improvement and home refinance loans in the AA.

There is abundant opportunity to make small business loans in the AA, as there are numerous small businesses located in the Kahului-Wailuku-Lahaina MSA. Demographic data indicates that 92 percent of the businesses have nine or fewer employees.

## Urban Honolulu MSA

Demographic Information of the Assessment Area						
Assessment Area: Urban Honolulu MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	244	4.1	20.9	42.2	26.6	6.1
Population by Geography	984,178	3.2	22.3	46.4	28.0	0.2
Housing Units by Geography	341,239	2.9	24.0	45.2	27.8	0.1
Owner-Occupied Units by Geography	168,551	1.0	12.0	48.4	38.6	0.0
Occupied Rental Units by Geography	141,051	5.4	37.5	41.4	15.6	0.2
Vacant Units by Geography	31,637	2.3	28.1	44.9	24.6	0.2
Businesses by Geography	84,776	4.0	17.9	37.5	37.1	3.4
Farms by Geography	1,305	4.1	14.4	45.3	34.3	2.0
Family Distribution by Income Level	217,945	19.6	18.4	22.0	40.0	0.0
Household Distribution by Income Level	309,602	22.4	16.7	19.6	41.4	0.0
Median Family Income MSA - 46520 Urban Honolulu, HI MSA		\$86,366	Median Housing Value			\$523,593
			Median Gross Rent			\$1,637
			Families Below Poverty Level			6.5%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Urban Honolulu MSA consists of all of Honolulu County, which is also the Island of Oahu. Oahu is the third largest Hawaiian Island and the most populated. Based on the 2015 Census, the population of the AA was 984,178. The city of Honolulu is the state’s capital and the primary population center. Much of the eastern portion of the Island of Oahu is made up of forest reserves and watersheds. A small portion of the western area is also made up of forest reserves.

ASB operates 29 branches and 85 full-service ATMs in this AA. The bank's branches in this AA represent 69 percent of the total branches. The bank's primary business focus in all its AAs is home mortgage lending. Home mortgage loans in the Urban Honolulu MSA represent 73 percent of total home mortgage loans, while small business loans represent 72 percent of total small business loans.

According to the June 30, 2021, FDIC deposit data, the bank had just over \$6.3 billion in deposits in this AA, representing 80 percent of its total deposits. ASB ranks third among 13 deposit-taking institutions, with a market share of 14.1 percent. ASB's main deposit competitors include four Hawaii-based banks: First Hawaiian Bank, Bank of Hawaii, Central Pacific Bank, and Territorial Savings Bank. First Hawaiian Bank and Bank of Hawaii each have more than twice the volume of deposits and together hold 66 percent of the deposit market share. In addition, there is significant home mortgage lending competition from local banks, large banks located on the mainland, and non-bank lenders.

Oahu is home to the United States Military Command for the Pacific. Aside from the large military presence, Honolulu's economy is heavily dependent on tourism. Over three million tourists visited the island in 2021. And although numbers are moving upwards, rising airfare prices and heightened recession risks may slow consumer spending and visits to the island. Despite these risks, services and trade continue to be the two largest industries in the county. The unemployment rate is low at 5.4 percent as of December 31, 2021. However, a significant portion of the jobs are minimum wage service jobs, which forces many to work multiple jobs to survive, ranking Hawaii high in the nation for multiple part-time employment.

Housing affordability is a significant issue in Oahu. Because land is scarce and tourist development has driven up the cost of living, Hawaii is one of the top-ranking states in housing costs. The median sales price of a single-family home in December 2020 was \$695,154. As of December 2021, the median price had risen to \$768,609. While home purchase lending is a challenge, there are opportunities to partner with community groups to make home purchase loans to LMI individuals. In addition, there are also opportunities to make home improvement and home refinance loans to LMI individuals who own their homes.

There is abundant opportunity to make small business loans in the AA, as there are numerous small businesses located in the Urban Honolulu MSA. Demographic data indicates that 91 percent of the businesses have nine or fewer employees.

### **Community Development Needs for All AAs**

The OCC used community contact information to determine credit needs and challenges in the AA. Two community contacts noted a critical need to preserve affordable housing for low-and moderate-income families and individuals. One community contact stressed the need of building units for residential use versus vacation rentals. Community contacts also noted challenges with small businesses not having access to capital in Hawaii to assist with growth and other needs. Opportunities to address credit needs includes bank participation in projects to build affordable housing, creating financing programs for small businesses, and helping low-and moderate-income families in pursuit of homeownership.

## Scope of Evaluation in Hawaii

ASB operates only in the state of Hawaii. This evaluation includes a full scope analysis of all AAs where the bank has branches. This includes the Hawaii Non-MSA, the Kahului-Wailuku-Lahaina MSA, and the Urban Honolulu MSA. The OCC elected to perform full scope reviews of all three AAs due to ASB's significance in each of the AAs.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN HAWAII

### LENDING TEST

The bank's performance under the Lending Test in Hawaii is rated High Satisfactory.

### Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank's performance in the Urban Honolulu and Kahului-Wailuku-Lahaina MSA is good while the performance in the Hawaii Non-MSA is adequate.

### Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs.

