

PUBLIC DISCLOSURE

February 8, 2021

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Comerica Bank
RSSD # 60143

1717 Main Street
Dallas, Texas 75201

Federal Reserve Bank of Dallas
2200 North Pearl Street
Dallas, Texas 75201

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

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INSTITUTION RATING

Institution’s CRA Rating: Comerica Bank is rated Satisfactory.

Table of Performance Ratings

The following table indicates the performance level of Comerica Bank (bank or institution) with respect to the Lending, Investment, and Service Tests.

Performance Levels	Comerica Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Non Compliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

Summary of Major Factors Supporting Rating

Major factors supporting the institution’s rating include:

- Lending activity reflects good responsiveness to the assessment areas’ credit needs.
- A substantial majority of loans are made in the bank’s assessment areas.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of Home Mortgage Disclosure Act (HMDA) lending reflects good penetration among customers of different income levels.
- The distribution of small business lending reflects adequate penetration among businesses of different revenue sizes.
- A good record of servicing the credit needs of low-income individuals and areas and very small businesses.
- The bank extends a relatively high level of community development loans and services.
- Innovative and flexible lending practices are used to serving credit needs.
- The institution has an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors and is often in a leadership position.
- The bank exhibits good responsiveness to credit and community development needs.
- Delivery systems are accessible to the bank’s geographies and individuals of different income levels in the assessment areas.
- The record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income (LMI) geographies and/or individuals.
- Services offered by the bank do not vary in a way that inconveniences its assessment areas, particularly LMI geographies and/or individuals.
- The bank provides a relatively high level of community development services.

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Institution

Description of the Institution

Business Structure

Comerica Bank (Comerica or bank), a wholly owned subsidiary of Comerica Incorporated (CMA), is a multistate commercial bank headquartered in Dallas, Texas. As of December 31, 2020, it operated 432 branch offices and 578 full-service automatic teller machines (ATMs) and 78 cash-only ATMs in the states of Arizona, California, Florida, Michigan, and Texas. No known legal impediments exist that would restrain the bank from meeting the credit needs of its assessment areas.

At the time of this review, the bank delineated the 27 assessment areas listed below. Descriptions of the assessment areas are found in the applicable assessment area sections of this report.

Arizona

- Phoenix, AZ Assessment Area
 - Maricopa County – part of the Phoenix-Mesa-Chandler, AZ Metropolitan Statistical Area (MSA)

California

- Greater Los Angeles, CA Assessment Area
 - Los Angeles and Orange counties – Los Angeles-Long Beach-Anaheim, CA MSA
 - As of January 1, 2020, assessment area expanded to include entire counties.
- Inland Empire Assessment Area
 - San Bernardino and Riverside counties – Riverside-San Bernardino-Ontario, CA MSA
 - As of January 1, 2020, assessment area expanded to include entire counties.
- Salinas, CA Assessment Area
 - Monterey County – Salinas, CA MSA
 - As of January 1, 2020, assessment area expanded to include the entire county.
- San Diego, CA Assessment Area
 - San Diego County – San Diego-Chula Vista-Carlsbad, CA MSA
 - As of January 1, 2020, assessment area expanded to include the entire county.
- San Francisco Bay, CA Assessment Area
 - Alameda, Contra Costa, San Francisco, and San Mateo counties – part of the San Francisco-Oakland-Berkeley, CA MSA
 - As of January 1, 2020, assessment area expanded to include entire counties.
- San Jose, CA Assessment Area
 - Santa Clara County – part of the San Jose-Sunnyvale-Santa Clara, CA MSA
 - As of January 1, 2018, one census tract added to the assessment area to include entire county.
- Santa Cruz, CA Assessment Area
 - Santa Cruz County – Santa Cruz-Watsonville, CA MSA
- Ventura County, CA Assessment Area
 - Ventura County – Oxnard-Thousand Oaks-Ventura, CA MSA
 - As of January 1, 2020, assessment area expanded to include the entire county.

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Florida

- Fort Lauderdale – West Palm Beach, FL Assessment Area
 - Broward and Palm Beach counties – part of the Miami-Fort Lauderdale-Pompano Beach, FL MSA
 - As of January 1, 2020, assessment area expanded to include entire counties.
- Naples, FL Assessment Area
 - Collier County – Naples-Marco Island, FL MSA

Michigan

- Ann Arbor, MI Assessment Area
 - Washtenaw County – Ann Arbor, MI MSA
- Battle Creek, MI Assessment Area
 - Calhoun County – Battle Creek, MI MSA
- Fenton, MI Assessment Area
 - Genesee County – Flint, MI, MSA
 - As of January 1, 2018, assessment area expanded to include the entire counties.
- Grand Rapids – Wyoming Assessment Area
 - Ottawa and Kent counties – part of the Grand Rapids-Kentwood, MI MSA
- Jackson, MI Assessment Area
 - Jackson County - Jackson, MI MSA
- Kalamazoo, MI Assessment Area
 - Kalamazoo County – Kalamazoo-Portage, MI MSA
- Lansing – East Lansing, MI Assessment Area
 - Clinton, Eaton, and Ingham counties – part of the Lansing-East Lansing, MI MSA
 - As of January 1, 2018, assessment area expanded to include the entire counties.
- Lenawee County, MI Assessment Area
 - Lenawee County – non-MSA
 - New assessment area since the previous evaluation. Assessment area includes entire county.
- Midland, MI Assessment Area
 - Midland County – Midland, MI MSA
- Muskegon, MI Assessment Area
 - Muskegon County – Muskegon, MI MSA
- Southeast Michigan Assessment Area
 - Livingston, Macomb, Oakland, and Wayne counties – part of the Detroit-Warren-Dearborn, MI MSA

Texas

- Austin, TX Assessment Area
 - Travis and Williamson counties – part of the Austin-Round Rock-Georgetown, TX MSA
 - As of January 1, 2020, assessment area expanded to include entire counties.
- Kerr County, TX Assessment Area
 - Kerr County – non-MSA
- Dallas – Fort Worth Metroplex Assessment Area
 - Collin, Dallas, Denton, Ellis, Rockwall, and Tarrant counties – part of the Dallas-Fort Worth-Arlington, TX MSA
 - As of January 1, 2020, assessment area expanded to include entire counties.

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- Houston, TX Assessment Area
 - Brazoria, Fort Bend, Galveston, Harris, and Montgomery counties – part of the Houston-The Woodlands-Sugar Land, TX MSA
 - As of January 1, 2020, assessment area expanded to include entire counties.
- San Antonio, TX Assessment Area
 - Bexar and Kendall counties – part of the San Antonio-New Braunfels, TX MSA

Loan Portfolio

As of December 31, 2020, the bank reported total assets of approximately \$88.1 billion, gross loans of \$52.3 billion, and a net loan-to-deposit ratio of 68.9 percent. The following table reflects the loan portfolio mix.

Product	12/31/2020 \$(000s)	% of Loans	12/31/2018 \$(000s)	% of Loans
Real Estate Secured				
1-4 Family Residential Construction Loans	160,000	0.3	354,412	0.7
Other Construction Loans & Land Development & Other	4,268,000	8.2	3,104,760	6.2
Farmland	7,000	0.0	6,449	0.0
1-4 Family-Revolving	1,685,000	3.2	1,807,181	3.6
1-4 Family Residential Secured by First Liens	1,968,000	3.8	2,136,514	4.3
1-4 Family Residential Secured by Junior Liens	22,000	0.0	44,391	0.1
Multifamily	968,000	1.9	550,988	1.1
Nonfarm Nonresidential				
Loans Secured Owner-Occupied Non-Farm Non-Residential	5,019,000	9.6	5,126,001	10.2
Loans Secured by Other Non-Farm Non-Residential	3,037,000	5.8	2,591,438	5.2
Total Real Estate Loans	17,137,000	32.8	15,743,073	31.4
Agricultural	31,000	0.1	32,194	0.1
Commercial and Industrial	25,290,000	48.4	27,039,773	53.9
Consumer	609,000	1.2	576,736	1.1
State and Political Subdivisions	172,000	0.3	145,475	0.3
Other	8,460,000	16.2	6,116,453	12.2
Lease Financing	594,000	1.1	506,977	1.0
Gross Loans	52,296,000		50,165,673	

Product Offerings

Comerica offers a wide array of traditional consumer and commercial products and services throughout its footprint. Commercial and industrial loans comprised the largest portion of the bank's loan portfolio by dollar volume, as indicated by the table above. The majority of the bank's business originated from the California, Michigan, and Texas markets.

Commercial loan products include business term loans for various purposes such as equipment purchases, facility expansion, asset acquisition, leasehold improvements, commercial real estate loans, Small Business Administration (SBA) loans, small business lines of credit, and equipment lease financing. Commercial loans also include business credit cards. Credit cards intended to meet the needs of small businesses are provided through a partnership with Elan Financial Services, Minneapolis, Minnesota. These loans are not reported by Comerica and are not reflected in the bank's CRA reportable loans. Additionally, as reflected in the table, Comerica did

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not originate a material volume of agricultural loans during the review period; therefore, these loans are not discussed in this report.

Residential real estate lending is typically reported under HMDA. These loans represent approximately 9.2 percent of the bank's lending as of December 31, 2020. Home refinance and home improvement lending made up the largest portions of the bank's HMDA lending during the review period. Though the bank offers multi-family loans, Comerica made very few of these loans during the review period.

Previous Performance Evaluation

Comerica received a *Satisfactory* rating on its previous CRA performance evaluation dated August 13, 2018 performed by the Federal Reserve Bank of Dallas. The Lending Test was rated *Low Satisfactory*, the Investment Test was rated *High Satisfactory*, and the Service Test was rated *Low Satisfactory*.

Scope of Examination

The bank was evaluated using the Interagency Examination Procedures for Large Retail Institutions, developed by the Federal Financial Institution's Examination Council (FFIEC). All assessment areas were evaluated for Lending, Investment, and Service Test performance. Full-scope reviews using the FFIEC procedures were conducted for eight of the bank's 27 delineated assessment areas. The assessment areas were selected for full-scope reviews based on factors identified in the FFIEC procedures. These include, but are not limited to, the level of the institution's lending, investment, and service activity as well as opportunities for such in the assessment areas; comments received from community groups and the public regarding the institution's CRA performance; population density; the number of other institutions in the assessment areas; and the length of time since the most recent full-scope review. Overall, approximately 61.1 percent of lending activity (by number of loans), 75.3 percent of the total deposits, and 66.2 percent of total branches were evaluated through the full-scope reviews. Descriptions of the assessment areas, listed below, can be found in the applicable assessment area sections of this report.

- Arizona
 - Phoenix
- California
 - Greater Los Angeles
 - San Francisco Bay
- Florida
 - Fort Lauderdale – West Palm Beach
- Michigan
 - Lansing – East Lansing
 - Southeast Michigan
- Texas
 - Austin
 - Dallas – Fort Worth Metroplex

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Ratings for the states of California, Michigan, and Texas were weighted more heavily when determining the overall ratings, as these states contain the significant majority of the bank's lending, investment, and service activity as well as branch locations.

Evaluation Review Period and Products Reviewed

This evaluation includes a review of the bank's HMDA and small business lending data for the period of January 1, 2018 to December 31, 2019. As the volume of HMDA lending and small business lending are similar (HMDA representing 48.4 percent and small business representing 51.4 percent during the review period), the products are generally given similar weight in determining conclusions. Product weighting varies in each assessment area depending upon volume and strategic focus and is discussed in the applicable assessment area sections of this report.

Community development loans, investments, and service activities from April 1, 2018 through December 31, 2020 were considered during this evaluation. In addition, the evaluation also considered prior period community development investments.

Evaluation Analysis

The evaluation of the bank's record of lending in the individual assessment areas includes the use of and comparison to demographic characteristics. The primary sources for the demographic information are the 2015 U.S. Census and Dun & Bradstreet (D&B) data. Demographic characteristics of a particular assessment area are useful in analyzing the bank's record of lending as they provide a means of estimating loan demand and identifying lending opportunities. To understand small business and small farm loan demand, self-reported data of revenue size and geographical location from business and farm entities is collected and published by D&B. The demographic data should not be construed as defining an expected level of lending in a particular area or to a particular group of borrowers. The information is used to understand the bank's performance context and evaluate the institution's performance.

In conjunction with the assessment, contact was made with individuals, groups, and/or organizations located throughout the bank's assessment areas and included representatives of community-based organizations, municipalities, and quasi-government agencies.

Conclusions with Respect to Performance Tests

Lending Test

The bank's lending performance is *High Satisfactory*. Lending activity reflects good responsiveness to assessment areas' credit needs. The geographic distribution of loans reflects good penetration throughout the assessment areas. In addition, the distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank makes a relatively high level of community development loans and services.

References are made to the bank's lending distribution by geography and borrower income throughout this report. Detailed information about the bank's HMDA- and CRA-reportable loans can be found in Appendices F, G, and H.

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Lending Activity

The bank's lending levels reflect good responsiveness to assessment areas' credit needs. The following table summarizes the lending activity from January 1, 2018 through December 31, 2019. As the data indicates, the bank makes slightly more small business loans than other types of loans.

Summary of Lending Activity				
Loan Type	#	%	\$ (000s)	%
Home Improvement	3,649	-	\$488,601	-
Home Purchase	1,247	-	\$437,658	-
Multi-Family Housing	35	-	\$316,682	-
Refinancing	4,879	-	\$1,165,651	-
Loan Purpose Not Applicable	22	-	\$3,279	-
Other Purpose Closed-End	121	-	\$103,716	-
Other Purpose LOC	3,178	-	\$519,445	-
Total HMDA	13,131	48.4	\$3,035,032	45.2
Total Small Business	13,919	51.4	\$3,671,049	54.7
Total Small Farm	53	0.2	\$10,229	0.1
TOTAL LOANS	27,103	100.0	\$6,716,310	100.0

Note: Affiliate loans include only loans originated or purchased within the bank's assessment areas.

The table below shows the distribution of loans inside and outside the bank's assessment areas.

Lending Inside and Outside of the Assessment Areas								
Loan Types	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Home Improvement	3,398	93.1	\$457,841	93.7	251	6.9	\$30,760	6.3
Home Purchase - Conventional	1,054	85.9	\$336,126	77.2	173	14.1	\$99,284	22.8
Home Purchase - FHA	20	100.0	\$2,248	100.0	0	0.0	\$0	0.0
Loan Purpose Not Applicable	22	100.0	\$3,279	100.0	0	0.0	\$0	0.0
Multi-Family Housing	23	65.7	\$145,937	46.1	12	34.3	\$170,745	53.9
Other Purpose Closed-End	94	77.7	\$74,517	71.8	27	22.3	\$29,199	28.2
Other Purpose LOC	2,966	93.3	\$483,989	93.2	212	6.7	\$35,456	6.8
Refinancing	4,634	95.0	\$1,063,488	91.2	245	5.0	\$102,163	8.8
Total HMDA	12,211	93.0	\$2,567,425	84.6	920	7.0	\$467,607	15.4
Total Small Business	12,234	87.9	\$3,164,642	86.2	1,685	12.1	\$506,407	13.8
Total Small Farm	36	67.9	\$6,522	63.8	17	32.1	\$3,707	36.2
TOTAL LOANS	24,481	90.3	\$5,738,589	85.4	2,622	9.7	\$977,721	14.6

Note: Affiliate loans not included

Geographic Distribution and Distribution by Borrower Income and Business Revenue Size

Consistent with the performance standards for a large bank, conclusions about Comerica's distribution of lending within its assessment areas considers the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the bank's assessment areas; home mortgage loans to low-, moderate-, middle-, and upper-income individuals; small-business loans to businesses with gross annual revenues of \$1 million or less; and small-business loans by loan amount at origination.

The CRA emphasizes the importance of banks serving the credit needs of their assessment areas, including LMI borrowers and areas. The bank's distribution of lending to borrowers reflects

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adequate penetration among individuals of different income levels (including LMI) and businesses of different revenue sizes. Of the eight full-scope assessment areas, three are good and five are adequate. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for each assessment area.

The geographic distribution of loans reflects good penetration throughout the assessment areas. Of the eight full-scope assessment areas, two are rated as excellent, five are good, and one is adequate. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for each assessment area.

The bank makes use of some flexible lending practices in its assessment areas, including the HomeReady™ by Fannie Mae, a Small Business Micro Lending Program, and Government Insured Loan Programs.

- HomeReady™ by Fannie Mae is a flexible mortgage product designed for creditworthy, LMI borrowers, with expanded eligibility for financing homes in low-income communities. The bank's HomeReady™ by Fannie Mae originations increased significantly from the previous examination, though originations were only made in Comerica's Michigan and Texas assessment areas.
- The bank's Micro Business Lending program offers secured business lines of credit and term loans in smaller dollar amounts. This product uses flexible lending practices to better serve the credit needs of small businesses within the bank's assessment areas. This program has remained steady since the previous evaluation and is offered throughout the bank's footprint.
- The bank also offers a variety of government-insured loan programs to help meet the credit needs of LMI borrowers and small businesses. These include Veteran Administration (VA) and Federal Housing Administration (FHA) loan products, which the bank originated in its Michigan and Texas assessment areas during the review period, as well as SBA-insured loans, which were originated throughout the entirety of the bank's markets. Comerica's SBA lending saw significant increase in 2020 due to SBA-secured programs implemented in response to the COVID-19 pandemic.

Community Development Lending

The bank makes a relatively high level of community development loans. The community development loan originations during the evaluation period were extended for a variety of purposes. The table below summarizes the bank's community development lending.

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Community Development Lending All Assessment Areas		
Purpose	Number	\$(000s)
Affordable Housing	90	218,265
Community Services	200	386,214
Economic Development	78	214,393
Revitalize and Stabilize	607	1,076,804
Institution Total	975	1,895,676
Pro Rata Share of Third-Party CD Loans		4,929
CD Lending Total		1,900,605

Investment Test

The bank's overall Investment Test rating is *High Satisfactory*. The bank has an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors. Comerica is often in a leadership position. The table below summarizes the bank's community development investments, grants, and donations by assessment area during the review period. Specific details regarding investments, grants, and donations can be found in the Conclusions with Respect to Performance Tests section for each assessment area.

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Community Development Investments and Donations All Assessment Areas								
Assessment Area	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Full-Scope Review:								
Phoenix	26	13,627	11	12,376	54	442	91	26,445
Greater Los Angeles	17	29,199	41	28,700	283	2,975	341	60,873
San Francisco Bay	16	21,023	43	22,223	169	2,088	228	45,334
Fort Lauderdale - West Palm Beach	18	16,555	9	10,961	114	536	141	28,052
Lansing - East Lansing	4	3,209	10	7,974	41	112	55	11,295
Southeast Michigan	51	56,589	36	54,623	637	4,799	724	116,010
Austin	12	7,091	4	2,570	21	95	37	9,756
Dallas - Fort Worth Metroplex	20	19,405	10	12,132	223	2,263	253	33,801
Limited-Scope Review:								
Inland Empire	11	3,701	2	497	27	243	40	4,441
Salinas	2	773	2	824	9	29	13	1,625
San Diego	6	10,977	12	10,087	62	286	80	21,350
San Jose	10	20,733	24	25,512	65	471	99	46,716
Santa Cruz	3	8,500	1	2,576	18	154	22	11,230
Ventura County	1	1,000	3	1,577	17	79	21	2,656
Naples	3	526	1	12	15	64	19	602
Ann Arbor	3	2,342	6	6,177	39	138	48	8,656
Battle Creek	-	-	4	1,490	21	48	25	1,538
Fenton	1	2,000	1	548	14	54	16	2,602
Grand Rapids, Wyoming	7	9,463	12	9,978	110	333	129	19,774
Jackson	2	5,126	3	3,463	25	91	30	8,681
Kalamazoo	3	6,332	2	5	38	81	43	6,418
Lenawee County	-	-	1	142	3	9	4	150
Midland	-	-	1	315	23	36	24	351
Muskegon	1	2,000	1	2,088	22	53	24	4,142
Bank of the Hills	-	-	-	-	13	52	13	52
Houston	20	20,805	19	18,611	189	1,259	228	40,674
San Antonio	7	9,371	5	8,044	17	273	29	17,688
Total	244	270,344	264	243,504	2,269	17,062	2,777	530,911

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In addition, the bank made 12 investments and donations, totaling \$794 thousand benefitting more than one of its assessment areas, and 38 investments and donations (approximately \$1.2 million) benefitting statewide regions including its assessment areas. During the review period, 27 community development qualified investments and donations, totaling approximately \$9.4 million, were made by the bank in areas beyond its delineated assessment areas.

During the review period, the bank made occasional use of innovative or complex investments to support community development initiatives and exhibited good responsiveness to credit and community development needs of its assessment areas. The bank invested in the Detroit Home Mortgage Fund, which allows qualified borrowers the opportunity to get a mortgage for up to \$75,000 above the appraised value of a home to help combat depressed appraisal values in the Detroit area. In response to the COVID-19 pandemic, which hit the United States during the review period, the bank significantly increased investments in Community Development Financial Institutions (CDFIs) to support strategic programs designed to meet the needs of small and micro businesses, which were disproportionately impacted by the pandemic.

Service Test

The bank's overall Service Test rating is *High Satisfactory*.

Retail Services

The bank's retail and community development services reflect good responsiveness to the needs of the assessment areas. The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in its assessment areas. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI income geographies. Banking services and hours of operations do not vary in a way that inconveniences the assessment areas, particularly in LMI geographies or to LMI individuals.

Geographic Distribution of Branches and ATMs All Assessment Areas							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full-Service ATMs	
				#	%	#	%
Low	10.9	9.6	6.9	32	7.4	50	8.6
Moderate	25.8	25.4	19.2	85	19.7	125	21.6
Middle	29.4	30.4	29.3	123	28.5	146	25.3
Upper	32.6	34.2	43.9	187	43.3	245	42.4
Unknown	1.3	0.4	0.7	5	1.1	12	2.1
Total	100.0	100.0	100.0	432	100.0	656	100.0

In most assessment areas, the bank offers extended and weekend hours, as well as low-cost basic checking accounts. In addition, the bank offers several alternative delivery systems, including online banking, mobile banking, on-the-job banking, and a credit card partnership with Elan Financial that focuses on providing services to small businesses.

Community Development Services

The bank provides a relatively high level of community development services. Comerica personnel provided 15,190 hours of qualified community development services during the review

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period. Approximately 10,290 hours were in the bank's full-scope assessment areas. The level of community development services was considered relatively high in four of the five states in which the bank operates.

The bank's directors, officers, and staff members are involved in various capacities with numerous organizations and activities, providing community services for LMI individuals and in LMI geographies. Additionally, the bank participates in numerous financial literacy initiatives to help provide financial education to LMI school children throughout its assessment areas.

These initiatives are particularly responsive and were regularly stated by community contacts as a need throughout Comerica's footprint.

Fair Lending or Other Illegal Credit Practices Review

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) established the Consumer Financial Protection Bureau (CFPB). In general, the Dodd-Frank Act gives the CFPB, among other things, primary supervisory authority over insured depository institutions with total assets of more than \$10 billion when assessing compliance with the requirements of Federal consumer financial laws. The Federal Reserve System retains authority to enforce compliance with the CRA and certain other consumer compliance laws and regulations. During the review period of this evaluation, the Federal Reserve Bank of Dallas did not cite violations involving illegal discrimination or other illegal credit practices that adversely affected the evaluation of the bank's CRA performance. As of the date of this evaluation, the Federal Reserve Bank of Dallas is unaware of any violations of the Equal Credit Opportunity Act or Regulation B, or any unfair, deceptive, or abusive acts or practices identified by the CFPB.

