



U.S. Bank CRA Performance King County, Washington 2020

November 19, 2021



Background Information

U.S. Bank in the Seattle MSA

Deposit Market Share

- Of 49 FDIC insured financial institutions in the Seattle-Tacoma-Bellevue MSA, U.S. Bank is the fourth largest with market share of 9.48% (as of 6/30/2021).
- U.S. Bank had 68 branches in the Seattle-Tacoma-Bellevue MSA (as of 6/30/2021).



CRA Rating

Community Reinvestment Act Rating

- U.S. Bank strives to attain a rating of “Outstanding” under the Community Reinvestment Act.
- U.S. Bank received its most recent CRA rating from the Office of the Comptroller of the Currency (OCC) in 2019:
 - This rating is dated 10/16/2017 and covers performance during 2012-2015.
 - Our performance evaluation document is available electronically at this link: <https://www.usbank.com/community/cra-performance-evaluation.html>
 - U.S. Bank earned an overall rating of Outstanding. This reflects Outstanding ratings for the lending, investment and service tests.
 - U.S. Bank also earned an overall rating of Outstanding for CRA performance in the State of Washington. This reflects Outstanding ratings for the lending, investment and service tests.
 - U.S. Bank’s next CRA evaluation will cover the years 2016 through 2020. It is scheduled to begin in Q1 2022; we expect it will take at least one year before the OCC issues a performance evaluation report.



Community Reinvestment Plan

Community Reinvestment Plan

U.S. Bank serves the financial needs of its customers by blending its relationship teams, branches and ATM network with extensive mobile and online tools that allow customers to bank how, when and where they prefer. We strive to provide these services in a fair and responsible manner as a trusted financial partner, which is reflected in our long history of outstanding performance under the CRA. U.S. Bank supports the overall goal of the CRA, which is to encourage banks to help meet the credit needs of the communities that they serve, including low- and moderate-income (LMI) communities, consistent with the banks' safe and sound practices. We strive to earn an "Outstanding" CRA rating and establish goals on an annual basis to achieve this objective.



Community Reinvestment Performance

Community Reinvestment Act Past Performance

- Small business lending (original amounts \$1MM or less) in **King County**:

| Lending Category | Demographic | Measures | Performance | | |
|---------------------------|---|--|-------------|-------|-------|
| | | | 2020 | 2019 | 2018 |
| Small Business Geographic | Percentage of businesses in low- and moderate-income census tracts | Percentage of loans in LMI tracts | 25% | 25% | 25% |
| | | Number of total loans (all tracts) | 5,172 | 4,960 | 5,307 |
| Small Business Borrower | Percentage of businesses with gross annual revenues (GAR) up to \$1MM | Percentage of loans to businesses with GAR up to \$1MM | 77% | 79% | 77% |
| | | Number of total loans (all borrowers) | 5,172 | 4,960 | 5,307 |

Community Reinvestment Act Past Performance

- HMDA (home purchase, refinance, home equity, etc.) lending by geography in **King County**:

| Lending Category | Demographic | Measures | Performance ¹ | | |
|--------------------------|--|------------------------------------|--------------------------|-------|-------|
| | | | 2020 | 2019 | 2018 |
| HMDA Geographic Combined | Percentage of owner-occupied housing units in low- and moderate-income census tracts | Percentage of loans in LMI tracts | 13% | 13% | 16% |
| | | Number of total loans (all tracts) | 3,970 | 2,816 | 2,810 |
| Home Purchase Geographic | | Percentage of loans in LMI tracts | 12% | 12% | 15% |
| | | Number of total loans (all tracts) | 802 | 723 | 852 |
| Refinance Geographic | | Percentage of loans in LMI tracts | 13% | 13% | 15% |
| | | Number of total loans (all tracts) | 2,468 | 1,376 | 1,014 |