Assessment Area	Home Mortgage	Small Business	Community Development	Total	% of Loans	% of Deposits
Hawaii-Non-MSA	1483	1700	9	3,192	13.1%	9%
Kahului-Wailuku-Lahaina MSA	1692	1821	6	3,519	14.5%	11%
Urban Honolulu MSA	8660	8932	31	17,623	72.4%	80%

### Hawaii Non-MSA

Based on the facts and data in the above table and performance context considerations, ASB's home mortgage and small business lending levels reflect excellent responsiveness to the credit needs in the Hawaii Non-MSA. The bank originated or purchased 1,483 home mortgage loans totaling \$407 million and 1,700 small business loans totaling \$84 million in the Hawaii Non-MSA during the evaluation period. In addition, the bank also provided nine community development loans totaling \$81 million. The bank has a deposit market share in the AA of 11 percent with a rank of third out of eight deposit-taking institutions. The top two largest institutions in this AA hold 77 percent of the deposit market share.

For home mortgage lending, the bank has a market share of 4.29 percent, with a rank of seventh out of 241 home mortgage lenders. The market for home mortgage loans is very competitive and consists of national and local lenders of different sizes. Six of the largest lenders captured 36 percent of the home mortgage loan market.

For small business loans, the bank has a market share of 5.9 percent, with a rank of seventh out of 95 lenders. The market for small business lending is also very competitive. Six of the largest lenders captured 60.9 percent of the small business loan market.

*Kahului-Wailuku-Lahaina MSA*

Based on the facts and data in the above table and performance context considerations, ASB's home mortgage and small business lending levels reflect excellent responsiveness to the credit needs of the Kahului-Wailuku-Lahaina MSA. The bank originated or purchased 1,692 home mortgage loans totaling \$598 million and 1,821 small business loans totaling \$98.9 million in the Kahului-Wailuku-Lahaina MSA during the evaluation period. In addition, the bank also provided six community development loans totaling \$13.7 million. The bank has a deposit market share in the AA of 16.94 percent with a rank of third out of seven deposit-taking institutions. The top two largest institutions in this AA hold 68 percent of the deposit market share.

For home mortgage lending, the bank has a market share of 7.18 percent, with a rank of third out of 214 home mortgage lenders. The market for home mortgage loans is very competitive and consists of national and local lenders of different sizes. Two of the largest lenders captured 18 percent of the home mortgage loans.

For small business loans, the bank has a market share of 8.59 percent, with a rank of fifth out of 74 lenders. The market for small business lending is also very competitive. Four of the largest lenders captured 43 percent of the small business loan market.

*Urban Honolulu MSA*

Based on the facts and data in the above table and performance context considerations, ASB's home mortgage and small business lending levels reflect excellent responsiveness to the credit needs of the Urban Honolulu MSA. The bank originated or purchased 8,660 home mortgage loans totaling nearly \$3.2 billion and 8,932 small business loans totaling \$559.8 million in the Urban Honolulu MSA during the evaluation period. In addition, the bank also provided 31 community development loans totaling over \$136 million. The bank has a deposit market share in the AA of 14.06 percent with a rank of third out of 13 deposit-taking institutions. The top two largest institutions in this AA hold 66 percent of the deposit market share.

For home mortgage lending, the bank has a market share of 6.82 percent, with a rank of second out of 241 home mortgage lenders. The market for home mortgage loans is very competitive and consists of national and local lenders of different sizes. The largest lender captured 10.88 percent of the home mortgage loan market.

For small business loans, the bank has a market share of 9.58 percent, with a rank of fifth out of 105 lenders. The market for small business loans is also very competitive. Three of the largest lenders captured 43.49 percent of the small business loan market.

**Distribution of Loans by Income Level of the Geography**

ASB exhibits a good geographic distribution of loans in its AA. For home mortgage loans, the geographic distribution in low- and moderate-income census tracts (CTs) is adequate in the Hawaii Non-MSA but good in the Kahului-Wailuku-Lahaina MSA and the Urban Honolulu MSA. Geographic distribution of small business loans is good in the Hawaii Non-MSA but excellent in the Kahului-Wailuku-Lahaina MSA and the Urban Honolulu MSA.

***Home Mortgage Loans***

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

***Hawaii Non-MSA***

The bank's home mortgage lending in low-income geographies is lower than the percentage of owner-occupied housing units in those geographies but near to the aggregate lending data. The bank's mortgage lending in moderate-income geographies is significantly lower than the percentage of owner-occupied housing units in those geographies and the aggregate lending data. Given the lack of affordable housing inventory, there are limited lending opportunities. Further, there is a shortage of housing affordable to LMI families due to Hawaii's high cost of living. Other factors include the significant level of competition within the AA. The distribution of loans is adequate considering the performance context.

***Kahului-Wailuku-Lahaina MSA***

The bank's home mortgage lending in moderate-income geographies is lower than the percentage of owner-occupied housing units in those geographies but near to the aggregate lending data. The demographic and aggregate lending data indicate limited lending opportunities. Given the lack of affordable housing inventory, there are limited lending opportunities. Further, there is a shortage of housing affordable to LMI families due to Hawaii's high cost of living. Other factors include the significant level of competition within the AA. Other factors include the significant level of competition within the AA. The distribution of loans is good considering the performance context. There are no low-income CTs in this AA.