State of Arizona

CRA Rating for Arizona: Satisfactory
The Lending Test is Rated: Low Satisfactory
The Investment Test is Rated: Outstanding
The Service Test is Rated: Low Satisfactory

Summary of Major Factors Supporting Rating

Major factors supporting the institution's rating include:

- Lending and community development activity reflects good responsiveness to assessment area credit needs.
- The geographic distribution of loans reflects good penetration throughout the assessment area.
- The distribution of HMDA lending reflects adequate penetration among customers of different income levels.
- The distribution of small business lending reflects adequate penetration among business of different revenue sizes.
- The bank makes a relatively high level of community development loans.
- Comerica has an excellent level of qualified community development investments and grants and is often in a leadership position.
- Delivery systems are reasonably accessible to geographies and individuals of different income levels in the assessment area.
- Services offered by the bank do not vary in a way that inconveniences its assessment area, particularly LMI geographies and/or LMI individuals.
- The bank provides an adequate level of community development services.

Scope

The bank designates the Phoenix, AZ Assessment Area, as its single assessment area in the state of Arizona. As the Phoenix, AZ Assessment Area constitutes the only assessment area in Arizona, it is reviewed using full-scope procedures. Accordingly, the statewide rating will be based on the CRA activity within the assessment area and any other investment or services that are provided on a broader, statewide basis. The time period and products evaluated for this state are consistent with the scope discussed in the Institution section of this report.

Description of Institution's Operations in Arizona

Comerica operates 17 branch offices in the state of Arizona, representing 3.9 percent of the bank's total branches. As of June 30, 2020, the bank had \$471.7 million in deposits in the state, representing 0.7 percent of total deposits. According to the June 30, 2020 FDIC Summary of Deposits, the bank had a deposit market share of 0.27 percent and ranked 25th out of 65 FDIC-insured financial institutions across the state. Of the 13,131 HMDA loans originated and purchased by the bank during the review period, 485 (3.7 percent) were in the state of Arizona. Of the 13,919 small business and small farm loans originated and purchased by the bank, 239 (1.7 percent) were in Arizona.

For a more detailed summary of the bank's operations in Arizona, see "Description of Operations in Phoenix," below.

METROPOLITAN AREAS (Full-Scope Review)

Description of Operations in Phoenix

The Phoenix, AZ Assessment Area is a single-county assessment area comprised solely of Maricopa County. This county, along with Pinal County, which is excluded from the assessment area, make up the Phoenix-Mesa-Chandler, AZ MSA. The Phoenix-Mesa-Chandler, AZ MSA is the 10th largest metropolitan area in the nation, and the largest in the state of Arizona, including approximately 66 percent of the state's population. The assessment area incorporates 88.9 percent of the MSA population. Major municipalities in the assessment area include Phoenix, Mesa, Glendale, Scottsdale, Tempe, Chandler, and Peoria.

According to the June 30, 2020 FDIC Summary of Deposits, there were 59 financial institutions operating in the assessment area, as of June 30, 2020. Comerica held \$472 million in deposits in the Phoenix, AZ Assessment Area, which accounts for less than 1 percent the bank's total deposits. Comerica ranked 21st in the market, with 0.4 percent of the deposit market share. Market leaders include JPMorgan Chase Bank, with 25.3 percent of the deposit market share; Wells Fargo Bank, with 19.7 percent; and Bank of America, with 19.4 percent of the deposit market share. With the top three institutions holding 64.4 percent of deposits in the assessment area, there is a high level of competition for the remaining deposits.

The market for mortgage lending in the Phoenix, AZ Assessment Area is saturated and competitive, as noted by the large number of HMDA reporters in 2018 and 2019. In 2018, 814 institutions originated or purchased over 171,000 HMDA-reportable loans in the assessment area. Wells Fargo, JPMorgan Chase Bank, US Bank, and Quicken Loans led the market, with a combined 21.6 percent of the HMDA market share, while Comerica ranked 148th, with 0.08 percent of the market share. In 2019, 863 HMDA reporters originated or purchased over 232,000 HMDA loans. Market leaders, Quicken Loans, Wells Fargo, United Shore Financial Service, and JPMorgan Chase Bank, collectively shared 21.8 percent of the HMDA market share, indicating a high number of lenders competing in the market for mortgage loans. Comerica ranked 147th, with 0.08 percent of the HMDA market share. While Comerica originated mortgage loans during the review period, the bank is not a market leader in HMDA lending.

Comerica plays a role in small business lending in the assessment area, but it is not a market leader. In 2018, 196 CRA reporters originated or purchased over 102,000 small business loans in the assessment area. Market leaders in small business loans included JP Morgan Chase Bank, American Express, and CitiBank, which collectively held 50.7 percent of the market share. Comerica ranked 37th, with 0.13 percent of the market share. In 2019, 214 CRA reporters originated or purchased over 109,000 loans in the assessment area. JPMorgan Chase Bank, American Express, and CitiBank collectively held 52.6 percent of the CRA market share. Comerica ranked 47th, with 0.09 percent of the market share.

Demographic Characteristics

The Phoenix, AZ Assessment Area is made up of 893 census tracts. Of those, 104 (11.7 percent) are low-income, 202 (22.6 percent) are moderate-income, 279 (31.2 percent) are middle-income, 299 (33.5 percent) are upper-income, and nine (1.0 percent) are unknown income census tracts.

Phoenix, AZ Assessment Area

The Phoenix, AZ Assessment Area has a population of approximately 3.9 million based on the 2015 U.S. Census estimates. Of those, 11.3 percent lived in low-income census tracts, 23.0 percent in moderate-income, 31.2 percent in middle-income, 34.3 percent in upper-income, and 0.2 in unknown-income census tracts. Moreover, the region has experienced steady growth over the past decade, increasing by 13.4 percent since 2010. The city of Phoenix makes up the largest portion of the assessment area (approximately 37 percent), though the cities of Mesa, Chandler, and Scottsdale are also considered major municipalities in the area.

Income Characteristics

Per the 2015 American Community Survey (ACS) data, 12.7 percent of the families in the assessment area live below poverty. The following chart reflects the median family income for the Phoenix, AZ Assessment Area during the review period and a range of the annual family income for each income category (low, moderate, middle, and upper).

Median Family Income Phoenix, AZ Assessment Area		
Income Level	2018	2019
Median Family Income	\$69,100	\$72,900
Low-income	<\$34,550	<\$36,450
Moderate-income	\$34,550 < \$55,280	\$36,450 < \$58,320
Middle-income	\$55,280 < \$82,920	\$58,320 < \$87,480
Upper-income	≥ \$82,920	≥ \$87,480

Housing Characteristics

According to the 2015 ACS, there are 1,622,387 housing units in the Phoenix AZ Assessment Area. Of these, 10.0 percent are located in low-income census tracts, 23.5 percent in moderate-income, 33.2 percent in middle-income, 33.2 percent in upper-income, and 0.1 percent in unknown-income census tracts. Of the available housing in the assessment area, 52.2 percent is owner-occupied, 34.5 percent is rental, and 13.3 percent is vacant. The majority (59.5 percent) of property in low-income census tracts is rental property, while only 24.3 percent is owner-occupied. This indicates a potential shortage of homes available for low-income families seeking to purchase a home. In moderate-income census tracts, 42.1 percent of housing units are owner-occupied, and 43.2 percent are rental.

The average monthly rental payment in the assessment area is \$960. This amount is slightly less in LMI census tracts at \$738 and \$855, respectively. A mortgage payment would be more affordable in LMI areas based on the median housing value in these areas and a 30-year mortgage at 3.94 percent interest rate. However, barriers to home ownership, such as down payment, income qualification, and ongoing ownership expenses, are likely to prevent some LMI families from pursuing home ownership. In addition, there is likely to be a lack of housing units available for purchase due to the high percentage of rental units in low-income census tracts.

The median age of housing stock in the assessment area is 33 years old, and the median value of all homes is \$185,718. The median age of houses in LMI census tracts is significantly older, at 45 and 43 years old, and the median value of homes in these areas is \$76,484 and \$107,111, respectively. The advanced age of homes in LMI areas may indicate an opportunity for home improvement lending to assist homeowners in these areas to maintain, upkeep, and update these older homes.

Phoenix, AZ Assessment Area

Employment and Economic Conditions

Annual Average Unemployment Rate Phoenix, AZ Assessment Area			
AREA	2018	2019	2020
Assessment Area	4.1	4.0	7.5
Phoenix-Mesa-Chandler, AZ MSA	4.1	4.1	7.5
State of Arizona	4.7	4.7	8.1
United States	3.9	3.7	8.1

The national unemployment rates for 2018 and 2019 are 3.9 percent and 3.7 percent, respectively. In 2020, the COVID-19 pandemic and subsequent measures taken to curb its spread caused the national unemployment rate to more than double to 8.1 percent. As shown in the table, unemployment in the assessment area was slightly higher than the national average for 2018 and 2019, but slightly lower than the unemployment rate for the state of Arizona. In 2020, the unemployment rate in the assessment area increased significantly, but less than the national and state increase.

The Phoenix, AZ Assessment Area hosts a variety of industries and employers. Major industries include health care, financial services, and retail. Health care providers such as Banner Health, Dignity Health, Phoenix Children's Hospital, the Mayo Clinic, United Health Group, and Honor Health rank in the top ten employers, as measured by number of employees in the area. Each of these employ between 4,000 and 10,000 employees. Financial service industry leaders, such as American Express, JP Morgan Chase Bank, Bank of America, Wells Fargo, USAA, and Charles Schwab, employ between 3,000 and 6,000 local employees. The retail industry continues to provide a significant number of jobs in the assessment area. Top retail employers include Amazon, Fry's Food Store, Walmart, and Safeway. Other notable employers include high tech manufacturer Honeywell, which employs approximately 6,000 workers, and Grand Canyon University, which adds approximately 3,600 jobs.

Community Contacts and Community Development Opportunities

As part of the evaluation of the Phoenix, AZ Assessment Area, representatives in local government departments focused on community development, affordable housing, and revitalization efforts of lower income areas were interviewed. The contacts highlighted a need for financial literacy education for individuals and small business owners, as well as a growing need for affordable low-income housing in the area. They indicated that in recent years the middle- and upper-income housing markets have thrived, resulting in some gentrification, and leading to a need for projects to provide affordable housing.

Key Assessment Area Demographics

The following table details selected characteristics of the assessment area.

Phoenix, AZ Assessment Area

Combined Demographics Report

Assessment Area: AZ - Phoenix

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	104	11.6	84,543	9.2	36,093	42.7	201,508	21.9
Moderate-income	202	22.6	191,843	20.9	40,277	21	154,644	16.8
Middle-income	279	31.2	293,933	32	26,334	9	175,673	19.1
Upper-income	299	33.5	347,669	37.9	13,963	4	386,376	42.1
Unknown-income	9	1	213	0	40	18.8	0	0
Total Assessment Area	893	100.0	918,201	100.0	116,707	12.7	918,201	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	162,646	39,453	4.7	24.3	96,806	59.5	26,387	16.2
Moderate-income	380,773	160,335	18.9	42.1	164,490	43.2	55,948	14.7
Middle-income	538,452	291,923	34.5	54.2	175,190	32.5	71,339	13.2
Upper-income	538,616	355,360	41.9	66	122,158	22.7	61,098	11.3
Unknown-income	1,900	135	0	7.1	1,480	77.9	285	15
Total Assessment Area	1,622,387	847,206	100.0	52.2	560,124	34.5	215,057	13.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	14,766	7	12,681	6.5	1,903	13.8	182	8.6
Moderate-income	35,966	17	32,598	16.6	3,138	22.7	230	10.9
Middle-income	60,539	28.5	56,612	28.9	3,467	25.1	460	21.8
Upper-income	99,650	47	93,331	47.6	5,086	36.8	1,233	58.3
Unknown-income	1,227	0.6	985	0.5	233	1.7	9	0.4
Total Assessment Area	212,148	100.0	196,207	100.0	13,827	100.0	2,114	100.0
Percentage of Total Businesses:				92.5		6.5		1.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	53	3.3	48	3.1	5	7.1	0	0
Moderate-income	216	13.5	202	13.2	14	20	0	0
Middle-income	461	28.7	434	28.3	27	38.6	0	0
Upper-income	869	54.2	845	55.1	24	34.3	0	0
Unknown-income	5	0.3	5	0.3	0	0	0	0
Total Assessment Area	1,604	100.0	1,534	100.0	70	100.0	0	.0
Percentage of Total Farms:				95.6		4.4		.0

2019 FFIEC Census Data and 2019 D&B Information

Conclusions with Respect to Performance Tests

Lending Test

The bank's lending performance in the Phoenix, AZ Assessment Area is *Low Satisfactory*. Lending activity reflects good responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area. In addition, the distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank makes a relatively high level of community development loans. Comerica's lending performance does not seem to have been negatively impacted by competition in the assessment area.

During the review period, the bank made limited use of innovative and flexible lending practices in serving assessment area credit needs. This included the bank's small business micro loan program, as well as the bank's participation in the Small Business Administration's Paycheck Protection Program. The bank originated 81 Small Business Micro Loans in the Phoenix, AZ Assessment Area during the review period, representing 2.5 percent of the total program originations. The bank also made use of its partnership with Elan Financial Services to offer business credit cards to address the credit needs of small business owners in the Phoenix, AZ Assessment Area.

The bank is both a small business and HMDA lender. During the review period, the bank reported 485 (67.0 percent) HMDA loans compared to 239 (33.0 percent) small business loans in the Phoenix, AZ Assessment Area. Based upon this, HMDA lending was given more weight than small business lending in determining the bank's Lending Test rating in the assessment area. However, in 2018 and 2019, the bank's articulated long-term business strategy in the state of Arizona involved a focus on commercial lending.

Details of the bank's mortgage and small business lending and information regarding lending by aggregate lenders can be found in Appendix F.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The bank's distribution of lending to borrowers reflects an adequate penetration among individuals of different income levels (including LMI) and businesses of different revenue sizes. The distribution of the remainder of bank lending to middle- and upper-income borrowers did not affect conclusions about the bank's performance considering its lending to LMI borrowers.

HMDA Lending

HMDA lending by borrower income in the assessment area is adequate when compared to demographic characteristics of the community, as well as the performance of aggregate HMDA lenders with loan originations or purchases in the assessment area.

In 2018, the bank originated 5.9 percent by number (2.9 percent by dollar volume) of its total HMDA loans to low-income borrowers. Aggregate HMDA lenders originated 5.2 percent by number (2.5 percent by dollar volume) of loans to low-income borrowers. In 2019, the bank originated 4.3 percent by number (2.3 percent by dollar volume) of its total HMDA loans to low-income borrowers. Aggregate lenders originated 4.8 percent by number (2.4 percent by dollar

volume) of HMDA loans to low-income borrowers. During the review period, Comerica's HMDA lending to low-income borrowers was similar to that of aggregate HMDA lenders. However, 21.9 percent of families in the assessment area were classified as low-income during the review period, indicating that both the bank and aggregate HMDA lenders are unable to reach or assist a significant portion of low-income families.

In 2018, the bank originated 9.8 percent by number (5.6 percent by dollar volume) of its total HMDA loans to moderate-income borrowers. Aggregate HMDA lenders originated 16.0 percent by number (10.3 percent by dollar volume) of loans to moderate-income borrowers. In 2019, the bank originated 13.2 percent by number (7.7 percent by dollar volume) of its total HMDA loans to moderate-income borrowers. Aggregate lenders originated 15.3 percent by number (9.9 percent by dollar volume) of HMDA loans to moderate-income borrowers. During the review period, 16.8 percent of families in the assessment area were considered moderate-income families. While aggregate HMDA lenders performed comparable to the demographic, the bank's lending to moderate-income families was below the demographic. Although the bank performed below the demographic and aggregate lenders, other factors such as the high number of HMDA lenders and resulting competition should be acknowledged. In addition, the bank's performance improved significantly from 2018 to 2019, which reflects a strategic effort by the bank to improve lending to moderate-income borrowers.

Small Business Lending

Considering the bank's performance when compared to the aggregate lenders, the borrower distribution of small business loans by revenue size of businesses is adequate.

In 2018, Comerica originated 21.7 percent by number (15.7 percent by dollar volume) of small business loans to businesses with revenues of \$1 million or less. Aggregate CRA lenders originated 46.0 percent by number (30.2 percent by dollar volume) of small business loans to businesses with revenues of \$1 million or less. In 2019, Comerica originated 43.6 percent by number (28.0 percent by dollar volume) of small business loans to businesses with revenues of \$1 million or less. Aggregate lenders originated 49.5 percent by number (31.5 percent by number) of small business loans to businesses with \$1 million or less in revenues. Both the bank and aggregate CRA lenders fell well below the demographic (percent of businesses with revenues under \$1 million in the assessment area), at 92.5 percent. Again, the bank's performance improved significantly from 2018 to 2019. This improvement reflects favorably on the bank's overall performance in lending to individuals of different income levels and businesses of different sizes. The bank's improvement is also reflective of the bank's CRA campaign, designed to reach small business owners with revenues of \$1 million or less and increase awareness of Comerica's small business lending products.

A total 239 small business loans originated by the bank in the assessment area during the review period, 55 (23.0 percent) were reported as being to businesses with unknown revenues. The regulations do not require institutions to request or consider revenue information when making a loan; however, the material portion of small business loans without revenue information may impact overall distribution of loans. The institution indicated that many of the unknown revenue loans reported were from a commercial credit card product which are likely to be originated to borrowers with gross annual revenues over \$1 million.

The bank offers a separate credit card product with exclusive features intended to benefit small businesses through a partnership with Elan Financial Services; a relatively high volume of small business credit cards are issued through this program to businesses with annual revenues of \$1 million or less. However, as the bank is not the issuer of these cards, they are not reported by the institution as small business lending.

Another way to gauge the bank's small business lending performance is to review the data by loan amount. Small businesses typically require smaller dollar credits. In this regard, it is noted that half of the bank's small business loans were made in loan amounts of \$100,000 or less. In 2018, 50.0 percent of the bank's small business loans were originated in loan amounts of \$100,000 or less (compared to 95.2 percent of aggregate small business loans), with another 22.5 percent in loan amounts between \$100,000 and \$250,000 (2.3 percent of aggregate). In 2019, 49.5 percent of the bank's small business loans were originated in loan amounts of \$100,000 or less (95.5 percent of aggregate), and 21.8 percent in loan amounts between \$100,000 and \$250,000 (2.2 percent of aggregate).

Geographic Distribution of Loans

For this analysis, the geographic distribution of small business lending and HMDA lending, including both originations and purchases, was compared with available demographic information. Performance context issues and aggregate lending data were taken into consideration. Considering all of these factors, the bank's geographic distribution of loans reflects good penetration throughout the assessment area. There are no conspicuous gaps or anomalies in the bank's lending patterns.

The distribution of the remainder of bank lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

HMDA Loan Geographic Distribution

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders. The bank's performance in LMI areas improved between 2018 and 2019. Home improvement loans, and Other Purpose Lines of Credit comprise the majority of the bank's HMDA lending by number (44.3 percent and 32.0 percent of HMDA-reportable lending, respectively), therefore, these products were weighted more heavily in assessing the bank's overall performance. Additionally, during the review period, the bank originated only 20 home purchase loans (4.1 percent of HMDA lending in the assessment area), as a result, this product received the least weight in this analysis. The bank did not originate any multifamily loans during the review period; therefore, this product was not analyzed.

Home Purchase Lending

The bank's home purchase lending performance in the Phoenix, AZ Assessment Area is adequate, when compared to the performance of aggregate lenders and the distribution of assessment area owner-occupied units.

In 2018, the bank did not originate any home purchase loans in low-income census tracts. Aggregate HMDA lenders, by comparison, originated 4.7 percent by number (3.0 percent by

dollar) of home purchase loans in low-income census tracts. In 2019, Comerica originated 11.1 percent by number (0.5 percent by dollar volume) of home purchase loans in low-income census tracts. Aggregate lenders originated 5.0 percent by number (3.1 percent by dollar volume) of home purchase loans in low-income census tracts. During the review period, 4.7 percent of owner-occupied units in the assessment area were in low-income census tracts. While the bank did not originate any home purchase loans in low-income census tracts in 2018, it is notable that the bank's combined average performance during the review period is comparable to demographic data.

In 2018, the bank did not originate any home purchase loans in moderate-income census tracts. Aggregate HMDA lenders originated 16.4 percent by number (11.5 percent by dollar volume) of home purchase loans in moderate-income census tracts. In 2019, Comerica originated 22.2 percent by number (66.9 percent by dollar volume) of loans in moderate-income census tracts. Aggregate HMDA lenders originated 17.0 percent by number (12.0 percent by dollar volume) of home purchase loans in moderate-income census tracts. During the review period, 18.9 percent of owner-occupied units in the assessment area were in moderate-income census tracts.

Home Refinance Lending

The bank's home refinance lending performance in the Phoenix, AZ Assessment Area is good when compared to the performance of aggregate lenders and the distribution of assessment area owner-occupied units.

The bank outperformed both the demographics and aggregate HMDA lenders in originating home refinance loans in low-income census tracts. In 2018, the bank originated 4.9 percent by number (7.3 percent by dollar volume) of home refinance loans in low-income census tracts, which contained 4.7 percent of owner-occupied units. Aggregate HMDA lenders originated 3.5 percent by number (2.0 percent by dollar volume) of home refinance lending in low-income census tracts. In 2019, Comerica originated 5.6 percent by number (5.2 percent by dollar volume) of home refinance lending in low-income census tracts. Aggregate lenders originated 2.6 percent by number (1.6 percent by dollar volume) of home refinance lending in low-income census tracts.

In 2018, the bank originated 7.3 percent by number (5.0 percent by dollar volume) of home refinance loans in moderate-income census tracts. This was below aggregate lenders, which originated 15.9 percent by number (11.0 percent by dollar volume) of refinance lending in moderate-income census tracts. In 2019, Comerica originated 7.4 percent by number (4.6 percent by dollar volume) of refinance lending in moderate-income census tracts, which is below aggregate lenders at 12.9 percent by number (9.0 percent by dollar volume). The bank performed below demographics for both years in the review period (moderate-income tracts contained 18.9 percent of owner-occupied units), while aggregate lenders performed similar to the demographic in refinance lending in moderate-income census tracts. While the bank fell below both the demographic and aggregate lenders in refinance lending in moderate-income census tracts, the bank's performance is considered reasonable when other factors such as competition in the assessment area are taken into account.

Home Improvement Lending

The bank's home improvement lending performance in the assessment area is adequate when compared to that of aggregate lenders and the distribution of owner-occupied units.

Home improvement is the bank's biggest HMDA product, as measured by number of loans. While the bank's performance was slightly below demographics, it was comparable to aggregate lender's performance during the review period. In 2018, the bank originated 1.2 percent by number (0.6 percent by dollar volume) of home improvement loans in low-income census tracts. Aggregate lenders originated 2.3 percent by number (1.7 percent by dollar volume) of home improvement loans in low-income census tracts. In 2019, Comerica originated 3.0 percent by number, (3.2 percent by dollar volume) of home improvement loans in low-income census tracts. Aggregate lenders originated 2.6 percent by number (2.0 percent by dollar volume) of home improvement loans in low-income census tracts. Both the bank and aggregate lenders fell below demographics, as 4.7 percent of assessment area owner-occupied units were in low-income tracts. Low demand for home improvement lending in low-income census tracts is expected as less than a quarter (only 24.3 percent) of units in low-income census tracts are owner-occupied.