1. HELOCs started reporting in 2018 HMDA.

Community Reinvestment Past Performance

- U.S. Bank's HMDA borrower lending performance in **King County** is shown in the table below:

| Lending Category | Demographic | Measures | Performance ^{1, 2} | | |
|------------------------|--|--|-----------------------------|-------|-------|
| | | | 2020 | 2019 | 2018 |
| HMDA Borrower Combined | Percentage of families with low and moderate incomes | Percentage of loans to LMI borrowers | 15% | 16% | 14% |
| | | Number of total loans (borrowers with known revenue) | 3,407 | 2,617 | 2,511 |
| Home Purchase Borrower | | Percentage of loans to LMI borrowers | 10% | 13% | 8% |
| | | Number of total loans (borrowers with known revenue) | 705 | 617 | 665 |
| Refinance Borrower | | Percentage of loans to LMI borrowers | 16% | 16% | 16% |
| | | Number of total loans (borrowers with known revenue) | 2,077 | 1,289 | 927 |

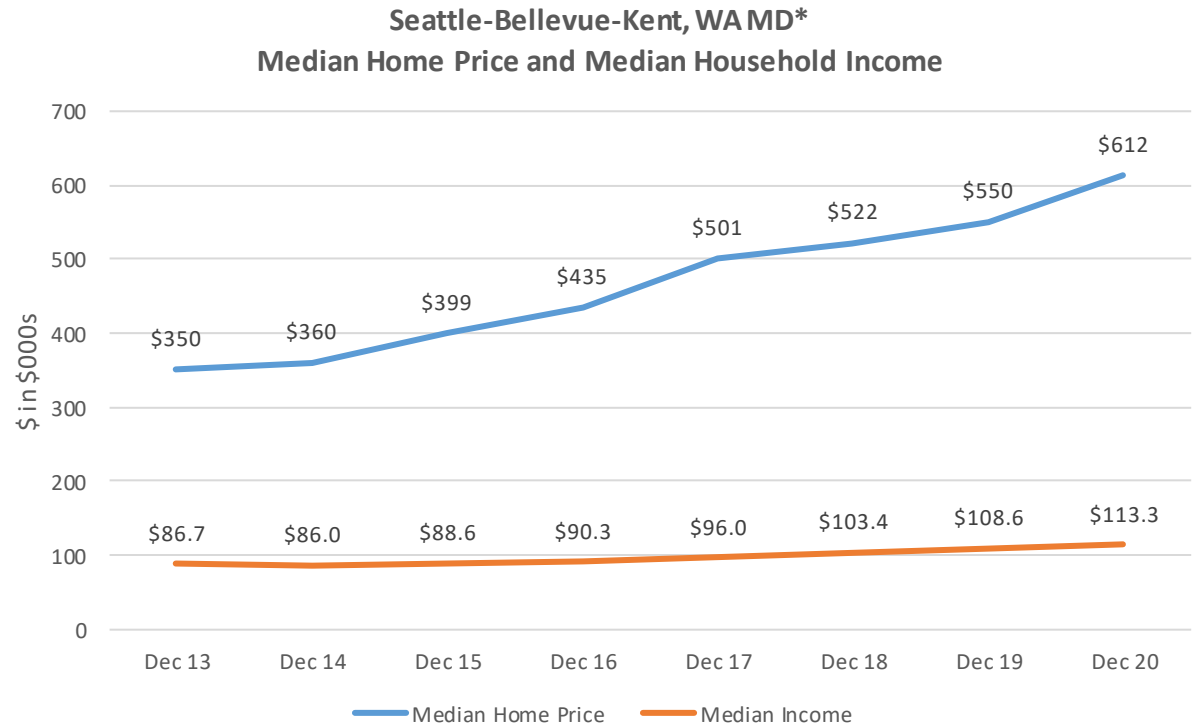
1. Excludes Action 6 (Purchased) loans, borrower income not received for these loan types.

2. HELOCs started reporting in 2018 HMDA.

Mortgage Performance Context Factors

Home Purchases by Low- and Moderate-Income Borrowers

- Housing value growth in the Seattle-Bellevue-Kent, WA MD* far outpaces income growth, causing the affordability gap to widen, especially in the lowest income levels.