***Urban Honolulu MSA***

The bank's home mortgage lending in low-income geographies is near to the percentage of owner-occupied housing units in those geographies but exceeded the aggregate lending data. The demographic and aggregate lending data indicate limited lending opportunities. The bank's mortgage lending in moderate-income geographies is lower than the percentage of owner-occupied housing units in those geographies, but near to the aggregate lending data. Given the lack of affordable housing inventory, there are limited lending opportunities. Further, there is a shortage of housing affordable to LMI families due to Hawaii's high cost of living. Other factors include the significant level of competition within the AA. The distribution of loans is good considering the performance context.

***Small Loans to Businesses***

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

***Hawaii Non-MSA***

Loans to small businesses in LMI geographies reflect a good distribution. The bank's small business lending in low-income geographies is lower than the percentage of businesses in those

geographies, but near to the aggregate lending data. The bank's small business lending in moderate-income geographies exceeded the percentage of businesses in those geographies and met the aggregate lending data.

#### *Kahului-Wailuku-Lahaina MSA*

Loans to small businesses in LMI geographies reflect an excellent distribution. The bank's small business lending in moderate-income geographies exceeds the percentage of businesses in those geographies and aggregate lending data.

#### *Urban Honolulu MSA*

Loans to small businesses in LMI geographies reflect an excellent distribution. The proportion of the bank's small business loans in low and moderate-income CTs exceeds the proportion of businesses. The proportion of the bank's small business loans exceeds the aggregate in low-income CT and met the moderate-income CTs.

#### ***Lending Gap Analysis***

We reviewed summary reports and maps and analyzed the bank's home mortgage and small business lending activity over the evaluation period to identify any gaps in geographic distribution of loans. We did not identify any unexplained conspicuous gaps in any of the AAs.

#### **Distribution of Loans by Income Level of the Borrower**

The bank exhibits a good distribution of loans among individuals of different income levels and businesses of different sizes, given the product lines offered by the institution. Distribution of home mortgage loans to low- and moderate-income borrowers is good in the Hawaii Non-MSA, the Kahului-Wailuku-Lahaina MSA, and the Urban Honolulu MSA.

Distribution of small business loans to businesses of different sizes is good in the Hawaii Non-MSA, Urban Honolulu MSA, and the Kahului-Wailuku-Lahaina MSA.

#### ***Home Mortgage Loans***

Refer to Table P in appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. In concluding on the bank's distribution of home mortgage loans to LMI borrowers, we considered housing affordability in all the bank's AAs.

#### *Hawaii Non-MSA*

The bank's mortgage lending to low-income borrowers is significantly lower than the percentage of low-income families but met the aggregate lending data. The bank's mortgage lending to moderate-income borrowers is significantly lower than the percentage of moderate-income families but exceeded the aggregate lending distribution data. Given the lack of affordable housing inventory, there are limited lending opportunities. Other factors include high home prices, high cost of living, high unemployment

levels during the pandemic, and strong competition from other institutions within the AA. The distribution of loans is good considering the performance context.

*Kahului-Wailuku-Lahaina MSA*

The bank's mortgage lending to low-income borrowers is significantly lower than the percentage of low-income families but met the aggregate lending data. The bank's mortgage lending to moderate-income borrowers is significantly lower than the percentage of moderate-income families but exceeded the aggregate lending distribution data. Given the lack of affordable housing inventory, there are limited lending opportunities. Other factors include high home prices, high cost of living, high unemployment levels during the pandemic, and strong competition from other institutions within the AA. The distribution of loans is good considering the performance context.

*Urban Honolulu MSA*

The bank's mortgage lending to low-income borrowers is significantly lower than the percentage of low-income families but exceeded the aggregate lending data. The bank's mortgage lending to moderate-income borrowers is significantly lower than the percentage of moderate-income families but exceeded the aggregate lending distribution data. Given the lack of affordable housing inventory, there are limited lending opportunities. Other factors include high home prices, high cost of living, high unemployment levels during the pandemic, and strong competition from other institutions within the AA. The distribution of loans is good considering the performance context.

***Small Loans to Businesses***

Refer to Table R in appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses. Distribution of small loans to businesses is good in the Hawaii Non-MSA, the Kahului- Wailuku-Lahaina MSA, and the Urban Honolulu MSA. This conclusion is based on the bank's lending performance during the 2019-2021 evaluation period only.

*Hawaii Non-MSA*

Loans to small businesses exhibit a good distribution considering the strong competition from small business lenders in the AA. The percentage of loans to small businesses with annual revenues of \$1 million or less is significantly lower than the percentage of small businesses but exceeds the aggregate lending for these businesses.

*Kahului-Wailuku-Lahaina MSA*

Loans to small businesses exhibit a good distribution considering the strong competition from small business lenders in the AA. The percentage of loans to small businesses with annual revenues of \$1 million or less is significantly lower than the percentage of small businesses but exceeds the aggregate lending for these businesses.