Comerica's performance was slightly below aggregate lenders in the assessment area, although both the bank and aggregate lenders fell well below the demographic data (18.9 percent) during the review period. In 2018, the bank originated 6.0 percent by number (5.1 percent by dollar volume) of home improvement loans in moderate-income census tracts. Aggregate lenders originated 11.7 percent by number (9.1 percent by dollar volume) of home improvement loans in moderate-income census tracts. In 2019, the bank's performance improved, originating 12.1 percent by number (7.4 percent by dollar volume) of home improvement loans in moderate-income census tracts. Aggregate lenders originated 12.5 percent by number (9.6 percent by dollar volume) of home improvement loans in moderate-income census tracts. Here again the bank's strategic efforts to improve lending performance in moderate-income areas is noted in the significant improvement between 2018 and 2019.

Other Purpose Line of Credit

The bank's performance in originating other purpose lines of credit in the Phoenix, AZ Assessment Area is good when compared to the performance of aggregate lenders and the distribution of assessment area owner-occupied units.

Comerica's origination of other lines of credit in low-income census tracts is good. In 2018, the bank originated 1.4 percent by number (0.4 percent by dollar volume) of other lines of credit to borrowers in low-income census tracts. Similarly, aggregate lenders originated 1.5 percent by number (0.7 percent by dollar volume). In 2019, Comerica originated 3.5 percent by number (1.7 percent by dollar volume) of other lines of credit to borrowers in low-income census tracts, which is higher than aggregate lenders at 1.2 percent by number (0.8 percent by dollar volume). During the review period, 4.7 percent of the owner-occupied units in the assessment area were located within low-income census tracts, though neither the bank nor aggregate lenders performed to this level, the bank's performance is favorable when compared to that of aggregate lenders.

Other purpose line of credit lending in moderate-income census tracts is good. In 2018, the bank significantly outperformed aggregate lenders, originating 18.6 percent by number (16.1 percent by dollar volume) of other purpose lines of credit in moderate-income census tracts. Aggregate lenders originated 10.0 percent by number (5.5 percent by dollar volume) of other purpose lines of credit in moderate-income census tracts. In 2019, Comerica's lending in moderate-income census tracts dropped to 9.4 percent by number (6.1 percent by dollar volume), which is comparable to aggregate lenders at 9.6 percent by number (5.7 percent by dollar volume). During

Phoenix, AZ Assessment Area

the review period, 18.9 percent of owner-occupied units were located in moderate-income census tracts. The bank's combined performance during the review period is better than aggregate lenders, which reflects favorably on the bank's efforts; however, lending in moderate-income census tracts is still lower than the demographic.

Small Business Loan Geographic Distribution

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders.

In 2018, the bank originated 10.9 percent by number (9.4 percent by dollar volume) of small business loans in low-income census tracts. Aggregate lenders originated 7.0 percent by number (11.7 percent by dollar volume) of small business loans in low-income census tracts. In 2019, Comerica originated 13.9 percent by number (18.3 percent by dollar volume) of small business loans in low-income census tracts. Aggregate lenders originated 6.9 percent by number (10.5 percent by dollar volume) of small business loans in low-income census tracts. The bank's performance in low-income census tracts exceeded both aggregate performance during the review period and available demographic data, as 7.0 percent of assessment area businesses located in low-income census tracts.

The bank again outperformed the demographics (17.0 percent of assessment area businesses were in these tracts) as well as aggregate lenders during the review period. In 2018, the bank originated 21.0 percent by number (23.2 percent by dollar volume) of small business loans in moderate-income census tracts. Aggregate lenders originated 16.5 percent by number (18.6 percent by dollar volume) to small businesses in moderate-income census tracts. In 2019, Comerica originated 22.8 percent by number (23.0 percent by dollar volume) of small business loans in moderate-income census tracts. Aggregate lenders originated 16.5 percent by number (18.6 percent by dollar volume) of small business loans in moderate-income census tracts.

The increase in small business lending to LMI geographies between 2018 and 2019 may be reflective of the bank's CRA campaign which included efforts to reach small businesses located in LMI geographies in the Phoenix, AZ Assessment Area.

Community Development Lending

The bank makes a relatively high level of community development loans in the assessment area. During the review period, the bank originated 19 community development loans for \$21.6 million in its Phoenix, AZ Assessment Area representing 1.9 percent of the bank's total community development loans and 1.1 percent by total dollar amount.

Community Development Lending Phoenix, AZ Assessment Area		
Purpose	Number	\$(000s)
Community Services	6	9,510
Economic Development	1	2,500
Revitalize and Stabilize	12	9,546
Total	19	21,556

Phoenix, AZ Assessment Area

Additionally, investments made by the institution to third-party community development organizations enabled those organizations to make qualified community development loans benefitting the state of Arizona. The bank's the pro-rata share of those third-party loans credited to the institution total \$2.6 million. As the bank is considered to have sufficiently met the needs of its delineated assessment area, community development loans made by the institution benefitting a broader statewide or regional area including the Phoenix, AZ Assessment Area were also considered. During the review period, the bank made two qualifying loans in the broader regional area totaling \$3.4 million.

The bank's community development lending performance in the state of Arizona represented a material increase since the previous evaluation. This is attributed to the bank's articulated CRA Strategy which included a focus on community development loans in the state of Arizona, as well as the bank's efforts to establish and grow working relationships with community, civic, and governmental partners in the state

Investment Test

The Investment Test rating is *Outstanding*. The bank has an excellent level of qualified community development investments and grants. The bank's activity exhibits good responsiveness to credit and community development needs. The bank's investments were primarily focused on affordable housing.

The bank's investments and contributions in the assessment area during the review period totaled approximately \$26.4 million, representing an increase of approximately 52 percent since the previous evaluation.

Community Development Investments and Donations Phoenix, AZ Assessment Area								
Purpose	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Affordable Housing	23	13,252	11	12,376	4	55	38	25,683
Community Services	-	-	-	-	42	216	42	216
Economic Development	3	375	-	-	8	171	11	546
Total	26	13,627	11	12,376	54	442	91	26,445

In addition to the investment activity in the table above, the bank made two investments totaling approximately \$8,000 benefitting a broader statewide area, and six donations totaling approximately \$778,000 in organizations which serve multiple areas, including the state of Arizona.

The bank demonstrated responsiveness to needs in the assessment area through investments and grants to organizations like DreamSpring and Lendistry. Comerica provided approximately \$125,000 to DreamSpring, an organization that provides access to credit and a community of support to help entrepreneurs realize their dreams. Additionally, the bank provided \$500,000 in investments to Lendistry, a minority led CDFI that ranks second nationwide in SBA Community Advantage lending. The equity investments in Lendistry were used by the CDFI to make loans in the Phoenix, AZ Assessment Area, and the bank elected to have those funds considered under the Lending Test, however, the impact of the investments should be noted.

Phoenix, AZ Assessment Area

Service Test

The bank's Service Test performance in the Phoenix, AZ Assessment Area is *Low Satisfactory*. Its retail and community development services reflect adequate responsiveness to the needs of the assessment area.

Retail Services

The bank's delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in its assessment area. The distribution of the bank's 17 branch offices and 23 ATMs as of December 31, 2020, was compared to the distribution of the population and businesses among the tract categories within the assessment area. The table below summarizes the bank's retail locations in the Phoenix Assessment Area.

Distribution of Branches and ATMs Phoenix, AZ Assessment Area							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full Service ATMs	
				#	%	#	%
Low	11.7	11.3	6.9	0	0.0	0	0.0
Moderate	22.6	23.0	16.9	0	0.0	0	0.0
Middle	31.2	31.2	28.5	9	52.9	10	43.5
Upper	33.5	34.3	47.0	8	47.1	13	56.5
Unknown	1.0	0.2	0.6	0	0.0	0	0.0
Total	100.0	100.0	100.0	17	100.0	23	100.0

While the bank has no branches in low- or moderate-income census tracts in the Phoenix, AZ Assessment Area, 12 of the bank's 17 branches (70.6 percent) are within one mile or less of LMI tracts.

The bank did not open or close any branches in the assessment area during the review period; however, two full services ATMs were opened in a middle- and an upper-income census tract. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI income geographies. Banking services and hours of operations do not vary in a way that inconveniences the assessment area, particularly in LMI geographies or to LMI individuals. The level of branch services and hours offered are basically the same throughout the assessment area.

As part of the bank's COVID-19 pandemic relief efforts, the bank offered loan payment deferment programs to both business and consumer customers.

Community Development Services

The bank provides an adequate level of community development services in the assessment area. The bank's employees served in various capacities, including boards of directors and as trustees, for five community development financial organizations offering community development services that focused on providing financial education to LMI individuals and students. Total hours served during the review period was approximately 471 hours. The table below shows the number of hours by type of involvement.

Phoenix, AZ Assessment Area

Community Development Services Phoenix, AZ Assessment Area	
Purpose	Hours Served
Community Services	390
Economic Development	81
Total	471

The bank is heavily involved with financial education organizations such as Junior Achievement of Arizona and the Arizona Council on Economic Education, both of which provide financial education to local students. Bank employees also served with the Arizona Hispanic Chamber of Commerce Foundation to provide the “Comerica Business \$ense” program for LMI entrepreneurs and small business owners. The bank also offered the Comerica Money \$ense and Comerica Sports \$ense programs in the assessment area. In 2019, the bank completed its first ever Comerica Education \$sense Program in the Phoenix, AZ Assessment Area, to support local Title 1 schoolteachers.

State of California

CRA Rating for California: Satisfactory
The Lending Test is Rated: Low Satisfactory
The Investment Test is Rated: High Satisfactory
The Service Test is Rated: High Satisfactory

Summary of Major Factors Supporting Rating

Major factors supporting the institution's rating include:

- Comerica's lending activity reflects adequate responsiveness to assessment areas credit needs.
- The geographic distribution of loans reflects adequate penetration throughout the assessment areas.
- The distribution of Home Mortgage Disclosure Act (HMDA) lending reflects adequate penetration among customers of different income levels.
- The distribution of small business lending reflects poor penetration among business of different revenue sizes.
- The bank makes a relatively high level of community development loans.
- The bank makes use of innovative and/or flexible lending practices in serving assessment areas' needs.
- Comerica makes an excellent level of qualified community development investments and grants.
- Delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment areas.
- The bank's record of opening and closing of branches in the state has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.
- Services offered by the bank do not vary in a way that inconveniences its assessment areas, particularly LMI geographies and LMI individuals.
- The bank provides a relatively high level of community development services.

Scope

Two assessment areas were selected for full-scope reviews based on the volume of lending, number of branches, and percent of total deposits, as well as the length of time since the last full-scope review. Overall, approximately 62.0 percent of lending activity (by number of loans), 53.8 percent of the total deposits, and 57.3 percent of total branches within California were evaluated through the full-scope reviews. The following assessment areas, were reviewed using full-scope procedures. Descriptions of the assessment areas, listed below, can be found in the applicable assessment area sections of this report.

- Greater Los Angeles, CA Assessment Area
- San Francisco Bay, CA Assessment Area

In addition, limited-scope reviews were conducted for the remaining six assessment areas, including:

- Inland Empire, CA Assessment Area
- Salinas, CA Assessment Area
- San Diego, CA Assessment Area
- San Jose, CA Assessment Area
- Santa Cruz, CA Assessment Area
- Ventura County, CA Assessment Area

The time period, products, and affiliates evaluated for this state are consistent with the scope discussed in the Institution section of this report. The bank's performance in the Greater Los Angeles, CA Assessment Area was given greater consideration because this assessment area contains materially more branches, deposits, and loans than other assessment areas in the state of California.

Description of Institution's Operations in California

The bank operates 96 branch offices in its assessment areas in California, representing 22.2 percent of bank's total branches. As of June 30, 2020, the bank had \$21.7 billion in deposits in the state, representing 31.8 percent of total deposits. According to the June 30, 2020 FDIC Summary of Deposits, the bank had a deposit market share of 1.2 percent and ranked 13th out of 191 FDIC-insured financial institutions across the state. Of the 13,131 HMDA loans originated and purchased by the bank, 3,482 (26.5 percent) were in the California assessment areas. Of the 13,919 small business loans originated and purchased by the bank, 2,412 (17.3 percent) were in the California assessment areas.

Conclusions with Respect to Performance Tests in California

Lending Test

In California, the bank's overall Lending Test rating is *Low Satisfactory*. Lending activity reflects adequate responsiveness to assessment areas' credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment areas. In addition, the distribution of loans to borrowers of different income levels reflects adequate penetration among borrowers of different income levels and poor penetration among businesses of different revenue sizes. Additionally, the bank makes a relatively high level of community development loans.

During the review period, the bank made use of innovative and flexible lending practices in serving the credit needs of the banks California assessment areas. This included the bank's small business micro loan program, as well as the bank's participation in SBA lending programs. The bank originated 646 Small Business Micro Loans in California during the review period, representing 20.1 percent of the total program originations. The bank also made use of its partnership with Elan Financial Services to offer business credit cards to address the credit needs of small business owners in California.

During the review period, the bank reported 3,482 (59.0 percent by number) HMDA loans compared to 2,412 (40.9 percent by number) small business loans in California. By dollar amount, HMDA loans accounted for 64.6 percent of the lending activity in the state, compared to small business loans at 35.2 percent. During the review period, the bank's long-term strategic plan in California included a focus on commercial lending, specifically small business, and middle-market lending. Based on the bank's portfolio and strategic focus, HMDA lending was given slightly more weight than small

State of California

business lending in determining the bank's Lending Test rating in the state of California. Farm loans were not considered a material product and accounted for less than one percent of lending in the state; therefore, farm loans were not included in the analysis.

References are made to the bank's lending distribution by geography and borrower income throughout this report. Detailed information about the bank's HMDA- and CRA-reportable loans can be found in tables in Appendices F and G, respectively.

Geographic Distribution and Distribution by Borrower Income and Business Revenue Size

The CRA emphasizes the importance of banks serving the credit needs of their assessment areas, including LMI borrowers and areas. The bank's distribution of lending to borrowers reflects an adequate penetration among individuals of different income levels (including LMI) and businesses of different revenue sizes. Lending distribution by borrower income in both of the full-scope assessment areas is adequate. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for each assessment area.

The geographic distribution of loans reflects adequate penetration throughout the assessment areas. The geographic distribution of lending in one full-scope assessment area is considered good, while geographic distribution of lending in the other full-scope assessment area is considered adequate. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for each assessment area.

Community Development Lending

In California, the bank makes a relatively high level of community development loans. During the review period, the bank originated 264 community development loans for \$561.1 million in California representing 27.1 percent of the bank's total community development loans by number, and 29.6 percent by total dollar amount.

The community development loans originated during the evaluation period were for a variety of purposes. The table below summarizes the bank's community development lending.

Community Development Lending California Assessment Areas		
Purpose	Number	\$('000s)
Affordable Housing	62	134,052
Community Services	53	157,026
Economic Development	27	66,618
Revitalize and Stabilize	122	203,389
Institution Total	264	561,085

Additionally, investments made by the institution to third-party community development organizations helped enabled those organizations to make 482 qualified community development loans benefitting either the state of California in general or one of the bank's assessment areas in California. The bank's the pro-rata share of those third-party loans credited to the institution total approximately \$4.8 million.

State of California

In 2020, the bank was an active participant in the Paycheck Protection Program, implemented in response to the COVID-19 pandemic. The bank's high level of participation in this program reflects responsiveness to the needs of the community and represents the bank's use of flexible lending practices to meet the needs of its assessment areas in the state of California.

Investment Test

In California, the bank's overall Investment Test rating is *High Satisfactory*. The bank has an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors and is often in a leadership position. The table below summarizes the bank's community development investments and grants by assessment area within the state. Specific details regarding investments and donations can be found in the Conclusions with Respect to Performance Tests section for each assessment area.

Community Development Investments and Donations California Assessment Areas								
Assessment Area	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Full Review:								
Greater Los Angeles	17	29,199	41	28,700	283	2,975	341	60,874
San Francisco Bay	16	21,023	43	22,223	169	2,088	228	45,334
Limited Review:								
Inland Empire	11	3,701	2	497	27	243	40	4,441
Salinas	2	772	2	824	9	28	13	1,624
San Diego	6	10,977	12	10,087	62	286	80	21,350
San Jose	10	20,733	24	25,512	65	471	99	46,716
Santa Cruz	3	8,500	1	2,576	18	154	22	11,230
Ventura County	1	1,000	3	1,577	17	79	21	2,656
Statewide California	-	-	26	9,654	10	136	36	9,790
Total	66	95,905	154	101,650	660	6,460	880	204,015

In addition to the community development investments listed above, the bank also made two investments (totaling approximately \$5,000) and five donations (totaling approximately \$708,000) which benefitted multiple assessment areas, including some areas within the state of California.

The bank's investment activity in California focused primarily on affordable housing efforts, as this is a need that is consistently identified by the bank's Community Development Advisory Council in this market. Due to the impact of the COVID-19 pandemic, the bank prioritized pandemic relief investments during the final year of the review period. Throughout the review period, the bank made rare use of complex investments to support CD initiatives and exhibited adequate responsiveness to the needs of the California assessment areas. The bank maintained key partnerships with CDFIs, providing flexible investments to CDFIs in order to help facilitate programs designed to meet the needs of LMI individuals and geographies throughout the bank's assessment areas.

Service Test

In California, the bank's overall Service Test rating is *High Satisfactory*.

Retail Services

The bank's retail and community development services reflect good responsiveness to the needs of the assessment areas. The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in its assessment area. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI geographies. Banking services and hours of operations do not vary in a way that inconveniences the assessment area, particularly in LMI geographies or to LMI individuals.

Distribution of Branches and ATMs California Assessment Areas							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full Service ATMs	
				#	%	#	%
Low	9.3	8.8	6.3	7	7.3	8	7.5
Moderate	25.8	26.2	18.9	13	13.6	14	13.1
Middle	29.0	29.9	29.0	22	22.9	27	25.2
Upper	34.6	34.7	44.7	51	53.1	54	50.5
Unknown	1.3	0.4	1.1	3	3.1	4	3.7
Total	100.0	100.0	100.0	96	100.0	107	100.0

Community Development Services

The bank provides a relatively high level of community development services in the state of California. In the Greater Los Angeles, CA Assessment Area, the bank was a leader in providing community development services. In the San Francisco Bay, CA Assessment Area, the bank provided an adequate level of community development services. Details regarding community development services in can be found in the respective Conclusions with Respect to Performance Tests section for each assessment area.

METROPOLITAN AREAS (Full-Scope Review)**Description of Operations in Greater Los Angeles**

The Greater Los Angeles, CA Assessment Area includes Orange and Los Angeles counties in the state of California. These counties make up the Los Angeles-Long Beach-Anaheim MSA. As of 2020, the bank operated 38 branches in the assessment area, representing 39.6 percent of its branches in California. Since the previous evaluation, the bank closed one branch, and opened another in the assessment area. Both of these branches were located in upper-income census tracts.

According to the FDIC, as of June 30, 2020, Comerica had approximately \$8.7 billion in deposits in the Greater Los Angeles, CA Assessment Area, which represented 1.29 percent of the market share. This amount also represented 40.0 percent of the bank's deposits within the state of California. The bank ranked 16th in deposit market share. Market leaders included Bank of America, Wells Fargo, and JP Morgan Chase Bank, which collectively held 44.4 percent of deposits in the market. Many of the bank's competitors are multi-regional or national banks. This competition may limit the bank's opportunity to lend and compete optimally in the assessment area.

Comerica plays an important role in the HMDA market, but is not considered a leading lender in the HMDA lending market in the Greater Los Angeles, CA Assessment Area. In 2018, 869 lenders originated HMDA loans in the Greater Los Angeles, CA Assessment Area. Comerica ranked 81st, with 0.22 percent of the HMDA market share. In 2019, the number of lenders increased to 882. Comerica's rank slipped to 91st, with 0.18 percent of the HMDA market share. Market leaders for both years included Wells Fargo, JP Morgan Chase Bank, Bank of America, United Shore Financial Service, and Quicken Loans Inc. Although their specific market ranked varied in each year, the top five HMDA lenders collectively held 28.0 percent and 32.8 percent of the HMDA market share in 2018 and 2019, respectively.

In 2018, there were 257 CRA reporters that originated 456,053 small business loans in the assessment area. Comerica ranked 38th, with 0.13 percent of the market share. In 2019, there were 251 CRA reporters that originated 486,465 small business loans in the assessment area. Comerica ranked 45th, with 0.09 percent of the market share. Market leaders in small business loans included American Express, JP Morgan Chase Bank, and Bank of America, which collectively held 52.0 percent and 59.3 percent of the CRA lending market share in 2018 and 2019, respectively. The market is dominated by these lenders. Comerica plays an important role in the market but is not considered a lender or influencer in the small business lending market in the Greater Los Angeles, CA assessment area.

Population Changes Greater Los Angeles, CA Assessment Area			
County	2019 Population Estimate	% Increase Since 2010	Major Municipalities
Los Angeles County	10,081,570	2.7	Los Angeles*, Long Beach, Glendale
Orange County	3,168,044	5.4	Anaheim, Santa Ana*, Irvine

*Denotes County Seat

Greater Los Angeles, CA Assessment Area

Demographic Characteristics

As of 2015, the Greater Los Angeles, CA Assessment Area was made up of 2,775 census tracts. Of those, 257 (9.3 percent) were low-income, 792 (28.5 percent) were moderate-income, 720 (25.9 percent) were middle-income, 960 (34.6 percent) were upper-income, and 46 (1.7 percent) were unknown-income census tracts.

According to 2015 census estimates, the population in the assessment area was 12,481,167. Of those, 8.8 percent lived in low-income census tracts, 29.2 percent lived in moderate-income, 27.0 percent lived in middle-income, 34.5 percent lived in upper income, and 0.5 percent lived in unknown-income census tracts.

Demographics and economic information impacting the bank's performance context are discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of Census; the U.S. Department of Labor; HUD; and D&B.

Income Characteristics

The chart below reflects the median family income years 2018 and 2019 for the Greater Los Angeles, CA Assessment Area. It also provides a range of the estimated annual family income for each income category (low, moderate, middle, and upper).

Median Family Income Greater Los Angeles, CA Assessment Area		
Income Level	2018	2019
Median Family Income	\$69,300	\$73,100
Low-income	< \$34,650	< \$36,550
Moderate-income	\$34,650 < \$55,440	\$36,550 < \$58,480
Middle-income	\$55,440 < \$83,160	\$58,480 < \$87,720
Upper-income	≥ \$83,160	≥ \$87,720

According to the 2015 census estimate, 13.0 percent of the families in the assessment area live below poverty, with the majority (56.4 percent) of those living in LMI areas.

Housing Characteristics

According to available estimates, there were 4,322,426 housing units in the Greater Los Angeles, CA Assessment Area. Of these, 7.6 percent were located in low-income census tracts, 26.0 percent in moderate-income, 26.2 percent in middle-income, 39.8 percent in upper-income, and 0.4 percent in unknown-income census tracts. Of the available housing in the assessment area, 45.1 percent is owner-occupied, 49.0 percent is rental, and 5.9 percent is vacant. The significant majority (77.7 percent) of property in low-income census tracts is rental property, while only 16.3 percent is owner-occupied. This indicates a potential shortage of homes available for low-income families seeking to purchase a home. In moderate-income census tracts, 17.6 percent of housing units are owner-occupied, 63.9 percent are rental, and 5.5 percent are vacant.