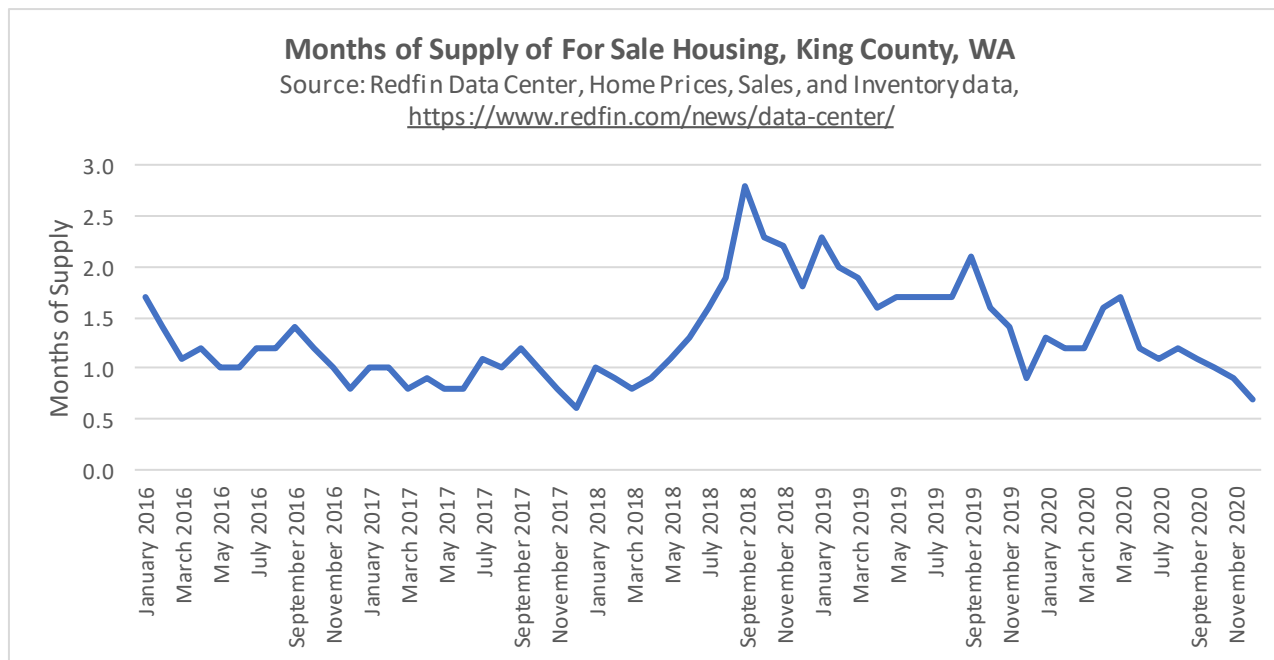


Source: National Association of Home Builders, Housing Opportunity Index

* The Seattle-Bellevue-Kent, WA Metropolitan District (MD) includes King and Snohomish counties. The source data refers to the MD as the Seattle-Bellevue-Everett, WA MD, which was the name used prior to 2019.

Mortgage Performance Context Factors

- The inventory of available homes for sale is limited in King County, which can drive up housing prices, limiting opportunities for mortgage lending and putting homeownership out of reach for many LMI buyers.
- The months of supply indicates how long the current for-sale inventory would last given the current sales rate if new homes stopped entering the market. Generally, a balanced market has four to six months of supply.
- Supply has been constrained for the last five years. There was less than two months of supply throughout 2020.



Mortgage Performance Context Factors

- Homeownership is inaccessible for LMI families in the Seattle-Bellevue-Kent, WA MD*
- Housing is considered affordable if it accounts for 30 percent or less of a family's income.
- The estimated monthly payment for a mortgage without private mortgage insurance (PMI) on the median-priced home is \$2,372 and \$1,523 greater than the monthly payment affordable to a low-income and moderate-income family, respectively.
- For borrowers only able to qualify for loans requiring PMI, homeownership is further out of reach.