Urban Honolulu MSA

Loans to small businesses exhibit a good distribution considering the strong competition from small business lenders in the AA. The percentage of loans to small businesses with annual revenues of \$1 million or less is significantly lower than the percentage of small businesses but exceeds the aggregate lending for these businesses.

**Community Development Lending**

ASB made a relatively high level of CD loans in the Urban Honolulu MSA and an adequate level of CD loans in the Hawaii Non-MSA and Kahului-Wailuku-Lahaina MSA. The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualify as CD loans.

Hawaii Non-MSA

ASB originated nine CD loans totaling \$80.9 million in the Hawaii Non-MSA. This represents an excellent level of CD lending. While the loans were not complex, the loans were innovative and responsive to identified CD needs in the AA. The following are examples of CD loans that were innovative and responsive to stated CD needs in the AA:

- A \$1.3 million Small Business Administration (SBA) Payment Protection Program (PPP) loan to the only hospital located in a moderate-income census tract in a very rural area. This loan helped preserve 117 jobs and had a positive impact as it helped the hospital retain employees.
- A \$19.8 million loan that provides 60-unit single family affordable housing rentals for LMI families.
- A \$35.5 million loan that provides 134 affordable rental units for LMI families.

Kahului-Wailuku-Lahaina MSA

The bank provided seven CD loans in the Kahului-Wailuku-Lahaina MSA totaling \$13.7 million. This represents an excellent level of CD lending. While the loans were not complex, the loans were innovative and responsive to identified CD needs. The following are examples of CD loans that were innovative and responsive to stated CD needs in the AA:

- A \$1.4 million SBA PPP loan to a full-service restaurant located in a moderate-income census tract. This loan helped preserve 139 jobs and had a positive impact as it helped the small business retain employees.
- A \$8.6 million participation non-revolving construction loan that constructed 56 units of affordable rental units for LMI individuals.
- A \$1.4 million loan that provides 122 affordable workforce housing units for LMI families.

Urban Honolulu MSA

ASB provided 31 CD loans totaling just over \$136.6 million in the Urban Honolulu MSA. This represents an excellent level of CD lending. While the loans were not complex, the loans were innovative and responsive to identified CD needs. The following are examples of CD loans that were particularly innovative and responsive to stated CD needs in the AA:

- A \$1.3 million SBA PPP loan to a small business security guard services company that helped stabilize the area and preserve 264 jobs in a low-income census tract. This had a positive impact as it helped the small business retain employees.
- A \$24.0 million loan that provides 156 affordable housing units in a moderate-income census tract.
- A \$11.8 million loan that provides 75-units of affordable housing for LMI families.
- A \$19.1 million loan that was used to construct 156 units of affordable housing for seniors in a moderate-income census tract.

**Product Innovation and Flexibility**

The bank made extensive use of flexible lending practices to serve the AA's credit needs. In 2020 and 2021, the bank participated in the PPP, which provided financial relief for businesses nationwide due to the COVID-19 pandemic. Participation in this program aligns with the spirit of the CRA. ASB originated 21 PPP loans totaling \$29.7 million, which helped to stabilize small businesses. The number and dollar volume of PPP loans are included in the Lending Activity Table and Tables Q and R. The bank also offers SBA lending programs, such as the SBA 504, which benefits small businesses. In addition, ASB offers a variety of residential loan products that benefit LMI individuals, such as the Fannie Mae HomeReady Mortgage, the Freddie Mac Home Possible, the Mortgage Credit Certificate Program (issued through Hawaii Housing Finance and Development Corporation) and the combined first and second mortgage program.

## INVESTMENT TEST

The bank's performance under the Investment Test is rated High Satisfactory. The bank's excellent level of qualified investments in the Urban Honolulu MSA and Hawaii Non-MSA offset the adequate performance in the Kahului-Wailuku-Lahaina MSA. Qualified investments in the broader statewide area, which have the purpose and mandate to serve all the bank's AAs, further support this rating.

### Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Urban Honolulu MSA and Hawaii Non-MSA is excellent. In the Kahului-Wailuku-Lahaina MSA, performance is adequate.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Hawaii Non-MSA	3	8,037	11	19,170	14	23	27,207	25	4	19,543
Kahului-Wailuku-Lahaina MSA	1	2,164	3	8,361	4	6	10,525	10	1	7,882
Urban Honolulu MSA	13	25,088	22	47,159	35	56	72,247	65	8	35,300
Broader Statewide or Regional Area	0	0	9	332	9	15	332	<1	0	0
	17	35,289	55	75,022	62		110,311			62,725

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

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

### Hawaii Non-MSA

ASB has an excellent level of qualified CD investments and grants in the Hawaii Non-MSA. However, the bank did not act in a leadership position, particularly in providing investments that are not routinely provided by private investors. ASB exhibits excellent responsiveness to credit and community economic development needs. The institution occasionally uses innovative and/or complex investments to support CD initiatives. During the evaluation period, the bank made 14 qualified investments, grants, and donations totaling \$27.2 million in this AA. However, most of the investments are unfunded as of December 31, 2021. The bank has only funded \$7.6 million. Most the bank's current and prior investments in the table above are investments in the Low-Income Housing Tax Credit (LIHTC) program, created by the Tax Reform Act of 1986. The LIHTC program provides Federal LIHTC to qualified project owners who agree to maintain all or a portion of a project's units for low-income individuals or families. Other examples of qualified investments that were responsive to the CD needs in the AA include the following:

- \$22,000 grant to an organization for COVID-19 use and rent relief restricting funding to low- and moderate-income beneficiaries only.
- \$24,550 grant to an organization involved in community services targeted to LMI individuals as well as in providing affordable housing.