The median age of housing stock in in the assessment area is 56 years old, and the median value of homes in the assessment area is \$482,705. The median value of homes in LMI census tracts is \$300,953 and \$337,198, respectively. The average monthly rental payment in the assessment

Greater Los Angeles, CA Assessment Area

area is \$1,297. While this amount is slightly less in LMI census tracts at \$993 and \$1,147, respectively, 51.1 percent of those renting in LMI census tracts pay over rents in excess of 30 percent of their income.

Despite the high cost of renting, it is more affordable¹ to rent rather than purchase a home in the assessment area. This may make it difficult for lenders to finance homes for LMI individuals and families. In addition, and as previously discussed, there is likely to be a lack of housing units available for purchase due to the high percentage of rental units in low-income census tracts. Furthermore, Ability-to-repay (ATR) rules require lenders to verify the ability of mortgage applicants to be able to meet credit obligations based on documented income. Low-income individuals and families may not be able to afford a mortgage payment under the standard ATR guidelines for debt-to-income ratios (DTI)² in the assessment area.

Employment and Economic Conditions

The national unemployment rates for 2018 through 2020 were 3.9 percent and 3.7 percent, respectively. In 2020, the COVID-19 pandemic and subsequent measures taken to curb its spread caused the national unemployment rate to more than double to 8.1 percent. As shown in the table, unemployment in the state of California and the assessment area were each higher than the national average in each of the years reviewed.

Annual Average Unemployment Rate Greater Los Angeles, CA Assessment Area			
AREA	2018	2019	2020
Los Angeles County	4.6	4.4	12.9
Orange County	3.0	2.8	8.9
Greater Los Angeles, CA Assessment Area	4.2	4.0	11.9
Los Angeles-Long Beach-Anaheim, CA MSA	4.2	4.1	12.0
State of California	4.3	4.0	10.2
United States	4.3	3.7	8.1

The Greater Los Angeles, CA Assessment Area is home to a diverse range of industries and employers. Major industries include government, healthcare, education, retail, and entertainment/tourism. Various government agencies, including the County of Los Angeles, City of Los Angeles, Federal Government, and State of California collectively employ over 226 thousand employees. Institutions of higher learning, such as the University of California, Los Angeles; University of Southern California; Los Angeles Community College account for over 86 thousand jobs. Healthcare organizations, such as Kaiser Permanente, Cedars-Sinai Medical Center, and Providence Health employ over 70 thousand individuals. In addition, the Los Angeles, CA area hosts organizations such as Walt Disney Co., Six Flags, Sony Picture Entertainment, and Warner Bros. Entertainment, which contribute to a large tourist industry.

¹ Based on median housing values for homes in low- and moderate-income census tracts, 30 year mortgage with a 20 percent down payment and an interest rate of 3.94 percent would equal monthly payments of \$1,141 for low-income census tracts and \$1,278 for moderate-income census tracts.

² The maximum DTI for conventional mortgages, according to Fannie Mae's website is 36 percent. While exceptions can be made for a DIT up to 50 percent, certain credit score and reserve requirements must be met. For low-income families, the maximum DTI ratio for an average priced home, when compared to their monthly income would be insufficient to cover a mortgage payment with taxes, insurance, and related costs (i.e. homeowners association fees), and still be within standard DTI guidelines.

Community Contacts and Community Development Opportunities

As part of the evaluation of the Greater Los Angeles, CA Assessment Area, contact was made with an organization involved in community development and affordable housing. The representatives of the organization highlighted the need for increased funding to support affordable housing initiatives. CDFIs operating in the area have more need than they are able to handle. In order to afford the high cost of housing, it is common for multigenerational families to live in a home. The majority of low-income families in the assessment area rent, and the fear of eviction is ever present. According to the contact, recent surveys found that low-income families have recently gone without necessities of life, such as food, in order to ensure rent is paid.

On the small business front, the Los Angeles area continues to struggle with the challenges created by the COVID-19 pandemic. Industries such as restaurants and dining, entertainment, and personal care (i.e., gyms, hair and nail salons, massage parlors, etc.) have been hit the hardest and continue to struggle. Small businesses, in general, struggle more than large businesses. On the other hand, manufacturing has flourished in the COVID environment and local manufacturers continue to provide jobs for LMI individuals.

According to the contact, financial institutions support the area, but not where it is needed the most. Manufacturing companies get offers and great rates, while struggling businesses and industries cannot find the financial support needed to overcome the economic impacts of the pandemic. Financial institutions can reinvest in the community by supporting affordable housing and lending to small businesses.

Key Assessment Area Demographics

The following table details selected characteristics of the assessment area.

Greater Los Angeles, CA Assessment Area

Combined Demographics Report

Assessment Area: CA - Greater Los Angeles

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	257	9.3	215,097	7.8	75,605	35.1	678,977	24.6
Moderate-income	792	28.5	753,178	27.3	160,387	21.3	451,769	16.4
Middle-income	720	25.9	734,875	26.6	75,971	10.3	469,773	17
Upper-income	960	34.6	1,051,937	38.1	47,378	4.5	1,157,762	42
Unknown-income	46	1.7	3,194	0.1	605	18.9	0	0
Total Assessment Area	2,775	100.0	2,758,281	100.0	359,946	13.0	2,758,28	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	327,904	53,390	2.7	16.3	254,632	77.7	19,882	6.1
Moderate-income	1,122,042	342,640	17.6	30.5	717,233	63.9	62,169	5.5
Middle-income	1,131,161	538,963	27.6	47.6	532,134	47	60,064	5.3
Upper-income	1,722,181	1,013,949	52	58.9	599,432	34.8	108,800	6.3
Unknown-income	19,138	1,398	0.1	7.3	15,572	81.4	2,168	11.3
Total Assessment Area	4,322,426	1,950,340	100.0	45.1	2,119,003	49.0	253,083	5.9
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	33,448	5	29,918	4.9	3,407	6.2	123	3.6
Moderate-income	133,023	20	120,235	19.8	12,257	22.3	531	15.5
Middle-income	170,596	25.6	153,750	25.3	16,098	29.3	748	21.8
Upper-income	316,046	47.5	293,494	48.3	20,626	37.6	1,926	56.1
Unknown-income	12,284	1.8	9,681	1.6	2,498	4.6	105	3.1
Total Assessment Area	665,397	100.0	607,078	100.0	54,886	100.0	3,433	100.0
Percentage of Total Businesses:				91.2		8.2		.5
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	55	2.5	55	2.6	0	0	0	0
Moderate-income	373	16.8	356	16.5	17	23.9	0	0
Middle-income	514	23.1	489	22.7	24	33.8	1	33.3
Upper-income	1,261	56.6	1,229	57.1	30	42.3	2	66.7
Unknown-income	23	1	23	1.1	0	0	0	0
Total Assessment Area	2,226	100.0	2,152	100.0	71	100.0	3	100.0
Percentage of Total Farms:				96.7		3.2		.1

2019 FFIEC Census Data and 2019 D&B Information

Conclusions with Respect to Performance Tests

Lending Test

Lending activity in the Greater Los Angeles, CA Assessment Area reflects good responsiveness to assessment area credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment area. In addition, the distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank is a leader in making community development loans.

During the review period, the bank made use of innovative and flexible lending practices in serving the credit needs of the Greater Los Angeles, CA Assessment Area. This included the bank's small business micro loan program, as well as the bank's participation in the Small Business Administration's Paycheck Protection Program.

During the review period, the bank reported 1,563 (60.6 percent) HMDA-reportable loans compared to 1,022 (39.4 percent) small business loans in the Greater Los Angeles, CA Assessment Area. Based upon this, HMDA-reportable lending was given more weight than small business lending in analyzing the bank's Lending Test performance in the assessment area.

Details of the bank's mortgage and small business lending and information regarding lending by aggregate lenders can be found in Appendix F.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The bank's distribution of lending to borrowers reflects an adequate penetration among individuals of different income levels (including LMI) and businesses of different revenue sizes. As previously mentioned, HMDA lending received the greatest weight when determining the overall rating. The distribution of the remainder of bank lending to middle- and upper-income borrowers did not affect conclusions about the bank's performance considering its lending to LMI borrowers.

HMDA Lending

HMDA lending by borrower income in the assessment area is considered adequate when compared to demographic characteristics of the community, as well as the performance of aggregate HMDA lenders with loan originations or purchases in the assessment area.

Comerica's HMDA lending to low-income borrowers in the Greater Los Angeles, CA Assessment Area is adequate. In 2018, the bank originated 1.4 percent by number (0.4 percent by dollar volume) of HMDA loans to low-income borrowers. By comparison, aggregate lenders originated 3.3 percent by number (1.8 percent by dollar volume) of HMDA loans to low-income borrowers. In 2019, Comerica originated 1.8 percent by number (1.2 percent by dollar volume) of HMDA loans to low-income borrowers. Aggregate lenders originated 2.2 percent by number (1.1 percent by dollar volume) of HMDA loans to low-income borrowers. The percentage of HMDA loans originated to low-income borrowers by both the bank and aggregate lenders fell well below the demographics of 24.6 percent of low-income families in the assessment area during the review period. While the bank performed below aggregate HMDA lenders, lending is considered reasonable in the context of the bank's position in the market and competition from other lenders.

In addition, lending to low-income individuals in the assessment area may be difficult due to the high cost of homes.

HMDA lending to moderate-income borrowers is adequate. In 2018, the bank originated 4.1 percent by number (1.4 percent by dollar volume) of HMDA loans to moderate-income borrowers. By comparison, aggregate lenders originated 6.2 percent by number (2.7 percent by dollar volume) of HMDA loans to moderate-income borrowers. In 2019, Comerica originated 4.4 percent by number (2.3 percent by dollar volume) of HMDA loans to moderate-income borrowers. Aggregate lenders originated 5.8 percent by number (2.7 percent by dollar volume) of HMDA loans to moderate-income borrowers. The percentage of HMDA loans originated to moderate-income borrowers by both the bank and aggregate lenders fell well below the demographics, with 16.4 percent of assessment area families classified as moderate-income. While the bank performed below aggregate HMDA lenders, lending is considered adequate in the context of the bank's position in the market and competition from other lenders.

Small Business Lending

Considering the bank's performance when compared to the aggregate, the borrower distribution of small business loans by revenue size of businesses is poor. The assessment area is saturated with large national banks; therefore, competition for business loans is high in this market.

In 2018, Comerica originated 15.7 percent by number (13.6 percent by dollar volume) of small business loans in the Greater Los Angeles, CA Assessment Area to businesses with reported revenues under \$1 million. By comparison, aggregate lenders originated 46.9 percent by number (31.8 percent by dollar volume) of small business loans to businesses with revenues less than \$1 million. In 2019, Comerica originated 22.6 percent by number (16.1 percent by dollar volume) of small business loans to businesses with revenues less than \$1 million. Aggregate lenders originated 50.9 percent by number (32.9 percent by dollar volume) of small business loans to businesses with revenues less than \$1 million. During the review period, 91.2 percent of businesses reported revenues of less than \$1 million.

It is worth noting that a significant percentage (33.0 percent in 2018 and 21.4 percent in 2019) of loans were originated to businesses with unknown revenues. This significant portion of small business loans without revenue information may impact overall distribution of loans. The bank's small business credit card partnership with Elan Financial (discussed previously) represented a material volume of small business lending, though was not included in the CRA data reported by the bank.

Another way to gauge the bank's small business lending performance is to review the data by loan amount. Small businesses typically require smaller dollar credits. In this regard, it is noted that a significant portion of the bank's small business loans were made in loan amounts of \$100,000 or less. In 2018, 45.4 percent of the bank's small business loans were originated in loan amounts of \$100,000 or less (compared to 95.9 percent of aggregate small business loans), with another 22.4 percent in loan amounts between \$100,000 and \$250,000 (2.1 percent of aggregate). In 2019, 36.2 percent of the bank's small business loans were originated in loan amounts of \$100,000 or less (96.0 percent of aggregate), and 27.1 percent in loan amounts between \$100,000 and \$250,000 (2.2 percent of aggregate).

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects adequate penetration throughout the assessment area. For this analysis, the geographic distribution of small business lending and HMDA lending, including both originations and purchases, was compared with available demographic information. Performance context issues and aggregate lending data were taken into consideration. There were no conspicuous gaps or anomalies in the bank's lending patterns.

The distribution of the remainder of bank lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies).

HMDA Loan Geographic Distribution

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders. As the bank made very few multi-family loans in the Greater Los Angeles, CA Assessment Area during the review period, this product was not analyzed separately. During the review period, the largest portion of the bank's HMDA-related originations and purchases were home improvement loans (36.1 percent of total HMDA loans), followed by refinance loans (28.2 percent) and other purpose lines of credit (27.4 percent). Home purchase loans made up only 7.4 percent of the bank's total HMDA lending in the assessment area during the review period. As a result, home improvement lending was given the greatest weight among HMDA-related products, and home purchase lending was given the least weight.

Home Purchase Lending

The bank's geographic distribution of home purchase lending in the Greater Los Angeles, CA Assessment Area during the review period is excellent.

In 2018, the bank originated 9.4 percent by number (7.8 percent by dollar volume) of home purchase loans in low-income census tracts. This is significantly higher than aggregate lenders, which originated 3.5 percent by number (2.4 percent by dollar volume) of home purchase loans in low-income census tracts. In 2019, Comerica originated 5.9 percent by number (3.3 percent by dollar volume) of home purchase loans in low-income census tracts. Aggregate lenders originated 3.0 percent by number (2.2 percent by dollar volume) of home purchase loans in low-income census tracts. In both years during the review period, Comerica outperformed both the aggregate lenders' performance and the 2.7 percent of owner-occupied units in low-income census tracts.

In 2018, the bank originated 46.9 percent by number (43.0 percent by dollar volume) of home purchase loans in moderate-income census tracts. Aggregate lenders originated 18.4 percent by number (12.9 percent by dollar volume) of home purchase loans in moderate-income census tracts. In 2019, Comerica originated 35.3 percent by number (14.5 percent by dollar volume) of loans in moderate-income census tracts. Aggregate lenders originated 18.1 percent by number (12.8 percent by dollar volume) of home purchase loans in moderate-income census tracts. During the review period, Comerica outperformed both the 17.6 percent of owner-occupied units which were located in moderate-income census tracts and the performance of aggregate lenders.

Home Refinance Lending

The bank's geographic distribution of home refinance lending in the Greater Los Angeles, CA Assessment Area during the review period is good.

In 2018, the bank originated 1.4 percent by number (1.2 percent by dollar volume) of refinance loans in low-income census tracts. Aggregate lenders originated 3.2 percent by number (2.3 percent by dollar volume) of refinance loans in low-income census tracts. In 2019, Comerica originated 3.1 percent by number (2.1 percent by dollar volume) of refinance loans in low-income census tracts. Aggregate lenders originated 2.9 percent by number (1.9 percent by dollar volume) of refinance loans in low-income census tracts. During the review period, the bank performed similarly to the 2.7 percent of assessment area owner-occupied units located in low-income tracts, as well as the performance of aggregate lenders.

In 2018, the bank originated 11.2 percent by number (6.4 percent by dollar volume) of loans in moderate-income census tracts. Aggregate lenders originated 19.0 percent by number (13.7 percent by dollar volume) of refinance loans in moderate-income census tracts. In 2019, Comerica outperformed aggregate lenders, originating 20.0 percent by number (11.1 percent of by dollar volume) of refinance loans in moderate-income census tracts. Aggregate lenders originated 16.7 percent by number (12.0 percent by dollar volume) of refinance loans in moderate-income census tracts during 2019. During the review period, 17.6 percent of assessment area owner-occupied units were located in moderate-income tracts; therefore, the bank outperformed demographics in 2019, while aggregate lenders remained below the level of demographics.

Home Improvement Lending

The bank's geographic distribution of home improvement lending in the Greater Los Angeles, CA Assessment Area during the review period is good.

In 2018, the bank originated 1.2 percent by number (1.7 percent by dollar volume) of loans in low-income census tracts. Aggregate lenders originated 2.0 percent by number (1.9 percent by dollar volume) of home improvement loans in low-income census tracts. In 2019, Comerica originated 0.9 percent by number (0.5 percent by dollar volume) of home improvement loans in low-income census tracts. Aggregate lenders originated 1.8 percent by number (1.8 percent by dollar volume) of home improvement loans in low-income census tracts. Both the bank and aggregate lenders fell below the demographic data (2.7 percent) during the review period. While the bank's lending was slightly below aggregate lenders and demographic, it is considered adequate when compared to the bank's market share and position as a HMDA lender in the market.

In 2018, the bank originated 9.3 percent by number (6.6 percent by dollar volume) of home improvement loans in moderate-income census tracts. Aggregate lenders originated 13.6 percent by number (11.5 percent by dollar volume) of home improvement loans in moderate-income census tracts. In 2019, Comerica originated 12.6 percent by number (8.7 percent by dollar volume) of home improvement loans in moderate-income census tracts. Aggregate lenders originated 13.0 percent by number (10.5 percent by dollar volume) of home improvement loans in moderate-income census tracts. During the review period, 17.6 percent of owner-occupied units were located in moderate-income census tracts.

Other Purpose Line of Credit

The bank's geographic distribution of other purpose lines of credit in the Greater Los Angeles, CA Assessment Area during the review period is adequate.

In 2018, the bank originated 0.5 percent by number (0.1 percent by dollar volume) of other purpose lines of credit in low-income census tracts. Aggregate lenders originated 1.1 percent by number (0.7 percent by dollar volume) of other purpose lines of credit in low-income census tracts. In 2019, Comerica originated 0.9 percent by number (0.4 percent by dollar volume) of other purpose lines of credit in low-income census tracts. Aggregate lenders originated 1.2 percent by number (0.7 percent by dollar volume) of other purpose lines of credit in low-income census tracts. During the review period, both the bank and aggregate HMDA lenders fell below the demographic of 2.7 percent. While the bank's lending was slightly below aggregate lenders and demographic, it is considered adequate when compared to the bank's market share and position as a HMDA lender in the market.

In 2018, the bank originated 5.0 percent by number (1.5 percent by dollar volume) of other purpose lines of credit in moderate-income census tracts. Aggregate lenders originated 10.3 percent by number (6.0 percent by dollar volume) of other purpose lines of credit in moderate-income census tracts. In 2019, Comerica's lending improved significantly, and the bank originated 11.1 percent by number (4.9 percent by dollar volume) of other purpose lines of credit in moderate-income census tracts. Aggregate lenders originated 10.5 percent by number (6.3 percent by dollar volume) of other purpose lines of credit in moderate-income census tracts. During the review period, both the bank and aggregate lenders fell below the demographic of 17.6 percent. The bank's lending is considered adequate when compared to the bank's market share and position as a HMDA lender in the market.

Small Business Loan Geographic Distribution

The geographic distribution of small business loans reflects good penetration throughout the Greater Los Angeles, CA Assessment Area. This was based on the bank's performance compared to demographics, taking into consideration the performance of the aggregate lenders.

The bank exceeded the market demographics and aggregate lenders' performance in low-income census tracts during the review period. In 2018, the bank originated 5.5 percent by number (4.2 percent by dollar volume) of small business loans in low-income census tracts. Aggregate lenders originated 4.6 percent by number (5.5 percent by dollar volume) of small business loans in low-income census tracts. In 2019, Comerica originated 7.3 percent by number (7.7 percent by dollar volume) of small business loans in low-income census tracts. Aggregate lenders originated 4.9 percent by number (5.7 percent by dollar volume) of small business loans in low-income census tracts. During the review period, 5.0 percent of small businesses were located in low-income census tracts.

The bank's lending was generally comparable to aggregate lenders and market demographic. In 2018, the bank originated 16.9 percent by number (19.8 percent by dollar volume) of small business loans in moderate-income census tracts. Aggregate lenders originated 19.5 percent by number (21.0 percent by dollar volume) of small business loans in moderate-income census tracts. In 2019, Comerica originated 17.9 percent by number (18.0 percent by dollar volume) of small business loans in moderate-income census tracts. Aggregate lenders originated 19.7

Greater Los Angeles, CA Assessment Area

percent by number (20.6 percent by dollar volume) of small business loans in moderate-income census tracts. During the review period, 20.0 percent of small businesses were located in moderate-income census tracts.

Community Development Lending

The bank is a leader in making community development loans in the assessment area. The bank originated 114 community development qualified loans, totaling approximately \$247 million. This represents a significant increase (79.0 percent) since the previous evaluation. The CD Loans (as shown in the table below) were primarily focused on providing or supporting affordable housing in the assessment area or loans with the purpose of revitalizing or stabilizing low- or moderate-income geographies, which were needs identified by community contacts. These loans demonstrate good responsiveness to assessment area needs.

Community Development Lending Greater Los Angeles, CA Assessment Area		
Purpose	#	\$000s
Affordable Housing	48	109,260
Community Services	7	38,422
Economic Development	11	25,152
Revitalization and Stabilization	48	74,150
Institution Total	114	246,984

The bank participated heavily in the Paycheck Protection Program, implemented in response to the COVID-19 pandemic. In the Greater Los Angeles, CA Assessment Area, the bank made 49 loans under the PPP, totaling \$80.8 million. The bank's high level of participation in this program reflects responsiveness to the needs of the community and represents the bank's use of flexible lending practices to meet the needs of its assessment area. Additionally, investments made by the institution to third-party community development organizations helped enabled those organizations to make 30 qualified community development loans benefitting multiple areas including the bank's Greater Los Angeles, CA Assessment Area. The bank's the pro-rata share of those third-party loans credited to the institution totals \$1.5 million in the areas including the Greater Los Angeles, CA Assessment Area.

Investment Test

The bank has an excellent level of qualified community development investments and grants in the Greater Los Angeles, CA Assessment Area, particularly those not routinely provided by private investors and is occasionally in a leadership position. The bank's investments were primarily focused on initiatives that provide affordable housing in the assessment area.

Community Development Investments and Donations Greater Los Angeles, CA Assessment Area								
Purpose	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Affordable Housing	12	25,993	40	28,681	22	175	74	54,849
Community Services	-	-	-	-	233	2,182	233	2,182
Economic Development	5	3,206	1	19	28	618	34	3,843
Total	17	29,199	41	28,700	283	2,975	341	60,874

Greater Los Angeles, CA Assessment Area

The bank demonstrated good responsiveness to needs in the assessment area through a \$500,000 investment to Lendistry, a minority led CDFI that ranks second nationwide in SBA Community Advantage lending. The funds provided to Lendistry were used by the CDFI to make loans in the Greater Los Angeles, CA Assessment Area. Although, the bank elected to have those funds considered under the Lending Test, the impact of the investments should be noted. The bank also made notable investments to Broadway Federal Bank, a minority depository institution (MDI) serving the Greater Los Angeles, CA Assessment Area.

In addition, one investment of approximately \$3,200 was made which benefitted affordable housing efforts in multiple assessment areas including the bank's Greater Los Angeles, CA Assessment Area.

Service Test

Its retail and community development services in the bank's Greater Los Angeles, CA Assessment Area reflect good responsiveness to the needs of the assessment area.