| Seattle-Bellevue-Kent, WA MD | | | | | |
|--|-------------------------------|--------------------------------|----------------|--------------------------------|----------------|
| Median Home Value (1): | \$612,000 | | | | |
| 3% down payment (2): | \$18,360 | | | | |
| Affordability Estimate | | | | | |
| | Estimated Monthly Payment (3) | Low-Income | | Moderate-Income | |
| | | Affordable Monthly Payment (4) | Difference | Affordable Monthly Payment (5) | Difference |
| With PMI: | \$4,098 | \$1,416 | \$2,682 | \$2,266 | \$1,832 |
| Without PMI: | \$3,789 | \$1,416 | \$2,372 | \$2,266 | \$1,523 |
| 1 - Median Home Value Source - NAHB/Wells Fargo Housing Opportunity Index (HOI) (Q4 2020) 2 - 3% down payment is based on median home value 3 - Assumes 30-year term; home insurance = 0.35% of loan amount; property taxes = 1.25% of home value; PMI = . 0.625% of loan a mount, \$0 monthly HOA fees. Mortgage Rate = 4.4% (reflects 30-year fixed rate mortgage average monthly interest rate, 2016-2020, using data from Freddie Mac's Primary Mortgage Market Survey (PMMS)) 4 - FFEIC 2020, 50% Median Family Income/12 months * 30% 5 - FFEIC 2020, 80% Median Family Income/12 months * 30% | | | | | |

* The Seattle-Bellevue-Kent, WA Metropolitan District (MD) includes King and Snohomish counties.

Branch Network

- In 2020. Bank closed six branches in King County:
 - First Hill (middle-income census tract)
 - Harborview Medical Center (moderate-income census tract)
 - Renton Highlands (moderate-income census tract)
 - Skyway Park (middle-income census tract)
 - South Lake Union (upper-income census tract)
 - Wedgwood (upper-income census tract)
- As of 12/31/2020, U.S. Bank operated 43 branches in King County:

| Census Tract Income Level | Number of Branches | Percentage of Total Branches |
|----------------------------------|---------------------------|-------------------------------------|
| Low | 4 | 9% |
| Moderate | 11 | 26% |
| Middle | 15 | 35% |
| Upper | 12 | 28% |
| Income not available | 1 | 2% |
| Total | 43 | 100% |

Skyway Park Branch Re-Purposing

U.S. Bank's Skyway Park Branch served the local community for more than 60 years. Its accessible location, lot size and employee community engagement made it a central gathering place.

As of August 31, 2021, U.S. Bank has donated the land and 4,568 square-foot building to the King County Housing Authority who will serve as the fiscal agent for the property and oversee building improvement.



Renton Innovation Zone Partnership (RIZP) and KCHA are partnering to bring their current mobile HUD Envision Center to this location in addition to providing a location for local non-profits and community members to collaborate and support this unincorporated portion of King County.