#### Kahului-Wailuku-Lahaina MSA

During the evaluation period, ASB has an adequate level of qualified CD investments and grants, particularly those that are not routinely provided by private investors in the AA. ASB exhibits adequate responsiveness to credit and community economic development needs. ASB does not use innovative and/or complex investments to support CD initiatives. The bank made four qualified investments, grants, and donations totaling \$10.5 million in this AA. However, most of the investments are unfunded as of December 31, 2021. The bank has only funded \$2.6 million. Most of the bank's current and prior investments in the table above are investments in the LIHTC program. Other examples of qualified investments that were responsive to the CD needs in the AA include a \$25,000 grant to an organization that provides affordable housing for LMI families.

#### Urban Honolulu MSA

ASB has an excellent level of qualified CD investments and grants in the Urban Honolulu MSA. The bank exhibits excellent responsiveness to the credit and community economic development needs in the AA. However, the bank did not act in a leadership position, particularly in providing investments that are not routinely provided by private investors. The institution occasionally uses innovative and/or complex investments to support CD initiatives. During the evaluation period, the bank made 35 qualified investments, grants, and donations totaling \$72.2 million in this AA. Most the bank's current and prior investments in the table above are investments in the LIHTC program, created by the Tax Reform Act of 1986. Other examples of qualified investments that were responsive to the CD needs in the AA include the following:

- A \$150,000 grant to a nonprofit organization involved in community services targeted to LMI individuals. This organization also supports the revitalization of a park in a low-income neighborhood that serves LMI individuals.
- A \$25,000 donation in a free-food distribution in response to the new coronavirus crisis. The program home-delivered 1,000 chef-prepared, hot meals every weekday to qualifying LMI seniors.

We also gave the bank credit for eight investments and grants totaling just over \$332,000 that benefit a broader statewide area. These investments have a purpose and mandate to serve the bank's AAs.

## **SERVICE TEST**

The bank's performance under the Service Test in Hawaii is rated High Satisfactory.

## Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's performance in the Hawaii Non-MSA is adequate. Performance in the Kahului-Wailuku-Lahaina MSA and the Urban Honolulu MSA is good.

### Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the Hawaii Non-MSA. Service delivery systems are readily accessible to geographies and individuals of different income levels in the Kahului-Wailuku-Lahaina MSA and the Urban Honolulu MSA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Hawaii Non-MSA	9	6	14	0	0	67	33	6.2	13.7	57.9	22.2
Kahului-Wailuku-Lahaina MSA	11	7	17	0	43	43	14	0.0	14.7	74.5	10.7
Urban Honolulu MSA	80	29	69	7	31	45	17	3.2	22.3	46.4	28.0

Distribution of Branch Openings/Closings						
Assessment Area	# of Branch Openings	# of Branch Closings	Branch Openings/Closings			
			Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Hawaii Non-MSA	1	3	0	0	-1	-1
Kahului-Wailuku-Lahaina MSA	0	0	0	0	0	0
Urban Honolulu MSA	0	7	0	-3	-2	-2

Hawaii Non-MSA

ASB's service delivery systems in the Hawaii Non-MSA are reasonably accessible to geographies and individuals of different incomes in the AA. The bank operates six branches with at least one full-service ATM in each branch in this AA. The bank also operates two additional full-service ATMs and seven cash-dispensing ATMs in this AA. No branches or full-service ATMs are in LMI CTs; four branches are in middle-income CTs; and two branches are in an upper-income CT. All branches are located within five to ten miles of LMI customers. And although the bank does not have any branches in LMI CTs, the bank does have a cash-dispensing ATM in a moderate-income CT.

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. The bank opened one branch in a middle-income CT. One branch in a low-income CT was consolidated with a branch in a middle-income CT; one branch in a middle-income CT was consolidated with a branch in an upper-income CT; and one branch in a middle-income CT was permanently closed due to a lease expiration.

Services, including where appropriate, business hours, do not vary in a way that inconveniences its AA, particularly low- and moderate-income geographies and/or individuals. Branch services and hours are tailored to the convenience and needs of the AA. Although there are no branches in low- or moderate-income CTs, the bank does have branches within 10 miles of LMI customers.

Delivery systems are reasonably accessible to essentially all portions of the AA. The bank offers the same deposit products, loan programs, and alternative systems for delivering retail banking services in this AA as it does in the other AAs.

ASB offers a wide variety of traditional and non-traditional banking products and services to meet the needs of the AA that include:

- Personal checking accounts that require no minimum balance and no monthly fee.
- Individual Development Accounts (IDAs) through a partnership with a local non-profit organization.
- A variety of loan products, some which are tailored to meet the needs of LMI individuals.
- Online account opening, online and mobile banking, as well as phone banking which are secure ways for customers to open an account, access account information, transfer funds between accounts, set up alerts, reorder checks, and place stop-payment requests.
- Online bill payment offered free to certain checking account customers.
- All branches provide cashing of U.S. government checks.