Retail Services

The bank's delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in its assessment area. The distribution of the bank's 38 branch offices and 39 ATMs as of December 31, 2020, was compared to the distribution of the population and businesses among the tract categories within the assessment area. The table below summarizes the bank's retail locations in the Greater Los Angeles, CA Assessment Area.

Distribution of Branches and ATMs Greater Los Angeles, CA Assessment Area							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full Service ATMs	
				#	%	#	%
Low	9.3	8.8	5.0	1	2.6	1	2.6
Moderate	28.5	29.2	20.0	6	15.8	7	17.9
Middle	25.9	27.0	25.6	4	10.5	4	10.3
Upper	34.6	34.5	47.5	24	63.2	23	59.0
Unknown	1.7	0.5	1.9	3	7.9	4	10.2
Total	100.0	100.0	100.0	38	100.0	39	100.0

As shown in the table above, three of the bank's branches in the assessment area were located in unknown-income census tracts. Of these, two were located in census tracts that primarily bordered upper-income census tracts, and one was located in a census tract that primarily bordered LMI census tracts.

The bank opened one branch (in an upper-income census tract) and closed one branch (in an upper-income census tract) in the assessment area. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI geographies. Banking services and hours of operations are tailored to the convenience and needs of the assessment area, particularly in LMI geographies or to LMI individuals.

Products and services are uniformly offered in all branches in the assessment area. Hours of operation in the branches varies slightly, based on transaction volume. The bank has ensured that some branch locations in LMI census tracts in the assessment area offer extended and weekend hours. While there is only one branch in a low-income census tract, it offers extended and weekend hours. Of the six branches in moderate-income census tracts, half offer weekend hours and all of them offer extended hours. Branches in middle- and upper-income census tracts follow a similar pattern, with the majority offering extended hours and approximately half offering weekend hours.

Community Development Services

The bank is a leader in providing community development services in the assessment area. The bank's employees served in various capacities, including boards of directors and as trustees, for 27 organizations offering community development services that focused on community services that aided LMI individuals. Total hours served during the review period was approximately 2,205 hours, which represents a significant increase in services provided in the assessment area since the previous evaluation.

The bank is active in supporting LMI students in the Greater Los Angeles, CA Assessment Area through programs such as Junior Achievement, with bank employees providing more than 900 hours of services during the review period. Additionally, the bank representative served on the board of The People Concern, providing financial expertise to one of the area's largest social service agencies which advocates for and serves homeless individuals, survivors of domestic violence, and challenged youth.

San Francisco Bay, CA Assessment Area

Description of Operations in San Francisco Bay

The San Francisco Bay, CA Assessment Area includes San Francisco, San Mateo, Contra Costa, and Alameda counties. These counties, along with Marin County, which is excluded from the assessment area, make up the San Francisco-Oakland-Berkeley, CA MSA.

Population Changes San Francisco Bay, CA Assessment Area			
County	2019 Population Estimate	% Increase Since 2010	Major Municipalities
Alameda County	1,671,329	10.7	Oakland*, Fremont, Hayward
Contra Costa	1,153,526	10.0	Concord, Richmond, Martinez*
San Francisco County	881,549	9.5	San Francisco†
San Mateo County	766,573	6.7	Daly City, San Mateo, Redwood City, South San Francisco

* Denotes county seat.

† San Francisco City makes up the entirety of San Francisco County.

The San Francisco Bay, CA Assessment Area is the bank's third largest market in the state and is saturated with some of the largest financial institutions in the nation. Therefore, Comerica is not a major lender or influencer in the assessment area. As of 2020, the bank operated 17 branches in the assessment area, representing 17.7 percent of branches in California. The bank has not opened or closed any branches in the assessment area since the previous evaluation.

According to the FDIC, as of June 30, 2020, Comerica had almost \$3 billion in deposits in the San Francisco Bay, CA Assessment Area, which represented 0.6 percent of the market share. This amount also represented 13.7 percent of the bank's deposits in California. The bank ranked 16th in deposit market share. Market leaders included Bank of America, Wells Fargo, First Republic Bank, and JP Morgan Chase Bank. These top four deposit market leaders collectively held 73.5 percent of the deposit market. Many of the bank's competitors are multi-regional or national banks. This competition may limit the bank's opportunity to lend and compete optimally in the assessment area.

Comerica is not considered a major lender or influencer in the HMDA lending market in the San Francisco Bay, CA Assessment Area. In 2018, 657 HMDA lenders originated or purchased approximately 99,100 loans in the San Francisco Bay, CA Assessment Area. Comerica ranked 57th, with 0.3 percent of the HMDA market share. In 2019, the number of HMDA lenders increased to 679, and the number of loans originated or purchased in the assessment area significantly increased to over 134,000 loans. Comerica ranked 74th, with 0.2 percent of the HMDA market share. HMDA Market leaders included Wells Fargo, Bank of America, JP Morgan Chase Bank, and Quicken Loans. Although their specific market ranked varied in each year, these top four lenders collectively held 31.7 percent and 32.4 percent of the HMDA market share in 2018 and 2019, respectively.

In 2018, 172 CRA reporters originated or purchased over 139,000 small business loans in the assessment area. Comerica ranked 28th with 0.2 percent of the market share. In 2019, 177 CRA reporters originated or purchased 145,000 small business loans in the assessment area.

San Francisco Bay, CA Assessment Area

Comerica's ranking slipped to 38th, with 0.1 percent of the market share. Leaders in small business lending include JP Morgan Chase Bank, American Express, and Bank of America. These top three lenders collectively held 56.6 percent and 63.0 percent of the CRA small business market share in 2018 and 2019, respectively. The competition in the HMDA and CRA small business lending markets within the San Francisco Bay, CA Assessment Area is significant.

Demographic Characteristics

According to 2019 FFIEC data, the San Francisco Bay, CA Assessment Area was made up of 872 census tracts. Of those, 109 (12.5 percent) were low-income, 184 (21.1 percent) were moderate-income, 258 (29.6 percent) were middle-income, and 309 (35.4 percent) were upper-income, and 12 (1.4 percent) were unknown-income census tracts.

The population of the assessment area was 3,967,588. Of those, 12.0 percent lived in low-income, 22.0 percent were moderate-income, 31.5 percent were middle income, 34.0 percent were upper-income, and 0.5 percent were unknown-income census tracts.

Income Characteristics

The chart below reflects the changes in median family income during the review period for the San Francisco Bay, CA Assessment Area. It also provides a range of the estimated annual family income for each income category (low, moderate, middle, and upper).

Median Family Income San Francisco Bay, CA Assessment Area		
Income Level	2018	2019
Median Family Income	\$116,400	\$133,800
Low-income	< \$58,200	< \$66,900
Moderate-income	\$58,200 < \$93,120	\$66,900 < \$107,040
Middle-income	\$93,120 < \$139,680	\$107,040 < \$160,560
Upper-income	≥ \$139,680	≥ \$160,560

Housing Characteristics

According to the 2015 census estimates, there were 1,547,186 housing units in the assessment area. Of those, 11.9 percent were located in low-income census tracts, 20.8 percent were in moderate-income census tracts, 31.0 percent were in middle-income census tracts, 35.6 percent were in upper-income census tracts, and 0.7 percent were in unknown-income census tracts. Of the total housing units, 756,136 (48.9 percent) were owner-occupied, 702,398 (45.4 percent) were rental, and 88,652 (5.7 percent) were vacant. Owner-occupied housing units in low-income census tracts account for 5.0 percent of owner-occupied units and 16.8 percent of moderate-income census tracts. The majority (70.9 percent) of housing in low-income census tracts is rental property. In moderate-income census tracts, 54.9 percent of housing units are rental properties, and 39.4 percent are owner-occupied.

The median age of housing stock in the assessment area is 58 years old. The median housing value is \$619,750. The median age of homes in low-income census tracts is similar at 61 years old, although the value is significantly lower at \$289,168. In moderate-income census tracts, the median age of homes is 59 years old and the median value is \$388,943. The median cost of rent in the assessment area is \$1,469. The cost of rent in LMI census tracts is slightly lower at \$1,059

San Francisco Bay, CA Assessment Area

and \$1,354, respectively; however, 22.1 percent of renters in low-income census tracts, and 28.0 percent of renters in moderate-income census tracts pay over 30 percent of their income for rent. It is additionally worth noting that an extremely high percentage (28.6 percent) of renters in middle-income census tracts pay over 30 percent of their income for rent. This may be possible due to the fact that incomes in the assessment area are much higher than the national median; however, 24.5 percent of families in low-income census tracts live below poverty and 11.3 percent of families in moderate-income census tracts live below poverty.

Despite the high cost of renting, it is more affordable to rent rather than purchase a home in the assessment area³. This may make it difficult for lenders to finance homes for LMI individuals and families. In addition, there is likely to be a lack of housing units available for purchase in LMI census tracts due to the high percentage of rental units in these census tracts.

Employment and Economic Conditions

The national unemployment rates for 2018 and 2019 were 3.9 percent and 3.7 percent, respectively. In 2020, the COVID-19 pandemic and subsequent measures taken to curb its spread caused the national unemployment rate to more than double to 8.1 percent. As shown in the table, unemployment in the assessment area was materially lower than the national rate in 2018 and 2019 but rose slightly above the national rate during the 2020 COVID-19 pandemic.

Annual Average Unemployment Rate San Francisco Bay, CA Assessment Area			
AREA	2018	2019	2020
Alameda County	3.1	2.9	8.8
Contra Costa County	3.2	3.1	8.9
San Francisco County	2.4	2.2	7.9
San Mateo County	2.3	2.0	7.0
Assessment Area	2.9	2.7	8.3
San Francisco-Oakland-Berkeley, CA MSA	2.8	2.7	8.2
State of California	4.3	4.0	10.2
United States	3.9	3.7	8.1

The San Francisco Bay, CA Assessment Area is home to a diverse range of industries and employers. The local population speaks over 100 languages and the area serves as an epicenter for cultural diversity and thought exchange. According to the San Francisco Chamber of Commerce, key sectors include: Technology and Software, Social and Digital Media, Life Sciences and Biotech, Environmental and Cleantech, and International Business. San Francisco Bay area is home to more than 300 IT firms and employs over 71 thousand IT professionals. More than 300 digital media companies operate in the area, including YouTube, Twitter, Pixar, and Sony, among others. The Life Sciences industry contributes significantly to the area's economy. According to the Chamber, this industry has provided over 302 thousand jobs in the region and continues to grow. The Environmental and Cleantech industry adds nearly 60 thousand jobs to the region and is expected to soon exceed 104 thousand. More than 71

³ A 30 year mortgage with an interest rate equal to the average yearly rate of Freddie Mac mortgages in 2019 (3.94 percent) and a 20 percent down payment, would equal monthly mortgage payments of \$1,096 for homes in low-income census tracts and \$1,474 for homes in moderate-income census tracts (based on the median value of these homes). Additional costs such as property taxes, property insurance and homeowner's association fees would increase this amount.

San Francisco Bay, CA Assessment Area

consulates and foreign trade offices are located in San Francisco. It is the tenth largest exporting region in the U.S. and features over 30 of the largest non-American banking institutions in the country.

Community Contacts and Community Development Opportunities

As part of the evaluation of the San Francisco Bay, CA Assessment Area, two contacts involved in local affordable housing were made. The contacts highlighted the need for efforts in preventing displacement of LMI families in the region. The contacts indicated that financial institutions have been active in the area, though additional financial education for individuals and nonprofit organizations would be beneficial.

Key Assessment Area Demographics

The following table details selected characteristics of the assessment area.

San Francisco Bay, CA Assessment Area

Combined Demographics Report

Assessment Area: CA - San Francisco Bay

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	109	12.5	94,763	10.5	23,236	24.5	223,868	24.7
Moderate-income	184	21.1	185,995	20.5	21,109	11.3	144,328	15.9
Middle-income	258	29.6	285,195	31.5	15,275	5.4	163,154	18
Upper-income	309	35.4	337,793	37.3	8,501	2.5	374,700	41.4
Unknown-income	12	1.4	2,304	0.3	283	12.3	0	0
Total Assessment Area	872	100.0	906,050	100.0	68,404	7.5	906,050	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	184,029	37,813	5	20.5	130,406	70.9	15,810	8.6
Moderate-income	322,242	126,869	16.8	39.4	176,755	54.9	18,618	5.8
Middle-income	479,256	247,734	32.8	51.7	206,554	43.1	24,968	5.2
Upper-income	551,148	342,402	45.3	62.1	180,684	32.8	28,062	5.1
Unknown-income	10,511	1,318	0.2	12.5	7,999	76.1	1,194	11.4
Total Assessment Area	1,547,186	756,136	100.0	48.9	702,398	45.4	88,652	5.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	26,422	12.2	23,075	11.7	3,221	17.3	126	12.7
Moderate-income	37,252	17.2	34,067	17.3	3,043	16.3	142	14.3
Middle-income	60,261	27.9	55,324	28.2	4,678	25.1	259	26.1
Upper-income	90,310	41.8	82,401	41.9	7,468	40.1	441	44.5
Unknown-income	1,878	0.9	1,639	0.8	215	1.2	24	2.4
Total Assessment Area	216,123	100.0	196,506	100.0	18,625	100.0	992	100.0
Percentage of Total Businesses:				90.9		8.6		.5
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	83	8.2	76	7.8	6	17.6	1	50
Moderate-income	130	12.9	127	13.1	2	5.9	1	50
Middle-income	267	26.5	255	26.2	12	35.3	0	0
Upper-income	526	52.1	512	52.6	14	41.2	0	0
Unknown-income	3	0.3	3	0.3	0	0	0	0
Total Assessment Area	1,009	100.0	973	100.0	34	100.0	2	100.0
Percentage of Total Farms:				96.4		3.4		.2

2019 FFIEC Census Data and 2019 D&B Information

Conclusions with Respect to Performance Tests

Lending Test

The bank's lending activity in the San Francisco Bay, CA Assessment Area reflects adequate responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area. In addition, the distribution lending by borrower income reflects adequate penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank makes a relatively high level of community development loans.

During the review period, the bank made use of innovative and flexible lending practices in serving the credit needs of the San Francisco Bay, CA Assessment Area. This included the bank's small business micro loan program, as well as the bank's participation in the Small Business Administration's Paycheck Protection Program.

The bank is both a small business and HMDA lender. During the review period, the bank reported 656 (61.0 percent) HMDA-reportable loans, compared to 420 (39.0 percent) small business loans in the San Francisco Bay, CA Assessment Area. Based upon this, HMDA lending was given more weight than small business lending in assessing the bank's lending performance in the assessment area.

Details of the bank's mortgage and small business lending and information regarding lending by aggregate lenders can be found in Appendix F.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The bank's distribution of lending to borrowers reflects an adequate penetration among individuals of different income levels (including LMI) and businesses of different revenue sizes. During this review, more weight was placed on the bank's HMDA lending to LMI borrowers when assessing the overall performance of lending by borrower distribution of income.

The distribution of the remainder of bank lending to middle- and upper-income borrowers did not affect conclusions about the bank's performance considering its lending to LMI borrowers.

HMDA Lending

HMDA lending by borrower income in the assessment area is considered adequate when compared to demographic characteristics of the community, as well as the performance of aggregate HMDA lenders with loan originations or purchases in the assessment area.

HMDA lending to low-income borrowers is good. In 2018, the bank originated 3.3 percent by number (1.1 percent dollar amount) of HMDA loans to low-income borrowers. Aggregate lenders originated 3.9 percent by number (1.8 percent by dollar amount) to low-income borrowers during the same period. In 2019, Comerica originated 3.4 percent by number (1.6 percent by dollar volume) of HMDA loans to low-income borrowers. Aggregate lenders originated 3.4 percent by number (1.7 percent by dollar volume) of HMDA loans to low-income borrowers. During the review period, 24.7 percent of the families in the assessment area were considered low-income

families. While both the bank and aggregate HMDA lenders fell significantly below demographics, the context of lending in the assessment area should be considered. Low-income borrowers typically struggle to meet debt-to-income guidelines by lenders to ensure safe and sound lending practices based on the median family income and median home values in the assessment area. Comerica's lending, which was very similar to aggregate lenders, indicates reasonable efforts being made to reach low-income borrowers. In this context, the bank's lending to low-income borrowers is considered good.

HMDA lending to moderate-income borrowers is adequate. In 2018, the bank originated 6.3 percent by number (3.8 percent by dollar volume) of HMDA loans to moderate-income borrowers. Aggregate lenders originated 9.5 percent by number (4.5 percent by dollar volume) of HMDA loans to moderate-income borrowers. In 2019, Comerica originated 7.5 percent by number (4.8 percent by dollar volume) of HMDA loans to moderate-income borrowers. Aggregate lenders originated 9.7 percent by number (4.9 percent by dollar volume) of HMDA loans to moderate-income borrowers. During the review period, both the bank and aggregate lenders performed below the 15.9 percent of assessment area families classified as moderate-income. Comerica's lending is below aggregate; however, considering the market share and competition in the market, the bank's performance is adequate.

Small Business Lending

Considering the bank's performance when compared to the aggregate, the borrower distribution of small business loans by revenue size of businesses is poor. In 2018, the bank originated 12.4 percent by number (8.8 percent by dollar volume) of small business loans to businesses with gross annual revenues below \$1 million. By comparison, aggregate CRA lenders originated 46.9 percent by number (32.6 percent by dollar volume) of small business loans to businesses with gross annual revenues under \$1 million, which is significantly better than the bank. Both the bank and aggregate lenders fell below the demographics, as 90.9 percent of assessment area businesses reported annual revenues of \$1 million or less.

Of the total 420 small business loans originated by the bank in the assessment area during the review period, 111 (26.4 percent) were reported as being to businesses with unknown revenues. The regulations do not require institutions to request or consider revenue information when making a loan; however, the material portion of small business loans without revenue information may impact overall distribution of loans

Another way to gauge the bank's small business lending performance is to review the data by loan amount. Small businesses typically require smaller dollar credits. In this regard, it is noted that a significant portion of the bank's small business loans were made in loan amounts of \$100,000 or less. In 2018, 46.2 percent of the bank's small business loans were originated in loan amounts of \$100,000 or less (compared to 95.8 percent of aggregate small business loans), with another 23.7 percent in loan amounts between \$100,000 and \$250,000 (2.2 percent of aggregate). In 2019, 38.6 percent of the bank's small business loans were originated in loan amounts of \$100,000 or less (95.9 percent of aggregate), and 25.7 percent in loan amounts between \$100,000 and \$250,000 (2.1 percent of aggregate).

Geographic Distribution of Loans

For this analysis, the geographic distribution of small business lending and HMDA lending, including both originations and purchases, was compared with available demographic information. Performance context issues and aggregate lending data were taken into consideration. Considering all of these factors, the bank's geographic distribution of loans reflects good penetration throughout the assessment area. There were no conspicuous gaps or anomalies in the bank's lending patterns in the San Francisco Bay, CA Assessment Area during the review period.

The distribution of the remainder of bank lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

HMDA Loan Geographic Distribution

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders.

During the review period, the bank made 656 total HMDA-reportable loans in the San Francisco Bay, CA Assessment Area. Of these, home improvement lending made up the largest percentage (44.7 percent), followed closely by home refinance lending (36.9 percent), other HMDA-reportable products in the assessment area represented much smaller portions of the bank's portfolio (other purpose lines of credit at 13.9 percent and home purchase lending at 4.1 percent). As a result, home improvement and home refinance lending were given the greatest weight in assessing the bank's performance.

Home Purchase Lending

The bank's geographic distribution of home purchase lending in the San Francisco Bay, CA Assessment Area during the review period is adequate.

In 2018, the bank originated 18.8 percent by number (11.7 percent by dollar volume) of home purchase loans in low-income census tracts. Aggregate lenders originated 7.0 percent by number (4.5 percent by dollar volume) of home purchase loans in low-income census tracts. In 2019, Comerica did not originate any loans in low-income census tracts. Aggregate lenders originated 7.1 percent by number (4.7 percent by dollar volume) of home purchase loans in low-income census tracts. Owner-occupied units in low-income census tracts accounted for 5.0 percent of the owner-occupied units in the assessment area. While the bank did not originate any home purchase loans in low-income census tracts, the combined performance during the review period still exceeded the demographics.

Comerica's lending fell below the 16.8 percent of owner-occupied units located in moderate-income tracts, while aggregate HMDA lenders generally performed slightly above the demographic during the review period. In 2018, the bank originated 6.3 percent by number (3.8 percent by dollar volume) of home purchase loans in moderate-income census tracts. Aggregate lenders originated 19.3 percent by number (14.1 percent by dollar volume) of home purchase loans in moderate-income census tracts. In 2019, Comerica originated 9.1 percent by number (6.1 percent by dollar volume) of home purchase loans in moderate-income census tracts.

San Francisco Bay, CA Assessment Area

Aggregate lenders originated 18.6 percent by number (13.6 percent by dollar volume) of home purchase loans in moderate-income census tracts.

Home Refinance Lending

The bank's geographic distribution of home refinance lending in the San Francisco Bay, CA Assessment Area during the review period is poor.

In 2018, the bank originated 3.3 percent by number (3.0 percent by dollar volume) of home refinance loans in low-income census tracts. Aggregate lenders originated 6.6 percent by number (4.8 percent by dollar volume) of home refinance loans in low-income census tracts. In 2019, Comerica originated 2.5 percent by number (1.3 percent by dollar volume) of home refinance loans in low-income census tracts. Aggregate lenders originated 5.4 percent by number (3.7 percent by dollar volume) of home refinance loans in low-income census tracts. Comerica's home refinance lending was below demographics, with 5.0 percent of assessment area owner-occupied units located in these tracts, while aggregate HMDA lenders performed similarly to, or slightly above the demographic, in home refinance lending during the review period.

In 2018, the bank originated 12.2 percent by number (6.8 percent by dollar volume) of home refinance loans in moderate-income census tracts. Aggregate lenders originated 18.4 percent by number (14.3 percent by dollar volume) of home refinance loans in moderate-income census tracts. In 2019, Comerica originated 10.1 percent by number (11.3 percent by dollar volume) of home refinance loans in moderate-income census tracts. Aggregate lenders originated 17.0 percent by number (12.7 percent by dollar volume) of home refinance loans in moderate-income census tracts. Comerica's home refinance lending in moderate-income census tracts fell below the demographic (16.8 percent of owner-occupied unit in these tracts) during the review period, while aggregate lenders performed similarly to the demographic.

Home Improvement Lending

The bank's geographic distribution of home improvement lending in the San Francisco Bay, CA Assessment Area during the review period is good.

In 2018, the bank originated 4.2 percent by number (3.3 percent by dollar volume) of home improvement loans in low-income census tracts. This was slightly above aggregate lenders, which originated 4.0 percent by number (3.3 percent by dollar volume) of home improvement loans in low-income census tracts. In 2019, Comerica originated 3.9 percent by number (2.3 percent by dollar volume) of home improvement loans in low-income census tracts. Aggregate lenders originated 4.2 percent by number (3.4 percent by dollar volume) of home improvement loans in low-income census tracts. Both the bank and aggregate lenders performed similarly to the demographics, as these tracts contained 5.0 percent of owner-occupied units during the review period.