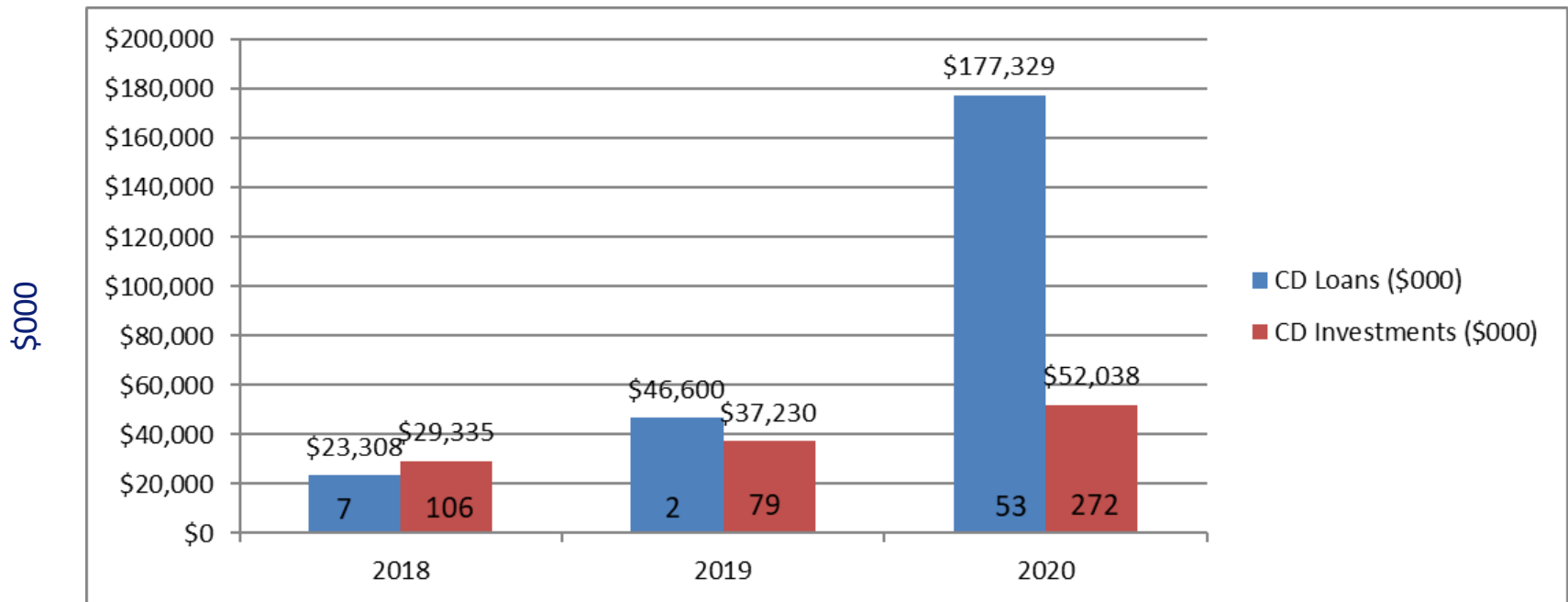
U.S. Bank will continue to collaborate with key stakeholders in the market to provide banking services and support to the community via this partnership.

In addition to this donation U.S. Bank has provide support to the community via a \$50,000 donation last year to support rent and utility assistance for community members in the Skyway/West Hill area and \$50,000 grant to RIZP for their innovative new immersion program for Title 1 elementary and middle school students in the neighborhood.



Community Development Lending and Investments

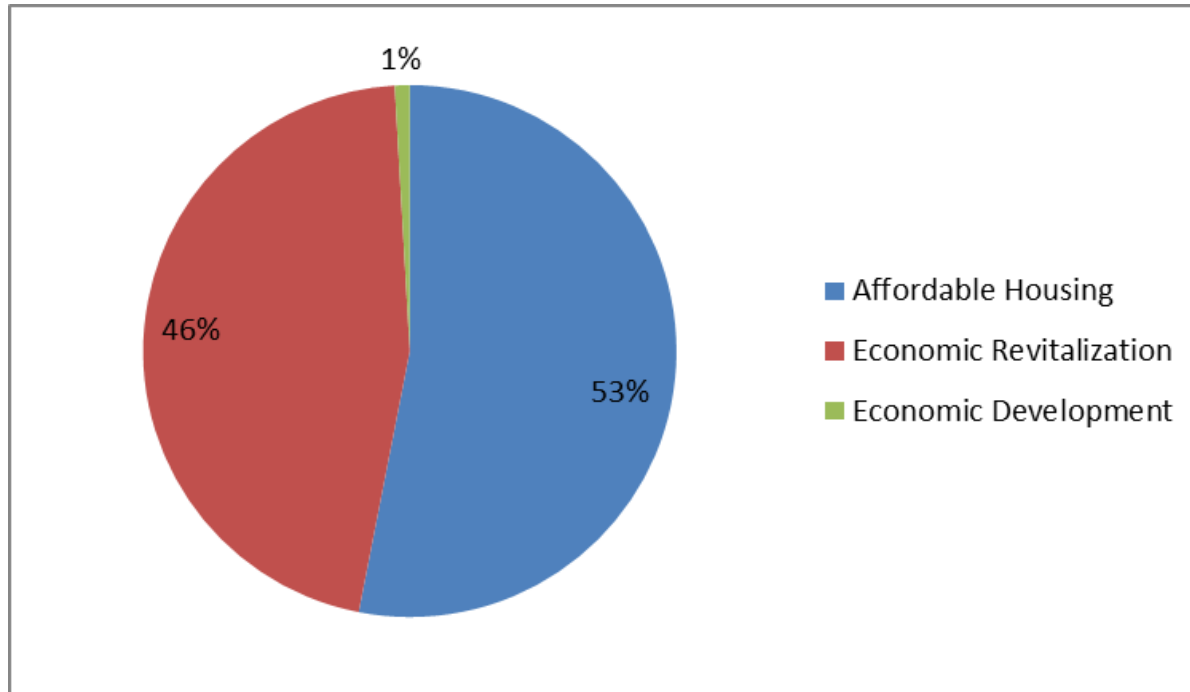
- Community development projects take time to come together and performance from year to year can be uneven