Kahului-Wailuku-Lahaina MSA

The bank's service delivery systems in the Kahului-Wailuku-Lahaina MSA are readily accessible to geographies and individuals of different incomes in the AA. No branches were opened or closed in this AA since the last performance evaluation review. The bank operates seven branches in this AA. Three branches representing 43 percent of the bank's branches in this AA are in moderate-income CTs. This substantially exceeds the proportion of the population that lives in moderate-income CTs. There are no low-income CTs in this AA. The bank also operates a full-service ATM at each branch location and one freestanding cash-dispensing ATM in a moderate-income CT.

Services, including where appropriate, business hours, are tailored to the convenience and needs of the AA, particularly low- and moderate-income geographies and/or individuals. One of the branches located in a moderate-income CT has Saturday hours.

Delivery systems are readily accessible to essentially all portions of the AA. The bank offers the same deposit products, loan programs, and alternative systems for delivering retail banking services in this AA as it does in its other AAs.

ASB offers a wide variety of traditional and non-traditional banking products and services to meet the needs of the AA that include:

- Personal checking accounts that require no minimum balance and no monthly fee.
- Individual Development Accounts (IDAs) through a partnership with a local non-profit organization.
- A variety of loan products, some which are tailored to meet the needs of LMI individuals.
- Online account opening, online and mobile banking, and phone banking, which are secure ways for customers to open an account, access account information, transfer funds between accounts, set up alerts, reorder checks, and place stop-payment requests.
- Online bill payment offered free to certain checking account customers.
- All branches provide cashing of U.S. government checks.

#### Urban Honolulu MSA

The bank's delivery systems in the Urban Honolulu MSA are readily accessible to geographies and individuals of different incomes in the AA. The bank operates 29 branches in this AA. The proportion of the bank's branches in low- and moderate-income CTs exceeds the proportion of the population living in these CTs. Two branches representing 7 percent of the total branches in this AA are in low-income CTs, and nine branches representing 31 percent of the total branches are in moderate-income CTs. The bank has full-service ATMs at each branch location and 34 freestanding cash-dispensing ATMs throughout the AA; 11 of the cash-dispensing ATMs are in moderate-income CTs.

Services, including where appropriate, business hours, are tailored to the convenience and needs of the AA, particularly low- and moderate-income geographies and/or individuals. One branch in a low-income CT and six branches in moderate-income CTs have Saturday hours. Two branches in moderate-income CTs have Sunday hours.

Delivery systems are readily accessible to essentially all portions of the AA. The bank offers the same deposit products, loan programs, and alternative systems for delivering retail banking services in this AA as it does in its other AAs.

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals. Three branches in moderate-income CTs and one in a middle-income CT were permanently closed because of the COVID-19 pandemic. Two branches in upper-income CTs and one branch in a middle-income CT were consolidated with other branches in middle-income CTs.

ASB offers a wide variety of traditional and non-traditional banking products and services to meet the needs of the AA that include:

- Personal checking accounts that require no minimum balance and no monthly fee.
- Individual Development Accounts (IDAs) through a partnership with a local non-profit organization.
- A variety of loan products, some which are tailored to meet the needs of LMI individuals.
- Online account opening, online and mobile banking, and phone banking which are secure ways for customers to open an account, access account information, transfer funds between accounts, set up alerts, reorder checks, and place stop-payment requests.
- Online bill payment offered free to certain checking account customers.
- All branches provide cashing of U.S. government checks.

### **Community Development Services**

ASB provides a relatively high level of CD services.

ASB demonstrated a significant level of responsiveness to community needs by providing several CD services. The bank conducted or supported a reasonable number of CD services, consistent with its capacity and expertise to conduct specific activities.

#### Hawaii Non-MSA

A total of five bank employees provided technical assistance to five CD organizations totaling 60.5 hours during the evaluation period. Bank staff served on boards for organizations that help provide affordable housing and community services to LMI individuals and families. Examples of organizations for which the bank provides community development services include:

- Child & Family Service - This nonprofit organization offers various programs focused on LMI children. Bank employees contributed five hours of managerial and financial expertise during the evaluation period.
- Boy Scouts of America Aloha Council - This nonprofit organization offers effective character, citizenship, and personal fitness training for youth. During the evaluation period, a bank employee contributed 40 hours to conducting a personal financial and management class focusing on financial matters.

#### Kahului-Wailuku-Lahaina MSA

A total of four bank employees provided technical assistance to three CD organizations totaling 186 hours during the evaluation period. Bank staff served on boards for organizations that help provide affordable housing and community services to LMI individuals and families. Examples of organizations for which the bank provides community development services include:

- Women Helping Women - This nonprofit organization provides shelter and transition programs for LMI individuals. Bank employees contributed two to 12 hours in length of managerial and financial expertise during the evaluation period.
- Habitat for Humanity Maui - This nonprofit organization transforms lives and communities by building and preserving affordable homes for families in need. Bank employees contributed four to 36 hours in length of financial expertise.