During the review period, Comerica outperformed aggregate lenders, and performed similarly to the 16.8 percent of owner-occupied units in the assessment area. In 2018, the bank originated 17.0 percent by number (12.8 percent by dollar volume) of home improvement lending in moderate-income census tracts. Aggregate lenders originated 14.2 percent by number (11.7 percent by dollar volume) of home improvement loans in moderate-income census tracts. In 2019, Comerica originated 16.4 percent by number (11.3 percent by dollar volume) of home

improvement loans in moderate-income census tracts. Aggregate lenders originated 13.7 percent by number (11.2 percent by dollar volume) of home improvement loans in moderate-income census tracts.

Other Purpose Lines of Credit

The bank's geographic distribution of other purpose lines of credit in the San Francisco Bay, CA Assessment Area during the review period is adequate.

In 2018, the bank originated 1.7 percent by number (0.5 percent by dollar volume) of other purpose lines of credit in low-income census tracts. During the same year, aggregate lenders originated 3.0 percent by number (2.0 percent by dollar volume) of other purpose lines of credit in low-income census tracts. In 2019, Comerica's performance improved, originating 6.3 percent by number (3.1 percent by dollar volume) of other purpose lines of credit in low-income census tracts, compared to 2.5 percent by number (1.6 percent by dollar volume) of other purpose lines of credit originated by aggregate lenders. Both the bank and aggregate lenders performed below the demographics in 2018 (5.0 percent of owner-occupied units), though Comerica's performance exceeded this level in 2019.

While both the bank and aggregate lenders performed below the demographic (16.8 percent) during the review period, Comerica's performance was similar to aggregate HMDA reporters. In 2018, the bank originated 10.2 percent by number (5.0 percent by dollar volume) of other purpose lines of credit in moderate-income census tracts. Aggregate lenders originated 11.7 percent by number (8.4 percent by dollar volume) of other purpose lines of credit in moderate-income census tracts. In 2019, Comerica originated 12.5 percent by number (4.4 percent by dollar volume) of other purpose lines of credit in moderate-income census tracts. Aggregate lenders originated 12.2 percent by number (7.9 percent by dollar volume) of other purpose lines of credit in moderate-income census tracts.

Small Business Loan Geographic Distribution

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders.

In 2018, the bank originated 15.7 percent by number (16.6 percent by dollar volume) of small businesses loans in low-income census tracts. Aggregate lenders originated 10.6 percent by number (13.3 percent by dollar volume) of small business loans in low-income census tracts. In 2019, the bank originated 15.8 percent by number (16.2 percent by dollar volume) of small business loans in low-income census tracts. Aggregate CRA reporters originated 10.8 percent by number (13.3 percent by dollar volume) of small business loans in low-income census tracts. Of small businesses in the assessment area, 12.2 percent of them are located in low-income census tracts.

Comerica performed similarly to aggregate lenders in 2018, and outperformed aggregate lenders in 2019. Both the bank and aggregate CRA reporters performed similarly to the demographic. In 2018, the bank originated 13.3 percent by number (18.4 percent by dollar volume) of small business loans in moderate-income census tracts. Aggregate CRA reporters originated 18.0 percent by number (16.7 percent by dollar volume) of small business loans in moderate-income

San Francisco Bay, CA Assessment Area

census tracts. In 2019, Comerica originated 19.9 percent by number (21.3 percent by dollar volume) of small business loans in moderate-income census tracts. Aggregate CRA reporters originated 18.1 percent by number (16.5 percent by dollar volume) of small business loans in moderate-income census tracts. Of small businesses in the assessment area, 17.2 percent are located in moderate-income census tracts.

Community Development Lending

The bank makes a relatively high level of community development loans in the assessment area. As shown in the table below, the bank originated 51 community development loans in the San Francisco Bay, CA Assessment Area. The majority of those funds were used to support efforts to revitalize and stabilize low- or moderate-income geographies.

Community Development Lending San Francisco Bay, CA Assessment Area		
Purpose	#	\$000s
Affordable Housing	4	8,294
Community Services	16	86,393
Economic Development	2	3,313
Revitalization and Stabilization	29	53,255
Totals	51	151,255

The bank participated heavily in the Paycheck Protection Program, implemented in response to the COVID-19 pandemic. In the San Francisco Bay, CA Assessment Area, the bank made 30 loans under the PPP, totaling \$55.9 million. The bank's high level of participation in this program reflects responsiveness to the needs of the community and is representative of the bank's use of flexible lending practices to meet the needs of its assessment area.

Investment Test

The bank has a significant level of qualified community development investments and grants in the San Francisco Bay, CA Assessment Area during the review period, but is rarely in a leadership position. As shown in the table below, the bank invested over \$45 million during the review period, which included 169 donations or grants, totaling approximately \$2.1 million. The bank's investments were focused on affordable housing initiatives, while the bank's donations primarily focused on community services targeted to LMI individuals, families, and geographies.

Community Development Investments and Donations San Francisco Bay, CA Assessment Area								
Purpose	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Affordable Housing	16	21,023	43	22,223	8	195	67	43,441
Community Services	-	-	-	-	120	939	120	939
Economic Development	-	-	-	-	41	953	41	953
Total	16	21,023	43	22,223	169	2,087	228	45,333

The bank demonstrated good responsiveness to needs in the assessment area by focusing investments on funds for the creation and preservation of affordable housing, as lack of affordable

San Francisco Bay, CA Assessment Area

housing and the impact of increased gentrification were issues raised by a community contact in this assessment area.

Service Test

The bank's retail and community development services reflect good responsiveness to the needs of the San Francisco Bay, CA Assessment Area.

Retail Services

The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in its assessment area. The distribution of the bank's 17 branch offices and 17 full service ATMs as of December 31, 2020, was compared to the distribution of the population and businesses among the tract categories within the assessment area. The table below summarizes the bank's retail locations in the San Francisco Bay, CA Assessment Area.

Distribution of Branches and ATMs San Francisco Bay, CA Assessment Area							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full Service ATMs	
				#	%	#	%
Low	12.5	11.9	11.8	2	11.8	2	11.8
Moderate	21.1	22.0	17.3	3	17.6	3	17.6
Middle	29.6	31.5	28.7	5	29.4	4	23.5
Upper	35.4	34.1	41.5	7	41.2	8	47.1
Unknown	1.4	0.5	0.8	0	0.0	0	0.0
Total	100.0	100.0	100.0	17	100.0	17	100.0

Though a portion of the bank's assessment area, including the eastern most sections of Contra Costa and Alameda counties, does not contain bank branches, this is considered to be appropriate as this section is separated from the remainder of the assessment area by a mountain range.

The bank did not open or close any branches in the assessment area during the review period. Therefore, the bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI geographies. Banking services and hours of operations do not vary in a way that inconveniences the assessment area, particularly in LMI geographies or to LMI individuals. The level of branch services and hours offered are substantially similar throughout the assessment area.

Community Development Services

The bank provides an adequate level of community development services in the assessment area. The bank's employees served in many various capacities, including (but not limited to) boards of directors and as trustees, for nine community development financial organizations offering community development services that focused on providing community services that primarily aided, or were targeted toward LMI individuals. Total hours served during the review period was approximately 574 hours.

San Francisco Bay, CA Assessment Area

The bank was involved in providing financial education to LMI students in the assessment area during the review period, with bank employees volunteering approximately 170 hours with organizations such as Junior Achievement and Operation HOPE, Inc. Employees also served with organizations such as Pacific Community Ventures, a local Community Development Financial Institution, providing assistance to small businesses and start-ups.

METROPOLITAN AREAS (Limited-Scope Review)

Description of Operations

- **Riverside-San Bernardino-Ontario, CA MSA Assessment Area (Inland Empire)**
 - As of June 30, 2020, the bank operated three branches in the assessment area, representing 3.1 percent of its branches in California and 0.7 percent of its total branches.
 - As of June 30, 2020, the bank had \$78.7 million in deposits in this assessment area, representing a market share of 0.1 percent. The \$78.7 million also represents 0.1 percent of the bank's total deposits.
- **Salinas, CA MSA Assessment Area (Salinas)**
 - As of June 30, 2020, the bank operated four branches in the assessment area, representing 4.2 percent of its branches in California and 0.9 percent of its total branches.
 - As of June 30, 2020, the bank had \$347.4 million in deposits in this assessment area, representing a market share of 3.1 percent. The \$347.4 million also represents 0.5 percent of the bank's total deposits.
- **San Diego-Chula Vista-Carlsbad, CA MSA Assessment Area (San Diego)**
 - As of June 30, 2020, the bank operated 14 branches in the assessment area, representing 14.6 percent of its branches in California and 3.2 percent of its total branches.
 - As of June 30, 2020, the bank had \$846.5 million in deposits in this assessment area, representing a market share of 0.8 percent. The \$846.5 million also represents 1.2 percent of the bank's total deposits.
- **San Jose-Sunnyvale-Santa Clara, CA MSA Assessment Area (San Jose)**
 - As of June 30, 2020, the bank operated 13 branches in the assessment area, representing 13.5 percent of its branches in California and 3.0 percent of its total branches.
 - As of June 30, 2020, the bank had \$8.0 billion in deposits in this assessment area, representing a market share of 4.5 percent. The \$8.0 billion also represents 11.7 percent of the bank's total deposits.
- **Santa Cruz-Watsonville, CA MSA Assessment Area (Santa Cruz)**
 - As of June 30, 2020, the bank operated six branches in the assessment area, representing 6.3 percent of its branches in California and 1.4 percent of its total branches.
 - As of June 30, 2020, the bank had \$721.3 million in deposits in this assessment area, representing a market share of 9.7 percent. The \$721.3 million also represents 1.1 percent of the bank's total deposits.
- **Oxnard-Thousand Oaks-Ventura, CA MSA Assessment Area (Ventura County)**
 - As of June 30, 2020, the bank operated one branch in the assessment area, representing 1.0 percent of its branches in California, and 0.2 percent if it's total branches.
 - As of June 30, 2020, the bank had \$46.6 million in deposits in this assessment area, representing a market share of 0.2 percent. The \$46.6 million also represents 0.1 percent of the bank's total deposits.

Conclusions with Respect to Performance Tests

Facts and data reviewed, including performance and demographic information can be found in Appendix D for information regarding these areas. Additional information regarding detailed demographic information and the HMDA and CRA lending for the limited-scope assessment areas can be found in Appendix G.

Conclusions regarding performance are as follows:

Assessment Area	Lending Test	Investment Test	Service Test
Inland Empire	Consistent	Consistent	Consistent
Salinas	Consistent	Consistent	Below
San Diego	Below	Consistent	Consistent
San Jose	Below	Consistent	Consistent
Santa Cruz	Consistent	Consistent	Below
Ventura County	Below	Exceeds	Consistent

The bank's performance in the limited-scope assessment areas was generally consistent with its performance in full-scope areas and did not change the bank's overall ratings.

State of Florida

CRA Rating for Florida: Satisfactory
The Lending Test is Rated: High Satisfactory
The Investment Test is Rated: High Satisfactory
The Service Test is Rated: High Satisfactory

Summary of Major Factors Supporting Rating

Major factors supporting the institution's rating include:

- The bank's lending activity reflects adequate responsiveness to assessment areas credit needs.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of Home Mortgage Disclosure Act (HMDA) lending reflects good penetration among customers of different income levels.
- The distribution of small business lending reflects adequate penetration among businesses of different revenue sizes.
- Comerica makes a relatively high level of community development loans in the state.
- The bank has an excellent level of qualified community development investments and grants.
- The bank's performance exhibits good responsiveness to credit and community development needs.
- Delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment areas.
- The bank's record of opening and closing of branches in the state has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.
- The services offered by the bank do not vary in a way that inconveniences its assessment areas, particularly LMI geographies and/or LMI individuals.
- Comerica provides a relatively high level of community development services.

Scope

One assessment area in Florida was selected for full-scope review based on the volume of lending, number of branches, and percent of total deposits, as well as the length of time since the last full-scope review. Overall, approximately 88.6 percent of lending activity (by number of loans), 91.6 percent of the total deposits, and 85.7 percent of total branches within Florida were evaluated through the full-scope review. The following assessment area, was reviewed using full-scope procedures. A description of the assessment area, listed below, can be found in the applicable assessment area section of this report.

- Fort Lauderdale – West Palm Beach Assessment Area

In addition, a limited-scope review was conducted for the remaining assessment area:

- Naples, FL Assessment Area

The time period, products, and affiliates evaluated for this state are consistent with the scope discussed in the Institution section of this report.

Description of Institution's Operations in Florida

The bank operates seven branch offices in its assessment areas in Florida, representing 1.6 percent of total branches. As of June 30, 2020, the bank had \$307.3 million in deposits in the state, representing 0.4 percent of total deposits. According to the June 30, 2020 FDIC Summary of Deposits, the bank had a deposit market share of less than 0.1 percent and ranked 109th out of 196 FDIC-insured financial institutions across the state. Of the 13,131 HMDA loans originated and purchased by the bank, 297 (2.3 percent) were in the Florida assessment areas. Of the 13,919 small business loans originated and purchased by the bank during the review period, 141 (1.0 percent) were in the Florida assessment areas.

Conclusions with Respect to Performance Tests in Florida

Lending Test

In Florida, the bank's overall Lending Test rating is *High Satisfactory*. Lending activity reflects adequate responsiveness to assessment areas' credit needs. The overall lending activity in Florida was brought down by the low level of lending activity in the limited-scope assessment area. The geographic distribution of loans reflects good penetration throughout the assessment areas. In addition, the distribution of borrowers reflects good penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank makes a relatively high level of community development loans.

The bank is both a small business and HMDA lender. During the review period, the bank reported 141 (32.2 percent) small business loans compared to 297 (67.8 percent) HMDA loans in Florida. Therefore, small business lending was given less weight than HMDA lending in determining the bank's Lending Test rating in the state of Florida. While the bank also makes small farm loans, none were made in the state during the review period and therefore are not considered in the overall evaluation of the bank's CRA performance.

References are made to the bank's lending distribution by geography and borrower income throughout this report. Detailed information about the bank's HMDA- and CRA-reportable loans can be found in tables in Appendices F and G, respectively.

Geographic Distribution and Distribution by Borrower Income and Business Revenue Size

Consistent with the performance standards for a large bank, conclusions about the bank's distribution of lending within its assessment areas considers; the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the bank's assessment areas; home mortgage loans to low-, moderate-, middle-, and upper-income individuals; small-business loans to businesses with gross annual revenues of \$1 million or less and small-business loans by loan amount at origination.

The CRA emphasizes the importance of banks serving the credit needs of their assessment areas, including LMI borrowers and areas. The bank's distribution of lending to borrowers reflects a good penetration among individuals of different income levels (including LMI) and businesses of different

revenue sizes. Fort Lauderdale – West Palm Beach, the only full-scope assessment area in the state, was considered good. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for the assessment area.

The geographic distribution of loans reflects good penetration throughout the assessment area. Fort Lauderdale – West Palm Beach, the only full-scope assessment area in the state, was considered good. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for the assessment area.

Community Development Lending

In Florida, the bank makes a relatively high level of community development loans. During the review period, the bank originated 19 community development loans for \$10.4 million in Florida representing 1.9 percent of the bank's total community development loans and 0.5 percent by total dollar amount, respectively.

The community development loans originated in Florida during the evaluation period were split between affordable housing and revitalization and stabilization efforts. The table below summarizes the bank's community development lending. The majority of revitalization and stabilization lending (seven loans totaling \$7.7 million) was associated with the Paycheck Protection Program, implemented in response to the COVID-19 pandemic. The bank's participation in this program reflects responsiveness to the needs of the community as an estimated 3.2 million jobs were retained due to funds lent through the program.⁴

Community Development Lending Florida Assessment Areas		
Purpose	Number	\$(000s)
Affordable Housing	10	2,456
Revitalize and Stabilize	9	7,958
Institution Total	19	10,414

Additionally, investments made by the institution to third-party community development organizations helped enabled those organizations to make 187 qualified community development loans benefitting several regions, including the state of Florida. The bank's pro-rata share of those third-party loans credited to the institution total \$1.1 million; this is in addition to the total referenced above.

Investment Test

In Florida, the bank's overall Investment Test rating is *High Satisfactory*. The bank has an excellent level of qualified community development investments and grants, though the bank is rarely in a leadership position in the state. The bank's investments were primarily focused on affordable housing, with the investments consisting of qualifying mortgage-backed securities and projects qualifying for low-income housing tax credits. Qualified donations during the review period served an array of purposes, with the majority benefitting organizations that perform qualified community services targeted to low- or moderate-income individuals.

⁴ Forbes. "How Many Jobs Were Saved Because of PPP Loans?" forbes.com.
<https://www.forbes.com/advisor/loans/how-many-jobs-were-saved-because-of-ppp-loans/>
(accessed March 31, 2021)

Community Development Investments and Donations Florida Assessment Areas								
Assessment Area	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Full Review:								
Fort Lauderdale – West Palm Beach	18	16,555	9	10,961	114	536	141	28,052
Limited Review:								
Naples	3	526	1	12	15	64	19	602
Statewide	-	-	2	114	1	5	3	119
Total	21	17,081	12	11,087	130	605	163	28,773

Additionally, the bank provided \$500,000 in investments to Lendistry, a minority led community development financial institution (CDFI) that ranks second nationwide in SBA Community Advantage lending. The funds provided to Lendistry were used by the CDFI to make loans in the Naples, FL Assessment Area, and the bank elected to have those funds considered under the Lending Test, however the impact of the investments should be noted.

Service Test

In Florida, the bank's overall Service Test rating is *High Satisfactory*.

Retail Services

The bank's retail and community development services reflect good responsiveness to the needs of the assessment area. The bank's delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in its assessment area. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI income geographies. Banking services and hours of operations do not vary in a way that inconveniences the assessment area, particularly in LMI geographies or to LMI individuals.

Distribution of Branches and ATMs Florida Assessment Areas							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full Service ATMs	
				#	%	#	%
Low	6.3	5.8	5.1	0	0.0	0	0.0
Moderate	28.4	28.1	22.4	1	14.3	1	16.7
Middle	31.1	33.0	31.6	2	28.6	2	33.3
Upper	33.1	32.9	40.6	4	57.1	3	50.0
Unknown	1.1	0.2	0.3	0	0.0	0	0.0
Total	100.0	100.0	100.0	7	100.0	6	100.0

Community Development Services

The bank provides a relatively high level of community development services. Staff provided community development services to approximately 55 organizations within the state of Florida totaling 969 hours. Particularly noteworthy is the bank's participation as board and committee members for community service organizations. During the review period, bank staff served in those capacities for 32 organizations throughout the state of Florida.

METROPOLITAN AREAS (Full-Scope Review)**Description of Operations in Fort Lauderdale – West Palm Beach, FL Assessment Area**

The Fort Lauderdale – West Palm Beach, FL Assessment Area includes Broward and Palm Beach counties. Broward and Palm Beach counties make up the entirety of the Fort Lauderdale – Pompano Beach – Sunrise, FL Metropolitan Division (MD) and the West Palm Beach – Boca Raton – Boynton Beach, FL MD, respectively. These MDs, along with the Miami – Miami Beach – Kendall, FL MD (Miami-Dade County), which is excluded from the assessment area, make up the Miami–Fort Lauderdale–Pompano Beach, FL Metropolitan Statistical Area (MSA).

According to the 2010 census, the Fort Lauderdale – West Palm Beach, FL Assessment Area population was 3,068,200, which was 16.3 percent of the total population in the state of Florida. ACS 2019 population estimates reflect an assessment area population of 3,449,548, an increase of 12.4 percent since 2010. The assessment area population is distributed among several cities, with no city representing more than 6 percent of the assessment area population, and seven cities containing between 3.0 percent and 5.3 percent of the total assessment area population.

Population Changes			
Fort Lauderdale – West Palm Beach, FL Assessment Area			
County	2019 Population Estimate	% Increase Since 2010	Major Municipalities
Broward County	1,952,778	13.4	Fort Lauderdale*, Pembroke Pines, Hollywood, Miramar, Coral Springs
Palm Beach County	1,496,770	11.7	West Palm Beach*, Boca Raton, Daytona Beach

*Denotes County Seat

As of December 31, 2020, the bank operated six branches in the assessment area representing 1.4 percent of its total branches. None of the branches are located in low-income census tracts. One branch is in a moderate-income census tract, two are in middle-income census tracts, and three are located in upper-income tracts.

According to the FDIC, as of June 30, 2020, the bank had \$281 million in deposits in the Fort Lauderdale – West Palm Beach, FL Assessment Area, representing 0.41 percent of the bank's total deposits. This also represents a market share of 0.2 percent, which includes all other FDIC-insured deposits that are located within the assessment area. The bank ranks 33rd out of 61 total FDIC-insured institutions in the assessment area. Bank of America holds the largest deposit market share at 20.3 percent, followed by Wells Fargo Bank at 18.6 percent, and JPMorgan Chase Bank at 11.3 percent.

In 2018, there were 902 financial institutions that reported HMDA data in the Fort Lauderdale – West Palm Beach, FL Assessment Area. The bank ranked 100th in HMDA market share with 0.1 percent of total HMDA-reportable originations and purchases. Wells Fargo Bank and Quicken Loans led the market with 8.5 percent and 4.8 percent of market share, respectively. In 2019, 945 institutions reported HMDA data in the assessment area. Comerica Bank ranked 124th in market share with less than 0.1 percent of the market. United Shore Financial Service and Wells Fargo led the market with 6.6 percent and 6.5 percent of the market, respectively. Many of the

Fort Lauderdale – West Palm Beach, FL Assessment Area

bank's competitors are statewide and national banks, and it appears competition could have adversely affected the bank's ability to serve the credit needs of its assessment area.

For 2018, there were 214 financial institutions that reported CRA small business lending data in the Fort Lauderdale – West Palm Beach, FL Assessment Area. The bank ranked 53rd with less than 0.1 percent of total CRA-reportable originations and purchases during the year. American Express National Bank and Bank of America dominated the market with 26.7 percent and 15.3 percent of the market share, respectively. During 2019, 204 institutions reported CRA data in the assessment area. Comerica again ranked 53rd, with less than 0.1 percent of the market share. In 2019, American Express National Bank and Bank of America led the market with 27.1 percent and 15.9 percent of the market, respectively. Many of the bank's competitors are statewide and national banks, and it appears competition could have adversely affected the bank's ability to serve the credit needs of its assessment area, specifically regarding small business lending.

Demographic Characteristics

During the review period, the Fort Lauderdale – West Palm Beach, FL Assessment Area was made up of 669 census tracts. Of the total tracts, 41 (6.1 percent) were classified as low-income, 196 (29.3 percent) were moderate-income, 205 (30.6 percent) were middle-income, 220 (32.9 percent) were upper-income, and the remaining seven tracts (1.0 percent) were designated as having an unknown income level.

Demographics and economic information impacting the bank's performance context are discussed below.

Income Characteristics

For purposes of classifying borrower income, this evaluation utilizes 2015 U.S. Census estimated data. The following chart reflects the estimated median family income for the review period for the Fort Lauderdale – West Palm Beach, FL Assessment Area. It also provides a range of the estimated annual family income for each income category (low, moderate, middle, and upper). According to available data, approximately 10.9 percent of families in the assessment area lived below the poverty level.