Dollars presented in thousands

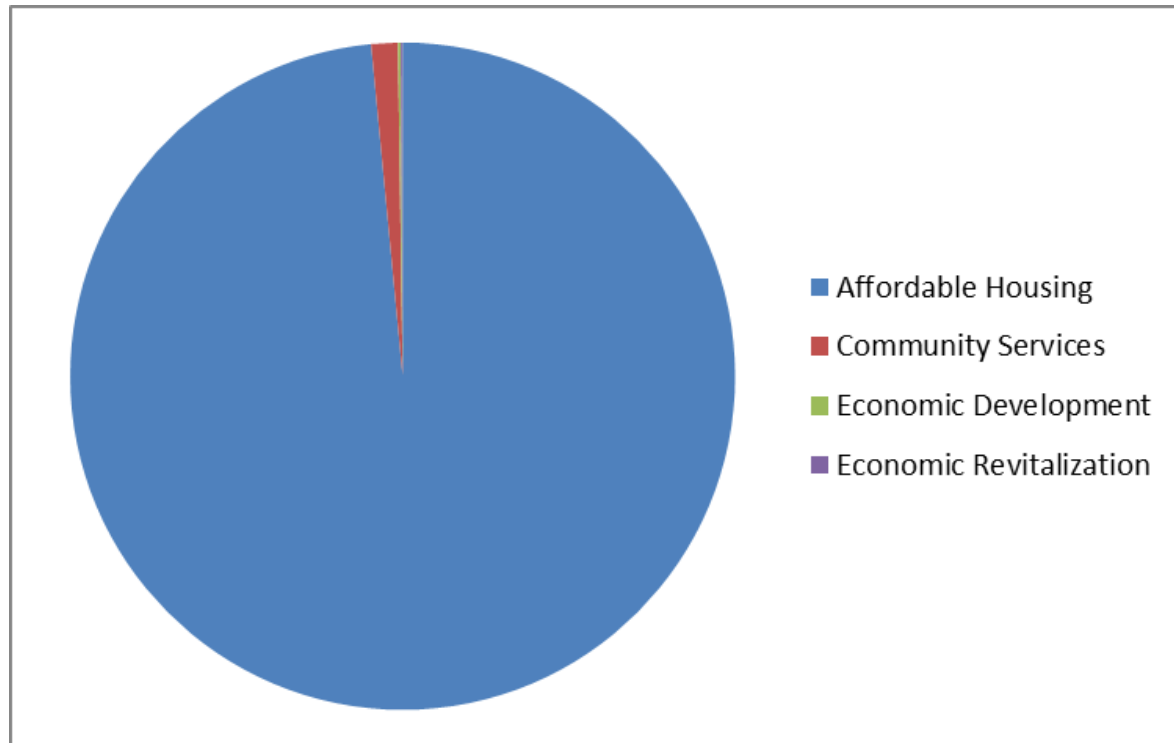
Community Development Lending

- U.S. Bank's community development lending supported affordable housing, economic revitalization and economic development during 2020:



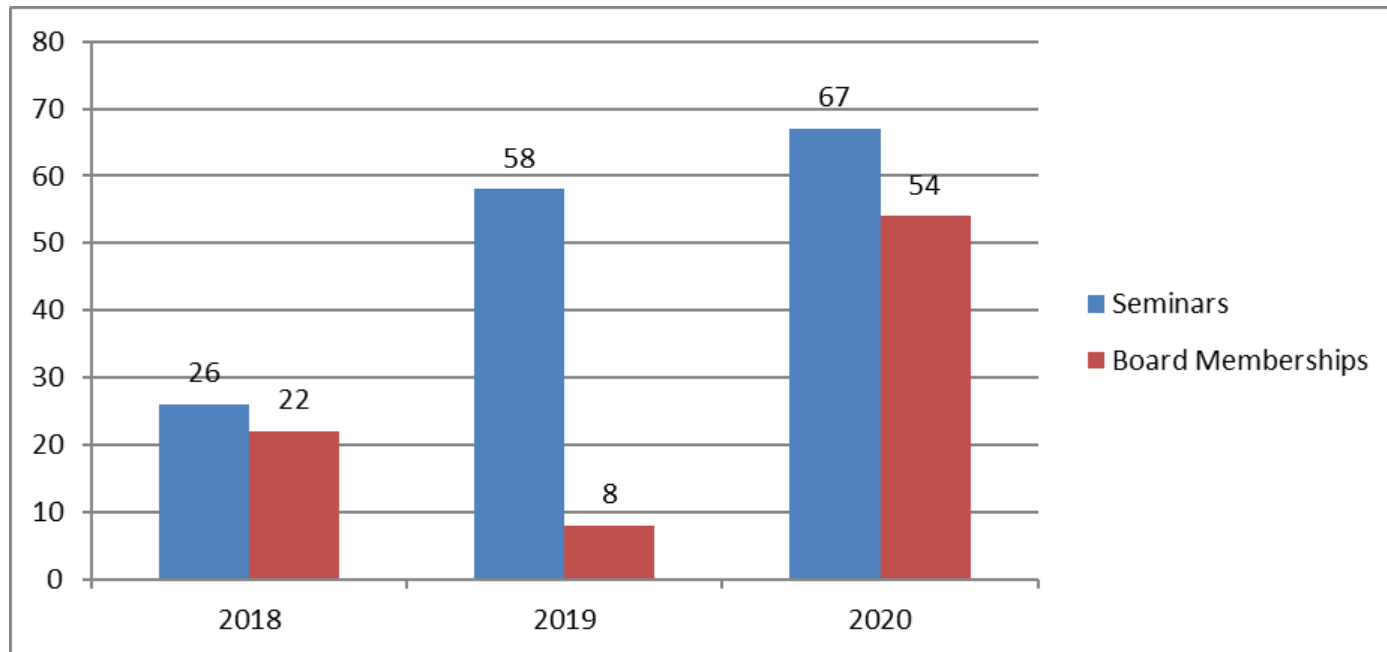
Community Development Investments

- 98% of U.S. Bank's \$52.0 million in community development investments supported affordable housing, a critical need in King County, during 2020:



Community Development Services

- U.S. Bank employees teach CRA qualified financial education seminars and serve on the boards and committees of CRA qualified organizations in King County:





Appendix

What is CRA?

- The **Community Reinvestment Act (CRA)** is a federal regulation that encourages banks to help meet the credit needs of their community, including low- and moderate-income areas, consistent with safe and sound lending practices. A bank's compliance with the letter and the spirit of the regulation is periodically evaluated by federal regulators to assess the Bank's record of meeting the credit needs of communities with mortgage, small business, small farm, and community development loans; effective systems for delivering retail banking and community development services; and qualified investments that benefit the community.
- Additional information on CRA can be found at the Office of the Comptroller of the Currency's website:
<http://www.occ.gov/topics/compliance-bsa/cra/questions-and-answers.html>

CRA Assessment Area Delineation

- U.S. Bank typically delineates CRA assessment areas at the Metropolitan Statistical Area (MSA) level.
 - All counties with a physical branch location or deposit-taking ATM are included in U.S. Bank's CRA assessment areas.
 - King County is included in U.S. Bank's Seattle-Tacoma-Bellevue MSA assessment area. This assessment area also includes Snohomish and Pierce counties.