Urban Honolulu MSA

A total of 126 bank employees provided technical assistance to 45 CD organizations totaling 2,270 hours during the evaluation period. Bank staff served on boards and committees for organizations that help provide affordable housing, economic development, and community services to LMI individuals and families. Examples of organizations for which the bank frequently provides community development services include:

- Bill 7 - Honolulu City and County - Affordable Rentals Project - The City and County of Honolulu passed Bill 7 in May 2019, a five-year pilot project to address the scarcity of affordable rental housing available to working families. Bank employees took the leadership role and provided between six hours and 23 hours in length of financial expertise through a Bill 7 training seminar. This seminar provided information and connected property owners with lenders, investors, and developers.
- Family Promise of Hawaii - This nonprofit organization helps homeless and low-income families achieve sustainable independence through prevention services, stabilization programs, financial literacy, and long-term housing. Bank employees contributed 30 to 80 hours in length of managerial and financial expertise as members of the board.
- Hawaii Economic Development Corporation (HEDCO) - HEDCO provides loans to small businesses to finance fixed assets. HEDCO is one of two originators of SBA 504 loans in Hawaii. Bank employees contributed two hours of managerial and financial expertise as members of the board.
- Hawaii Foodbank - Hawaii Foodbank is a nonprofit agency that collects, warehouses, and distributes mass quantities of both perishable and nonperishable food through approximately 200 charitable agencies. During the pandemic, this foodbank served as an emergency food pantry. Bank employees volunteered two to 96 hours during the pandemic.

Kahului-Wailuku-Lahaina MSA, Urban Honolulu MSA, and Hawaii Non MSA

A total of 11 bank employees provided technical assistance to five CD organizations totaling 256 hours during the evaluation period in all three MSAs: Kahului-Wailuku-Lahaina MSA, Urban Honolulu MSA, and Hawaii Non MSA. Bank staff served on boards for organizations that help provide affordable housing and community services to LMI individuals and families. Examples of organizations for which the bank provides community development services include:

- Hawaii Literacy Organization - This organization focuses on underserved families and adults in low-income housing in the Kalihi area and sites along the Waianae coast. Bank employees contributed 50 hours of managerial and financial expertise.
- Big Brothers Big Sisters Hawaii - This nonprofit serves disadvantaged youth who live in poverty or are homeless, are of Native Hawaiian ancestry, or have recently immigrated. Bank staff contributed one to 12 hours serving on the board and contributes financial and marketing expertise. In addition, bank staff provided financial literacy to the parents of the disadvantaged youth who live in poverty or homeless.

Statewide

A total of 77 bank employees provided technical assistance to 27 CD organizations totaling 1,005 hours during the evaluation period. Bank staff served on boards for organizations that help provide affordable housing and community services to LMI individuals and families. Examples of organizations for which the bank provides community development services include:

- Feed the Hunger Foundation - This organization is a non-profit, certified Community Development Finance Institution that aims to address food security and poverty by providing loan funding and business technical assistance to farmers and entrepreneurs. Bank staff contributed eight to 20 hours serving on the board and contributes financial expertise.
- Hawaii HomeOwnership Center - This organization provides education, information, and support to create successful first-time homeowners in Hawaii. The vision is to substantially increase the number of successful homeowners by reaching out to low- and moderate-income families. Bank staff contributed 78 hours providing managerial and financial expertise.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed:</b>	01/01/19 – 12/31/21	
<b>Bank Products Reviewed:</b>	Home mortgage and small business: 01/01/19 – 12/31/21 Community development loans, qualified investments, community development services: 05/07/19 – 12/31/21	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Hawaiian Electric Industries, Inc (HEI)	Parent	None
Hawaiian Electric Company, Inc (HECO)	Affiliate	None
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>MMSA(s)</b>		
Urban Honolulu MSA #46530	Full-Scope	Honolulu County (Island of Oahu)
Kahului-Wailuku-Lahaina MSA #27980	Full-Scope	Maui County (Island of Maui and Molokai, but excluding Islands of Kahoolawe and Lani)
Hawaii Non-MSA #99999	Full-Scope	Hawaii County (Island of Hawaii), Kauai County (Island of Kauai, but excluding Niihau Island)

## Appendix B: Summary of MMSA and State Ratings

<b>RATINGS American Savings Bank, FSB</b>				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
<b>American Savings Bank</b>	<b>High Satisfactory</b>	<b>High Satisfactory</b>	<b>High Satisfactory</b>	<b>Satisfactory</b>

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

## Appendix C: Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always

equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

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

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

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

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

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

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

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

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

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

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

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

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

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

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

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

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

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

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

## Appendix D: Tables of Performance Data

---

### Content of Standardized Tables

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

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

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

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

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

<b>Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography</b>																				<b>2019-21</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate		
Hawaii Non-MSA AA	1,483	406,867	12.5	11,878	4.5	2.2	3.0	16.3	11.7	16.6	57.5	54.7	55.4	21.7	31.4	25.0	0.0	0.0	0.0		
Kahului-Wailuki-Lahaina MSA AA	1,692	598,343	14.3	7,589	0.0	0.0	0.0	12.3	10.9	11.0	75.6	75.5	74.6	12.1	13.5	14.3	0.0	0.0	0.0		
Urban Honolulu MSA AA	8,660	3,216,587	73.2	44,136	1.0	0.8	0.7	12.0	10.0	11.8	48.4	42.7	43.2	38.6	46.5	44.3	0.0	0.0	0.1		
<b>Total</b>	<b>11,835</b>	<b>4,221,797</b>	<b>100.0</b>	<b>63,603</b>	<b>1.6</b>	<b>0.8</b>	<b>1.0</b>	<b>13.0</b>	<b>10.3</b>	<b>12.6</b>	<b>53.7</b>	<b>48.9</b>	<b>49.2</b>	<b>31.7</b>	<b>39.9</b>	<b>37.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>		

Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

AMERICAN SAVINGS BANK (10000708384) excluded from Aggregate

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																			<b>2019-21</b>	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Hawaii Non-MSA AA	1,483	406,867	12.5	11,878	22.4	3.9	3.2	16.0	12.2	11.8	20.4	25.8	19.4	41.3	57.7	50.5	0.0	0.4	15.1	
Kahului-Wailuki-Lahaina MSA AA	1,692	598,343	14.3	7,589	19.8	3.9	3.9	18.1	17.2	12.7	22.0	29.0	21.8	40.1	49.6	49.0	0.0	0.2	12.7	
Urban Honolulu MSA AA	8,660	3,216,587	73.2	44,136	19.6	5.0	3.6	18.4	16.1	13.9	22.0	27.1	24.1	40.0	50.9	36.9	0.0	0.9	21.6	
<b>Total</b>	<b>11,835</b>	<b>4,221,797</b>	<b>100.0</b>	<b>63,603</b>	<b>20.1</b>	<b>4.7</b>	<b>3.5</b>	<b>17.9</b>	<b>15.8</b>	<b>13.3</b>	<b>21.7</b>	<b>27.2</b>	<b>22.9</b>	<b>40.3</b>	<b>51.6</b>	<b>40.9</b>	<b>0.0</b>	<b>0.7</b>	<b>19.3</b>	
<i>Source: 2015 ACS ; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.                      Due to rounding, totals may not equal 100.0%</i>																				
<i>AMERICAN SAVINGS BANK (10000708384) excluded from Aggregate</i>																				

<b>Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography</b>																			<b>2019-21</b>	
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
Hawaii Non-MSA AA	1,700	84,294	13.6	8,803	9.6	5.6	6.9	3.4	5.4	5.7	66.2	66.6	63.2	20.8	22.4	22.1	0.0	0.0	2.2	
Kahului -Wailuki-Lahaina MSA AA	1,821	98,904	14.6	7,356	0.0	0.0	0.0	14.6	18.6	14.4	75.3	73.9	74.2	10.1	7.5	10.3	0.0	0.0	1.1	
Urban Honolulu MSA AA	8,982	559,788	71.8	30,886	4.0	6.7	4.7	17.9	18.2	18.2	37.5	36.5	37.8	37.1	35.7	35.3	3.4	2.9	3.9	
<b>Total</b>	<b>12,503</b>	<b>742,986</b>	<b>100.0</b>	<b>47,045</b>	<b>4.4</b>	<b>5.6</b>	<b>4.4</b>	<b>15.0</b>	<b>16.5</b>	<b>15.1</b>	<b>47.8</b>	<b>46.0</b>	<b>48.5</b>	<b>30.5</b>	<b>29.8</b>	<b>28.8</b>	<b>2.3</b>	<b>2.1</b>	<b>3.1</b>	
<i>Source: 2021 D&amp;B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.                      Due to rounding, totals may not equal 100.0%</i>																				
<i>AMERICAN SAVINGS BANK (10000708384) excluded from Aggregate</i>																				

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>											<b>2019-21</b>	
<b>Assessment Area:</b>	<b>Total Loans to Small Businesses</b>				<b>Businesses with Revenues &lt;= 1MM</b>			<b>Businesses with Revenues &gt; 1MM</b>		<b>Businesses with Revenues Not Available</b>		
	<b>#</b>	<b>\$</b>	<b>% of Total</b>	<b>Overall Market</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>Aggregate</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	<b>% Businesses</b>	<b>% Bank Loans</b>	
Hawaii Non-MSA AA	1,700	84,294	13.6	8,803	87.7	53.5	45.7	3.3	18.5	9.0	28.0	
Kahului-Wailuki-Lahaina MSA AA	1,821	98,904	14.6	7,356	89.3	53.4	43.8	2.9	17.4	7.8	29.2	
Urban Honolulu MSA AA	8,982	559,788	71.8	30,886	88.5	51.6	43.0	3.9	19.6	7.6	28.8	
<b>Total</b>	<b>12,503</b>	<b>742,986</b>	<b>100.0</b>	<b>47,045</b>	<b>88.5</b>	<b>52.1</b>	<b>43.6</b>	<b>3.6</b>	<b>19.1</b>	<b>7.9</b>	<b>28.8</b>	
<p><i>Source: 2021 D&amp;B Data; 01/01/2019 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.            Due to rounding, totals may not equal 100.0%</i></p> <p><i>AMERICAN SAVINGS BANK (10000708384) excluded from Aggregate</i></p>												