Median Family Income Fort Lauderdale – West Palm Beach, FL Assessment Area		
Income Level	2018	2019
Median Family Income	\$65,700	\$68,600
Low-income	< \$32,850	< \$34,300
Moderate-income	\$32,850 < \$52,560	\$34,300 < \$54,880
Middle-income	\$52,560 < \$78,840	\$54,880 < \$82,320
Upper-income	≥ \$78,840	≥ \$82,320

Housing Characteristics

According to 2015 census estimates, there were a total of 1,443,810 housing units in the Fort Lauderdale – West Palm Beach, FL Assessment Area. Of the total housing in the assessment area, 53.2 percent of the units were classified as owner-occupied units, 27.7 percent were rental units, and the remaining 19.1 percent were vacant.

Low-income census tracts contained 5.4 percent of the total housing stock in the assessment area. The majority of housing units in the low-income census tracts (51.1 percent) were rental units, with the remainder split between owner-occupied units (27.7 percent) and vacant units (21.2 percent). The median age of all units in these tracts was 44 years with a median housing value of \$84,990. Monthly mortgage payments for a 30-year loan at 3.85 percent interest⁵ on a \$84,990 home were approximately \$319. While this could be considered affordable compared to the median gross rent in low-income census tracts of \$968, barriers to home purchase such as down-payment requirements may impede home ownership. Additionally, 35.4 percent of families in low-income census tracts within the assessment area had incomes below the poverty level, which may make it difficult to qualify for a loan.

Moderate-income census tracts accounted for 28.5 percent of the total housing stock in the assessment area according to 2015 data. The largest portion of these units, 45.9 percent, were classified as owner-occupied, while 34.2 percent were rental units, and 19.9 percent were vacant. The housing stock in moderate-income census tracts in the assessment area had a median age of 45 years and median value of \$98,123. A 30-year fixed-rate loan with an interest rate of 3.85 percent would have a monthly mortgage payment of approximately \$460. This is more affordable than the reported median gross rent in these tracts of \$1,060. However, for the 17.7 percent of families in these census tracts which reported incomes below poverty level, qualifying for a mortgage may be difficult.

A large portion of the housing stock in the assessment area, 32.4 percent, was located in middle-income census tracts. In these tracts, the majority of units, 55.6 percent were owner-occupied, 27.7 percent were rental units, and 16.7 percent were vacant. The units in middle-income tracts were younger than those in low- or moderate-income tracts, with a median age of 38 years. According to 2015 data, the median housing value in middle-income tracts was \$168,852.

The largest portion of the assessment area's housing stock, at 33.6 percent, was in upper-income tracts. Most units in these tracts were owner-occupied, representing 61.2 percent of total units, with 18.5 percent categorized as rental units, and 20.3 percent were vacant. The median age of the housing stock in upper-income census tracts was 34 years, with a median value of \$326,113.

Employment and Economic Conditions

Unemployment rates for Broward and Palm Beach counties are lower than the national unemployment average, and similar to the annual unemployment rates for the state of Florida. The national average unemployment rates in 2018 and 2019 were 3.9 percent and 3.7 percent, respectively. Unemployment rates for every level decreased from 2018 to 2019 before increasing drastically in 2020. This rise in unemployment is attributable to the impact of the COVID-19 pandemic on the U.S. economy.

The following chart shows unemployment rates relevant to the assessment area for the lending and community development review periods, 2018 through 2020.

⁵ Available historical data from FreddieMac on 30-Year Fixed-Rate Mortgages indicate an Annual Average rate of 3.85 percent in 2015. <http://www.freddiemac.com/pmms/pmms30.html>

Fort Lauderdale – West Palm Beach, FL Assessment Area

Annual Average Unemployment Rate			
Fort Lauderdale – West Palm Beach, FL Assessment Area			
AREA	2018	2019	2020
Broward County	3.4	3.0	8.6
Palm Beach County	3.6	3.3	7.7
Assessment Area	3.5	3.1	8.2
State of Florida	3.6	3.1	7.7
United States	3.9	3.7	8.1

The Fort Lauderdale – West Palm Beach, FL Assessment Area is one of the larger population centers of Florida; 16.3 percent of the state’s population resides within the assessment area, and Broward and Palm Beach counties are the second and third most populous counties in the state, respectively. The Fort Lauderdale – Pompano Beach – Sunrise, FL MD (Broward County) and the West Palm Beach – Boca Raton – Boynton Beach, FL MD (Palm Beach County) had 2019 gross domestic products (GDPs) of \$115 billion (ranked 20th among U.S. MDs) and \$87 billion (ranked 23rd), respectively⁶.

The assessment area economy is diverse, with major employers representing a wide range of industries from education to health care, manufacturing, and agriculture. Tourism remains one of the largest industries in the area, with more than 20 million visitors traveling to the assessment area annually and generating approximately \$16 billion in revenue.

Community Contacts and Community Development Opportunities

As part of the evaluation of the Fort Lauderdale – West Palm Beach, FL Assessment Area, one community contact involved in affordable housing was made. The contact highlighted the need for additional affordable housing, financial literacy, small business education, and economic development in the assessment area.

Key Assessment Area Demographics

The following table details selected characteristics of the assessment area.

⁶ U.S. Bureau of Economic Analysis. “Gross Domestic Product by County and Metropolitan Area” BEA.gov. https://apps.bea.gov/iTable/drilldown.cfm?reqid=70&stepnum=40&Major_Area=8&State=8&Area=XX&TableId=501&Statistic=1&Year=2019&YearBegin=-1&Year_End=-1&Unit_Of_Measure=Levels&Rank=1&Drill=1&nRange=5 (accessed February 23, 2021)

Fort Lauderdale – West Palm Beach, FL Assessment Area

Combined Demographics Report

Assessment Area: FL - Fort Lauderdale-West Palm Beach

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	41	6.1	35,229	4.8	12,467	35.4	164,967	22.6
Moderate-income	196	29.3	193,594	26.5	34,224	17.7	127,349	17.4
Middle-income	205	30.6	237,964	32.6	21,248	8.9	134,575	18.4
Upper-income	220	32.9	263,243	36	11,614	4.4	303,897	41.6
Unknown-income	7	1	758	0.1	99	13.1	0	0
Total Assessment Area	669	100.0	730,788	100.0	79,652	10.9	730,788	100.0
	Housing	Housing Types by Tract						
	Units by Tract	Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	78,121	21,666	2.8	27.7	39,924	51.1	16,531	21.2
Moderate-income	411,326	188,905	24.6	45.9	140,621	34.2	81,800	19.9
Middle-income	467,122	259,765	33.8	55.6	129,493	27.7	77,864	16.7
Upper-income	485,253	296,803	38.6	61.2	89,867	18.5	98,583	20.3
Unknown-income	1,988	851	0.1	42.8	599	30.1	538	27.1
Total Assessment Area	1,443,810	767,990	100.0	53.2	400,504	27.7	275,316	19.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	14,887	5.3	13,220	5.1	1,543	9.9	124	4.3
Moderate-income	65,501	23.4	60,815	23.2	4,224	27.1	462	16
Middle-income	86,075	30.7	81,266	31.1	4,093	26.2	716	24.7
Upper-income	112,791	40.3	105,550	40.4	5,661	36.3	1,580	54.6
Unknown-income	833	0.3	732	0.3	88	0.6	13	0.4
Total Assessment Area	280,087	100.0	261,583	100.0	15,609	100.0	2,895	100.0
	Percentage of Total Businesses:			93.4		5.6		1.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	49	3.9	47	3.8	2	5.1	0	0
Moderate-income	192	15.1	185	15	7	17.9	0	0
Middle-income	373	29.4	363	29.5	10	25.6	0	0
Upper-income	651	51.3	631	51.3	20	51.3	0	0
Unknown-income	5	0.4	5	0.4	0	0	0	0
Total Assessment Area	1,270	100.0	1,231	100.0	39	100.0	0	.0
	Percentage of Total Farms:			96.9		3.1		.0

2019 FFIEC Census Data and 2019 D&B Information

Conclusions with Respect to Performance Tests

Lending Test

Lending activity in the Fort Lauderdale – West Palm Beach, FL Assessment Area reflects good responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area. In addition, the distribution of borrowers reflects good penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank makes a relatively high level of community development loans.

The bank is both a small business and HMDA lender. During the review period, the bank reported 250 (64.4 percent) compared to 138 (35.6 percent) small business loans in the Fort Lauderdale – West Palm Beach, FL Assessment Area. Therefore, HMDA lending was given greater weight in determining the bank's Lending Test rating in the assessment area.

Details of the bank's mortgage and small business lending and information regarding lending by aggregate lenders can be found in Appendix F.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The bank's distribution of lending to borrowers reflects a good penetration among individuals of different income levels (including LMI) and businesses of different revenue sizes. As previously mentioned, HMDA lending received the greatest weight when determining overall ratings. The distribution of the remainder of bank lending to middle- and upper-income borrowers did not affect conclusions about the bank's performance considering its lending to LMI borrowers.

HMDA Lending

HMDA lending by borrower income in the assessment area is considered excellent when compared to demographic characteristics of the community, as well as the performance of aggregate HMDA lenders with loan originations or purchases in the assessment area.

The bank's HMDA lending to low-income borrowers in the Fort Lauderdale – West Palm Beach, FL Assessment Area is excellent. In 2018, the bank originated 26 loans to low-income borrowers, representing 17.2 percent of HMDA-reportable loans (7.1 percent by dollar volume) in the assessment area. While this performance did not meet the 22.6 percent of assessment area families that were classified as low-income, the bank outperformed aggregate lenders, which originated only 4.0 percent of HMDA-reportable loans (1.7 percent by dollar) to low-income borrowers in 2018. The bank's performance declined in 2019, originating nine HMDA loans (9.1 percent) to low-income borrowers, accounting for only 3.7 percent by dollar volume. However, the bank continues to out-perform aggregate lenders which originated 3.7 percent of HMDA loans (1.6 percent by dollar) to low-income borrowers.

Comerica's HMDA lending to moderate-income borrowers in the Fort Lauderdale – West Palm Beach, FL Assessment Area is excellent. In 2018, 54 loans, representing 35.5 percent of HMDA-reportable loans in the assessment area (19.2 percent by dollar volume) to moderate-income borrowers. This performance well outpaced aggregate lenders, which originated 13.4 percent of

HMDA loans by number, and 7.3 percent by dollar volume, to moderate-income borrowers. Additionally, the bank's performance was above the 17.4 percent of assessment area families classified as moderate-income. In 2019, the bank again outperformed aggregate lenders and demographic data, originating 32.3 percent of HMDA-reportable loans by number and 18.2 percent by dollar volume to moderate-income borrowers. During the same period, aggregate lenders originated 13.5 percent by number and 7.3 percent by dollar volume to moderate-income borrowers.

Small Business Lending

Considering the bank's performance when compared to the aggregate, the borrower distribution of small business loans by revenue size of businesses is adequate. This assessment area represents only 1.1 percent of the bank's total small business lending during the review period.

In 2018, the bank originated 32.0 percent of its loans, representing 29.6 percent by dollar volume, to businesses with gross annual revenue of \$1 million or less. Aggregate CRA lenders originated 46.1 percent (29.6 percent by dollar) to small businesses during the same period. In 2018, the bank again lagged behind aggregate lenders, originating 36.5 percent of loans (22.4 percent by dollar) to small businesses while aggregate lenders originated 47.7 percent of loans (31.1 percent by dollar) to small businesses. In both 2018 and 2019, available data indicates that 93.4 percent of all businesses in the Fort Lauderdale – West Palm Beach, FL Assessment Area reported gross annual revenues of \$1 million or less.

Of the total 138 small business loans originated by the bank in the assessment area during the review period, 25.4 percent were reported as being to businesses with unknown revenues. The regulations do not require institutions to request or consider revenue information when making a loan; however, the material portion of small business loans without revenue information may impact overall distribution of loans. The institution indicated that many of the unknown revenue loans reported were from the bank's commercial credit card product which are likely to be originated to borrowers with gross annual revenues over \$1 million. The bank's credit card program which is more likely to be utilized by small businesses is offered through the bank's partnership with Elan Financial Services and is therefore not reported by the institution as CRA lending.

Another way to gauge the bank's small business lending performance is to review the data by loan amount. Small businesses typically require smaller dollar credits. In this regard, it is noted that a significant portion of the bank's small business loans were made in loan amounts of \$100,000 or less. In 2018, 42.7 percent of the bank's small business loans were originated in loan amounts of \$100,000 or less (compared to 96.3 percent of aggregate small business loans), with another 21.3 percent in loan amounts between \$100,000 and \$250,000 (2.1 percent of aggregate). In 2019, 30.2 percent of the bank's small business loans were originated in loan amounts of \$100,000 or less (96.4 percent of aggregate), and 20.6 percent in loan amounts between \$100,000 and \$250,000 (2.2 percent of aggregate).

Geographic Distribution of Loans

For this analysis, the geographic distribution of small business lending and HMDA lending, including both originations and purchases, was compared with available demographic information. Performance context issues and aggregate lending data were taken into

consideration. Considering all of these factors, the bank's geographic distribution of loans reflects good penetration throughout the assessment area. Loans were generally made in close proximity to the bank's branches and there were no conspicuous gaps or anomalies in the lending patterns.

HMDA Loan Geographic Distribution

The geographic distribution of HMDA loans reflects good penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders. As the bank made very few multi-family loans or other purpose lines of credit in the Fort Lauderdale – West Palm Beach, FL Assessment Area during the review period, these product lines were not significant and not analyzed separately.

Home Purchase Lending

The bank's geographic distribution of home purchase lending in the Fort Lauderdale – West Palm Beach, FL Assessment Area during the review period is excellent.

Only 2.8 percent of owner-occupied units were located within these tracts during the review period, indicating a lower demand for home purchase loans than in other tracts. In 2018, the bank originated only one home purchase loan in a low-income census tract, representing 1.6 percent of the total home purchase loans (1.3 percent by dollar) in the assessment area. This is comparable to the performance of aggregate lenders, which originated only 2.7 percent by number and 1.8 percent by dollar in these tracts. In 2019, the bank's performance improved, originating 8.6 percent by number (6.6 percent by dollar) in low-income census tracts. This was greater than the performance of aggregate lenders, which originated 2.8 percent by number and 1.9 percent by dollar in low-income census tracts in 2019.

In 2018, the bank originated 57.4 percent of its Fort Lauderdale – West Palm Beach, FL Assessment Area home purchase loans in middle-income census tracts (45.8 percent by dollar), which is significantly more than the 24.6 percent of owner-occupied units in these tracts. Additionally, the bank's 2018 performance more than doubled that of aggregate lenders, which originated 24.5 percent by number and 17.3 percent by dollar in moderate-income census tracts. The bank excelled again in 2019, originating 68.6 percent by number and 57.3 percent by dollar in moderate-income census tracts, compared to aggregate lending levels of 25.0 percent (17.8 percent by dollar).

The distribution of the remainder of home purchase lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Home Refinance Lending

The bank's geographic distribution of home refinance lending in the Fort Lauderdale – West Palm Beach, FL Assessment Area during the review period is good.

During the review period, 2.8 percent of owner-occupied units were located in low-income tracts. The bank originated 5.9 percent of home refinance loans (1.7 percent by dollar) in low-income tracts, outpacing both demographics and aggregate lending performance at 2.2 percent of refinance loans (1.5 percent by dollar). The bank's performance in 2019 was similarly above

aggregate data; originating 7.7 percent of refinance loans (3.4 percent by dollar) in low-income tracts, compared to aggregate lenders 1.9 percent of loans and 1.4 percent by dollar.

In 2018, the bank outperformed aggregate lending data, originating 37.3 percent of refinance loans (17.0 percent by dollar) in moderate-income tracts compared to aggregate lenders' 20.2 percent of loans (13.6 percent by dollar) in these tracts. The bank's performance compared favorably to demographics, as 24.6 percent of owner-occupied units were in moderate-income tracts during the review period. In 2019, the bank's performance fell below aggregate lender performance. The bank originated 14.3 percent of home refinance loans (14.1 percent by dollar) in moderate-income tracts while aggregate lenders originated 15.5 percent of home refinance loans (10.4 percent by dollar) in these tracts.

The distribution of the remainder of home refinance lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Home Improvement Lending

The bank's geographic distribution of home improvement lending in the Fort Lauderdale – West Palm Beach, FL Assessment Area during the review period is good.

The bank originated a total of 27 home improvement loans during the review period in the Fort Lauderdale – West Palm Beach assessment area, significantly fewer than home purchase or refinance originations during this period. Low-income census tracts contained 2.8 percent of the owner-occupied units in the assessment area. Despite this low percentage of owner-occupied units, aggregate lenders struggled to meet this level of performance. In 2018, aggregate lenders originated 1.6 percent of home improvement loans in low-income tracts (1.2 percent by dollar). Aggregate performance dropped in 2019, when aggregate lenders originated only 1.3 percent of home improvement loans (0.9 percent by dollar) in low-income tracts. Aggregate performance is indicative of the low demand for this loan product in low-income census tracts.

In 2018, the bank originated 30.8 percent of its home improvement loans in moderate-income tracts (35.5 percent by dollar), while aggregate lenders originated 15.5 percent of home improvement loans (10.4 percent by dollar) in these tracts. The bank outperformed both aggregate lenders and demographic information, as 24.6 percent of owner-occupied units were in moderate-income tracts during the review period. In 2019, the bank's performance fell below demographics, originating 14.3 percent of home improvement loans (14.1 percent by dollar) in moderate-income tracts. This performance remained comparable to aggregate lenders, which originated 15.5 percent of home improvement loans (10.4 percent by dollar) in moderate-income tracts.

The distribution of the remainder of home improvement lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Small Business Loan Geographic Distribution

Fort Lauderdale – West Palm Beach, FL Assessment Area

The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders.

In 2018, the bank originated 6.7 percent of small business loans (7.2 percent by dollar volume) in low-income census tracts; performing comparably to aggregate lenders, which originated 5.7 percent of small business loans (7.9 percent by dollar) in low-income tracts. In 2019, the bank outperformed both aggregate lenders and demographic data, originating 11.1 percent of small business loans (16.8 percent by dollar) in low-income tracts, while these tracts contained 5.3 percent of assessment area businesses. Further, in 2019, aggregate lenders originated 5.9 percent of small business loans (7.6 percent by dollar) in low-income tracts.

In 2018, the bank originated 24.0 percent of small business loans (20.9 percent by dollar) in moderate-income census tracts, which contained 23.4 percent of assessment area businesses during the review period. This performance is comparable to aggregate lenders, which originated 22.3 percent of small business loans (23.8 percent by dollar) in these tracts. In 2019, the bank's performance fell slightly, originating 19.0 percent of small business loans (12.9 percent by dollar) in moderate-income tracts, while aggregate lenders originated 23.5 percent of loans (24.0 percent by dollar) in these tracts.

The distribution of the remainder of small business lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies. The bank's small business lending in middle- and upper-income tracts was comparable to the percentages of businesses in these areas. When compared to aggregate lending data, the bank originated comparable levels of loans in these tracts during the review period.

Community Development Lending

In the Fort Lauderdale – West Palm Beach Assessment Area, the bank makes a relatively high level of community development loans. During the review period, the bank originated a total of 18 community development loans for \$9.4 million in the assessment area. Additionally, one loan benefitting the statewide area provided \$1 million to affordable housing efforts.

The community development loans originated in the Fort Lauderdale – West Palm Beach, FL Assessment Area during the evaluation period were split between affordable housing and revitalization and stabilization efforts. The table below summarizes the bank's community development lending. Several of the community development loans (seven loans totaling \$7.9 million) were associated with the Paycheck Protection Program, implemented in response to the COVID-19 pandemic. The bank's participation in this program reflects responsiveness to the needs of the community. Additionally, the bank's performance represents a substantial increase since the institution's previous CRA evaluation.

Community Development Lending Fort Lauderdale – West Palm Beach, FL Assessment Area		
Purpose	Number	\$(000s)
Affordable Housing	11	1,528
Revitalize and Stabilize	7	7,886
Total	18	9,414

Investment Test

The bank has an excellent level of qualified community development investments and grants, though the bank is rarely in a leadership position in the assessment area. The bank's investments were focused on affordable housing, with the investments consisting of qualifying mortgage-backed securities and projects qualifying for low-income housing tax credits. Qualified donations during the review period served an array of purposes, with the majority benefitting organizations that perform qualified community services targeted to low- or moderate-income individuals.

Community Development Investments and Donations Fort Lauderdale – West Palm Beach, FL Assessment Area								
Purpose	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Affordable Housing	18	16,555	9	10,961	16	56	43	27,572
Community Service	-	-	-	-	75	331	75	331
Economic Development	-	-	-	-	23	149	23	149
Total	18	16,555	9	10,961	114	536	141	28,052

The bank's investment activity in the Fort Lauderdale – West Palm Beach, FL Assessment Area increased significantly since the previous examination. The bank's focus on affordable housing has remained steady across multiple review periods and is steered by the bank's Community Development Advisory Councils' identification of affordable housing as a significant need in the assessment area.

Service Test

In Fort Lauderdale – West Palm Beach, FL Assessment Area, the bank's retail, and community development services reflect good responsiveness to the needs of the assessment area. The bank's branch hours are reasonable, and services do not vary in a way that inconveniences low- or moderate-income geographies or individuals. The bank provides a relatively high level of community development services, and delivery systems are accessible to the assessment area.

Retail Services

The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in its assessment area. The distribution of the bank's six branch offices and six ATMs as of December 31, 2020, was compared to the distribution of the population and businesses among the tract categories within the assessment area. The table below summarizes the bank's retail locations in the Fort Lauderdale – West Palm Beach, FL Assessment Area.

Distribution of Branches and ATMs Fort Lauderdale – West Palm Beach, FL Assessment Area							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full Service ATMs	
				#	%	#	%
Low	6.1	5.6	5.3	0	0.0	0	0.0
Moderate	29.3	28.7	23.4	1	16.7	1	16.7
Middle	30.6	32.4	30.7	2	33.3	2	33.3
Upper	32.9	33.1	40.3	3	50.0	3	50.0
Unknown	1.0	0.2	0.3	0	0.0	0	0.0
Total	100.0	100.0	100.0	6	100.0	6	100.0

While the bank only operates a single branch within a LMI census tract in the Fort Lauderdale – West Palm Beach, FL Assessment Area, two of the branches located in upper-income census tracts are within one mile of LMI tracts.

The bank did not open or close any branches in the assessment area during the review period. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI income geographies. Banking services and hours of operations do not vary in a way that inconveniences the assessment area, particularly in LMI geographies or to LMI individuals. The level of branch services and hours offered are basically the same throughout the assessment area.

Community Development Services

The bank provides a relatively high level of community development services in the assessment area. The bank's employees served in various capacities, including boards of directors and as trustees, for 19 community development financial organizations offering community development services that aided LMI individuals. Total hours served during the review period was approximately 853 hours.

METROPOLITAN AREA (Limited-Scope Review)

Description of Operations

- **Naples – Marco Island MSA Assessment Area**
 - As of December 31, 2020, the bank operated one branch in the assessment area, representing 0.2 percent of its total branches.
 - As of June 30, 2020, the bank had \$26.0 million in deposits in this assessment area, representing a market share of 0.14 percent. The \$26.0 million also represents 0.04 percent of the bank’s total deposits.

Conclusions with Respect to Performance Tests

Through the use of available facts and data, including performance and demographic information, each assessment area’s performance was evaluated and compared with the bank’s performance in the state. Conclusions regarding performance are provided in the table below. Please refer to the tables in Appendix G for information regarding these areas. Additional information regarding detailed demographic information and the HMDA and CRA lending for the limited-scope assessment areas can be found in Appendix D.

Assessment Area	Lending Test	Investment Test	Service Test
Naples – Marco Island	Below	Consistent	Below

The institution’s Lending Test performance in the limited-scope assessment area is below the institution’s performance in the state. However, the bank’s state level rating is not altered by this performance. The bank’s investment performance in the area is consistent with the institution’s performance in the state. Service test performance is below the institution’s performance in the state; however, it does not change the rating for the state.

State of Michigan

CRA Rating for Michigan: Satisfactory
The Lending Test is Rated: High Satisfactory
The Investment Test is Rated: High Satisfactory
The Service Test is Rated: High Satisfactory

Summary of Major Factors Supporting Rating

Major factors supporting the institution's rating include:

- The bank's lending activity reflects good responsiveness to assessment areas' credit needs.
- The geographic distribution of loans reflects excellent penetration throughout the assessment areas.
- The distribution of HMDA lending reflects good penetration among customers of different income levels.
- The distribution of small business lending reflects adequate penetration among business of different revenue sizes.
- Comerica is a leader in making community development loans in the state.
- The bank makes use of innovative and/or flexible lending practices in serving assessment areas' needs.
- The bank has an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors and is often in a leadership position.
- Comerica exhibits good responsiveness to credit and community development needs.
- The bank's delivery systems are accessible to the geographies and individuals of different income levels in the assessment areas.
- The bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.
- Services offered by the bank do not vary in a way that inconveniences its assessment areas, particularly LMI geographies and/or LMI individuals.
- Comerica provides a relatively high level of community development services.

Scope

Two assessment areas were selected for full-scope reviews based on the volume of lending, number of branches, and percent of total deposits, as well as the length of time since the last full-scope review. Overall, approximately 75.3 percent of lending activity (by number of loans), 91.7 percent of the total deposits, and 75.7 percent of total branches within Michigan were evaluated through the full-scope reviews. The following assessment areas, were reviewed using full-scope procedures. Descriptions of the assessment areas, listed below, can be found in the applicable assessment area sections of this report.

- Lansing – East Lansing, MI Assessment Area
- Southeast Michigan Assessment Area

In addition, limited-scope reviews were conducted for the remaining nine assessment areas, including:

State of Michigan

- Ann Arbor, MI Assessment Area
- Battle Creek, MI Assessment Area
- Fenton, MI Assessment Area
- Grand Rapids – Wyoming, MI Assessment Area
- Jackson, MI Assessment Area
- Kalamazoo, MI Assessment Area
- Lenawee County, MI Assessment Area
- Midland, MI Assessment Area
- Muskegon, MI Assessment Area

The time period, products, and affiliates evaluated for this state are consistent with the scope discussed in the Institution section of this report. The bank's performance in the Southeast Michigan Assessment Area was given greater consideration because this assessment area is a strategic focus of the institution and is home to the majority of bank activity in the state of Michigan.

Description of Institution's Operations in Michigan

The bank operates 189 branch offices in its assessment areas in Michigan, representing 43.8 percent of total branches. As of June 30, 2020, the bank had \$35.5 billion in deposits in the state, representing 51.8 percent of total deposits. According to the June 30, 2020 FDIC Summary of Deposits, the bank had a deposit market share of 12.5 percent and ranked second out of 114 FDIC-insured financial institutions across the state. Of the 13,131 HMDA loans originated and purchased by the bank, 4,879 (37.2 percent) were in the Michigan assessment areas. Of the 13,919 small business loans originated and purchased by the bank, 6,086 (43.7 percent) were in the bank's Michigan assessment areas.

Conclusions with Respect to Performance Tests in Michigan

Lending Test

In Michigan, the bank's overall Lending Test rating is *High Satisfactory*. Lending activity reflects good responsiveness to the credit needs of the assessment areas. The geographic distribution of loans reflects excellent penetration throughout the assessment areas. The distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank is a leader in making community development loans.

During the review period, the bank reported 6,086 (55.4 percent) small business loans in Michigan assessment areas, compared to 4,879 (44.4 percent) HMDA loans. Therefore, small business lending was given more weight than HMDA lending in determining the bank's Lending Test rating in the state. While the bank also makes small farm loans, the volume is minimal and not considered in the overall evaluation of the bank's CRA performance.

References are made to the bank's lending distribution by geography and borrower income throughout this report. Detailed information about the bank's HMDA- and CRA-reportable loans can be found in tables in Appendices F, G, and H.

Geographic Distribution and Distribution by Borrower Income and Business Revenue Size:

Consistent with the performance standards for a large bank, conclusions about the bank's distribution of lending within its assessment areas considers; the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the bank's assessment areas; home mortgage loans to low-, moderate-, middle-, and upper-income individuals; small-business loans to businesses with gross annual revenues of \$1 million or less; and small-business loans by loan amount at origination.

The CRA emphasizes the importance of banks serving the credit needs of their assessment areas, including LMI borrowers and areas. The bank's distribution of lending to borrowers reflects an adequate penetration among individuals of different income levels (including LMI) and businesses of different revenue sizes. Of the two full-scope assessment areas, borrower distribution within one is good and the other is adequate. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for each assessment area.

The geographic distribution of loans reflects excellent penetration throughout the assessment areas. Of the two full-scope assessment areas, geographic distribution of the bank's HMDA and small business lending in one is considered excellent and activity in the other is considered good. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for each assessment area.

Community Development Lending

In Michigan, the bank is a leader in making community development loans. During the review period, the bank originated 427 community development loans for \$764.3 million in Michigan representing 43.8 percent of the bank's total community development loans and 40.3 percent by total dollar amount, respectively.

The community development loans originated during the evaluation period were for a variety of purposes, though lending to revitalize and stabilize low- or moderate-income geographies made up the largest percentage of the bank's qualified community development lending. The table below summarizes the bank's community development lending.

Community Development Lending Michigan Assessment Areas		
Purpose	Number	\$(000s)
Affordable Housing	12	46,156
Community Services	111	188,345
Economic Development	35	114,418
Revitalize and Stabilize	269	415,409
CD Lending Total	427	764,328

In addition, during the review period, the bank made investments which enabled CDFIs to originate community development loans which benefitted assessment areas within the state of Michigan. The bank's pro rata share of the CDFIs' lending totaled approximately \$1.6 million. The bank's engagement with CDFIs in Michigan enables investment dollars to be used multiple times to support community development activity and is representative of the bank's responsiveness to the credit needs of its assessment areas.

State of Michigan

The bank made use of innovative and flexible lending practices in serving the needs of the bank's Michigan assessment areas. During the review period, the bank's lending in the state of Michigan included several programs specifically targeted toward LMI borrowers and small businesses. This includes a significant level of SBA guaranteed loan originations, as well as Small Business Micro Loan originations, and HomeReady™ Mortgages by Fannie Mae. These products are described in the Institution section above. During the review period, 46.5 percent of the bank's Small Business Micro Loans, 75 percent of the HomeReady™ Mortgages, and 90 percent of the FHA and VA loans originated by the bank were in the state of Michigan.

Investment Test

In Michigan, the bank's overall Investment Test rating is *High Satisfactory*. The bank has an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors and is often in a leadership position. The table below summarizes the bank's community development investments and grants by assessment area within the state. Specific details regarding investments and donations can be found in the Conclusions with Respect to Performance Tests section for each assessment area.

Community Development Investments and Donations Michigan Assessment Areas								
Assessment Area	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Full Review:								
Lansing - East Lansing	4	3,209	10	7,974	41	112	55	11,295
Southeast Michigan	49	56,589	36	54,623	637	4,799	722	116,011
Limited Review:								
Ann Arbor	3	2,342	6	6,177	39	138	48	8,657
Battle Creek	-	-	4	1,490	21	48	25	1,538
Fenton	1	2,000	1	548	14	54	16	2,602
Grand Rapids - Wyoming	7	9,463	12	9,978	110	333	129	19,774
Jackson	2	5,126	3	3,463	25	91	30	8,680
Kalamazoo	3	6,332	2	5	38	81	43	6,418
Lenawee County	-	-	1	142	3	8	4	150
Midland	-	-	1	315	23	36	24	351
Muskegon	1	2,000	1	2,088	22	53	24	4,141
Multiple Michigan AAs	-	-	3	8	-	-	3	8
Statewide	1	350	3	22	8	16	12	388
Total	71	87,411	83	86,833	981	5,769	1,135	180,013

In addition to these state-specific investments and donations, the bank made two investments (totaling approximately \$6,000) and five donations (approximately \$708,000) which benefitted affordable housing efforts and community services in multiple regions, including within the state of Michigan.

During the review period, the bank made occasional use of innovative investments to support CD initiatives and exhibited good responsiveness to the needs of the bank's Michigan assessment areas. The bank made sizable deposits in the only Minority Depository Institution in Detroit, Michigan, and

enhanced relationships with other CDFIs in the state in an effort to enable the CDFIs to further address identified needs in the bank's assessment areas.

Service Test

In Michigan, the bank's overall Service Test rating is *High Satisfactory*.

Retail Services

The bank's Service Test performance is good. Its retail and community development services reflect good responsiveness to the needs of the assessment area. The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in its assessment area. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI income geographies. Banking services and hours of operations do not vary in a way that inconveniences the assessment area, particularly in LMI geographies or to LMI individuals. The table below shows the distribution of the bank's Michigan branches and full service ATMs, compared to demographic information from the bank's Michigan assessment areas.

Distribution of Branches and ATMs Michigan Assessment Areas							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full Service ATMs	
				#	%	#	%
Low	12.6	9.5	7.2	11	5.8	30	11.0
Moderate	23.0	20.6	18.5	47	24.9	75	27.5
Middle	34.5	37.5	35.9	60	31.7	70	25.6
Upper	27.7	31.6	37.5	69	36.5	90	33.0
Unknown	2.2	0.8	0.9	2	1.1	8	2.9
Total	100.0	100.0	100.0	189	100.0	273	100.0

Community Development Services

The bank provides a relatively high level of community development services. Staff provided community development services to approximately 215 organizations within the state of Michigan, totaling 6,181 hours. Particularly noteworthy is the bank's participation as board and committee members for community service organizations. During the review period, bank staff served in those capacities for 82 organizations throughout the state of Michigan. The bank also participated in numerous financial literacy initiatives with LMI schools throughout the state. During the review period, when the bank's Michigan assessment areas were impacted by the COVID-19 pandemic, the bank was able to pivot and offer many of their community development services via web-based media. This allowed the bank to continue to serve its Michigan assessment areas, even when face-to-face services were not possible.

An analysis of the community development services delivered in each full-scope assessment area can be found in the Conclusions with Respect to Performance Tests section for each assessment area.

METROPOLITAN AREAS (Full-Scope Review)**Description of Operations in Lansing – East Lansing, MI Assessment Area**

The Lansing – East Lansing, MI Assessment Area includes Clinton, Eaton, and Ingham counties in the southern portion of the state. These counties, along with Shiawassee County, which is excluded from the assessment area, make up the Lansing – East Lansing, MI MSA.

According to the 2010 census, the Lansing – East Lansing, MI Assessment Area had a population of 464,036, which was 4.7 percent of the total population of the state of Michigan. ACS 2019 population estimates reflect an assessment area population of 482,269 (4.8 percent of the total population of Michigan), an increase of 3.9 percent since 2010, a growth rate comparable to the statewide population growth of 1.0 percent during the same period. According to 2019 estimates, 24.5 percent of the assessment area population is contained within the city of Lansing, Michigan.

Population Changes Lansing – East Lansing, MI Assessment Area			
County	2019 Population Estimate	% Increase Since 2010	Major Municipalities
Clinton County	79,595	5.6	St. Johns*
Eaton County	110,268	2.3	Charlotte*
Ingham County	292,406	4.1	Lansing, East Lansing, Mason*

* Denotes County Seat

As of December 31, 2020, the bank operated seven branches in the assessment area, representing 1.6 percent of its total branches. Of the total, none are located in low-income census tracts, four branches (57.1 percent) are in moderate-income census tracts, two (28.6 percent) are in middle-income census tracts, and one branch (14.3 percent) is located in an upper-income tract.

According to the FDIC, as of June 30, 2020, the bank had \$606.3 million in deposits in the Lansing – East Lansing, MI Assessment Area, representing 0.9 percent of the bank's total deposits. The bank ranks seventh out of 20 total FDIC-insured institutions in the assessment area, with a market share of 7.4 percent. First National Bank of America holds the largest deposit market share at 16.4 percent, followed by PNC Bank, with a market share of 13.0 percent.

In 2018, there were 325 financial institutions that reported a total of 11,719 HMDA loans in the Lansing – East Lansing, MI Assessment Area. The bank ranked 46th in HMDA market share with 0.3 percent of total HMDA-reportable originations and purchases. Michigan State University Federal Credit Union and The Dart Bank led the market with 11.0 percent and 7.7 percent of market share, respectively. In 2019, 345 institutions reported a total of 13,233 HMDA loans in the assessment area. Comerica Bank ranked 41st in market share with 0.4 percent of the market. Michigan State University Federal Credit Union and The Dart Bank again led the market with 11.5 percent and 8.5 percent of the market, respectively. Though the market is saturated, it does not appear that competition has adversely affected the bank's ability to serve its assessment area.

Lansing – East Lansing, MI Assessment Area

For 2018, there were 78 financial institutions that reported CRA small business lending data in the Lansing – East Lansing, MI Assessment Area. The bank ranked 14th with 1.6 percent of total CRA-reportable originations and purchases during the year. American Express and JPMorgan Chase Bank led the market with 16.0 percent and 12.3 percent of the market share, respectively. In 2019, 83 institutions reported CRA data in the assessment area. Comerica ranked 15th, with 1.2 percent of the market share. In 2019, American Express and JPMorgan Chase again led the market with 16.9 percent and 16.2 percent of the market, respectively. It does not appear as though competition adversely affected the bank's ability to serve the credit needs of its assessment area, specifically regarding small business lending.

Demographic Characteristics

Certain economic and demographic data is available for analysis for the Lansing – East Lansing, MI MSA as a whole, but not for the specific assessment area. However, it is reasonable to believe that the data for the MSA provides a good representation of the characteristics of the assessment area, as the population of the assessment area includes 87.6 percent of the total MSA population.

During the review period, the Lansing – East Lansing, MI Assessment Area was made up of 131 census tracts. Of those, nine tracts (6.9 percent) were classified as low-income, 27 (20.6 percent) were moderate-income, 52 (39.7 percent) were middle-income, 34 (26.0 percent) were upper-income, and the remaining nine tracts (6.9 percent) were designated as having an unknown income level.

Income Characteristics

For the purposes of classifying borrower income, the FFIEC estimated median family income for the MSA is utilized. The following chart reflects the estimated median family income for the MSA during the review period, as well as a range of the estimated annual family income for each income category (low, moderate, middle, and upper). Additionally, it should be noted that according to available data, approximately 10.9 percent of assessment area families lived below the poverty level.

Median Family Income Lansing – East Lansing, MI Assessment Area		
Income Level	2018	2019
Median Family Income	\$73,900	\$72,800
Low-income	< \$36,950	< \$36,400
Moderate-income	\$36,950 < \$59,120	\$36,400 < \$58,240
Middle-income	\$59,120 < \$88,680	\$58,240 < \$87,360
Upper-income	≥ \$88,680	≥ \$87,360

Housing Characteristics

According to 2015 census estimates, there were a total of 199,711 housing units in the Lansing – East Lansing, MI Assessment Area. Of the total housing units in the assessment area, 59.1 percent of the units were classified as owner-occupied units, 32.5 percent were rental units, and 8.4 percent were vacant units.

Low-income census tracts contained 6.7 percent of the total housing stock in the assessment area. The majority of housing units in the low-income census tracts (62.1 percent) were rental

units, with the remainder split between owner-occupied units (20.3 percent) and vacant units (17.5 percent). The housing units in low-income tracts have a median age of 61 years, significantly older than the overall assessment area median housing age of 48 years. The median value of these units is \$57,079, which equate to a monthly mortgage payment of approximately \$214 for a 30-year loan at 3.85 percent interest⁷ with a 20 percent down payment. While this could be considered affordable compared to the median gross rent in low-income census tracts of \$726, barriers to home purchase such as down-payment requirements may impede home ownership. With rental units representing the significant majority of the housing stock in these tracts, limited availability of owner-occupied units may also hinder those individuals and families desiring to purchase a home in these tracts. Additionally, 41.1 percent of families in low-income census tracts within the assessment area had incomes below the poverty level, which may make it difficult to qualify for a loan.

Moderate-income census tracts accounted for 21.4 percent of the total housing stock in the assessment area according to available data. Owner-occupied units made up the largest portion of the units in these tracts (46.6 percent), closely followed by rental units (42.0 percent), with 11.4 percent classified as vacant. The housing stock in moderate-income census tracts in the assessment area had a median age of 60 years and median value of \$78,052. A 30-year fixed-rate loan with an interest rate of 3.85 percent and 20 percent down would have a monthly mortgage payment of approximately \$293. This is more affordable than the reported median gross rent in these tracts of \$726. However, for the 22.4 percent of families in these census tracts which reported incomes below poverty level, qualifying for a mortgage may be difficult.

A large portion of the housing stock in the assessment area, 40.7 percent, was located in middle-income census tracts. In these tracts, the majority of units, 65.8 percent were owner-occupied, 26.5 percent were rental units, and 7.7 percent were vacant. The units in middle-income tracts were younger than those in low- or moderate-income tracts, with a median age of 48 years. According to 2015 data, the median housing value in middle-income tracts was \$124,993.

Upper-income tracts also account for a large portion of the assessment area's housing stock, representing 30.5 percent of total units. Most units in these tracts were owner-occupied, 68.6 percent of total units, with 26.1 percent categorized as rental units, and 5.3 percent were vacant. The median age of the housing stock in upper-income census tracts was 42 years, which is younger than the housing in other tracts, with a median value of \$171,863.

Employment and Economic Conditions

Unemployment rates in the Lansing – East Lansing, MI Assessment Area, however, were below those of the state and the national average in each year of the review period. Unemployment rates at every level rose significantly in 2020 due to the COVID-19 pandemic, more than doubling in each of the listed geographies. In the state of Michigan, the rates were consistently higher than the national average. The national average unemployment rates for 2018, 2019, and 2020 were 3.9 percent, 3.7 percent, and 8.1 percent, respectively.

The following chart shows unemployment rates relevant to the assessment area for 2018 through 2020.

⁷ Available historical data from FreddieMac on 30-Year Fixed-Rate Mortgages indicate an Annual Average rate of 3.85 percent in 2015. <http://www.freddiemac.com/pmms/pmms30.html>

Lansing – East Lansing, MI Assessment Area

Annual Average Unemployment Rate Lansing – East Lansing, MI Assessment Area			
AREA	2018	2019	2020
Eaton County	3.5	3.3	7.7
Clinton County	3.2	2.9	6.6
Ingham County	3.7	3.5	7.5
Assessment Area	3.6	3.3	7.3
Lansing-East Lansing, MI MSA	3.5	3.3	7.4
State of Michigan	4.2	4.1	10.0
United States	3.9	3.7	8.1

Lansing, Michigan is the state’s capitol, resulting in a large number of assessment area residents being employed in the government sector. Aside from state government, the largest employment sector in the Lansing – East Lansing, MI Assessment Area is education, with Michigan State University, Lansing Community College, and several school districts employing large groups of assessment area residents.

Community Contacts and Community Development Opportunities

In conjunction with this evaluation, contact was made with an individual involved in local government and familiar with the credit needs of the Lansing – East Lansing, MI Assessment Area. This individual highlighted a need for personal financial education and indicated that courses or seminars could be offered by local financial institutions.

Key Assessment Area Demographics

The following table details selected characteristics of the assessment area.

Lansing – East Lansing, MI Assessment Area

Combined Demographics Report

Assessment Area: MI - Lansing-East Lansing

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	9	6.9	4,657	4.3	1,915	41.1	22,380	20.5
Moderate-income	27	20.6	20,408	18.7	4,562	22.4	18,724	17.1
Middle-income	52	39.7	47,500	43.4	3,542	7.5	22,161	20.3
Upper-income	34	26	36,654	33.5	1,799	4.9	46,107	42.2
Unknown-income	9	6.9	153	0.1	62	40.5	0	0
Total Assessment Area	131	100.0	109,372	100.0	11,880	10.9	109,372	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	13,332	2,713	2.3	20.3	8,280	62.1	2,339	17.5
Moderate-income	42,742	19,909	16.9	46.6	17,972	42	4,861	11.4
Middle-income	81,195	53,434	45.3	65.8	21,535	26.5	6,226	7.7
Upper-income	60,959	41,804	35.4	68.6	15,927	26.1	3,228	5.3
Unknown-income	1,483	156	0.1	10.5	1,177	79.4	150	10.1
Total Assessment Area	199,711	118,016	100.0	59.1	64,891	32.5	16,804	8.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	1,315	7.2	1,103	6.7	205	12.8	7	4
Moderate-income	3,556	19.6	3,143	19.2	373	23.4	40	23
Middle-income	6,679	36.7	6,130	37.4	475	29.8	74	42.5
Upper-income	6,229	34.3	5,679	34.6	502	31.5	48	27.6
Unknown-income	399	2.2	353	2.2	41	2.6	5	2.9
Total Assessment Area	18,178	100.0	16,408	100.0	1,596	100.0	174	100.0
Percentage of Total Businesses:			90.3		8.8		1.0	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	5	0.7	5	0.7	0	0	0	0
Moderate-income	24	3.5	24	3.6	0	0	0	0
Middle-income	449	65	440	65.2	8	57.1	1	50
Upper-income	207	30	202	29.9	4	28.6	1	50
Unknown-income	6	0.9	4	0.6	2	14.3	0	0
Total Assessment Area	691	100.0	675	100.0	14	100.0	2	100.0
Percentage of Total Farms:			97.7		2.0		.3	

2019 FFIEC Census Data and 2019 D&B Information

Conclusions with Respect to Performance Tests

Lending Test

Lending activity reflects good responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area. In addition, the distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank makes an adequate level of community development loans.

The bank is both a small business and HMDA lender. During the review period, the bank reported 116 (40.3 percent) HMDA-reportable loans compared to 172 (59.7 percent) small business loans in the Lansing – East Lansing, MI Assessment Area. Therefore, small business lending was given greater weight in determining the bank's Lending Test rating in the assessment area.

Details of the bank's mortgage and small business lending and information regarding lending by aggregate lenders can be found in Appendix F.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The bank's distribution of lending to borrowers reflects an adequate penetration among individuals of different income levels (including LMI) and businesses of different revenue sizes. The distribution of the remainder of bank lending to middle- and upper-income borrowers did not affect conclusions about the bank's performance considering its lending to LMI borrowers.

HMDA Lending

HMDA lending by borrower income in the assessment area is considered good when compared to demographic characteristics of the community, as well as the performance of aggregate HMDA lenders with loan originations or purchases in the assessment area.

The bank's HMDA lending to low-income borrowers in the Lansing – East Lansing, MI Assessment Area is good. In 2018, the bank originated 17.0 percent of HMDA-reportable loans in the assessment area to low-income borrowers (12.8 percent by dollar volume). This outpaced aggregate lenders, which originated 10.6 percent of HMDA-reportable loans (4.9 percent by dollar) to low-income borrowers. In 2019, the bank's performance fell slightly below aggregate lenders, originating 8.7 percent of HMDA loans (3.4 percent by dollar) compared to the aggregate's 9.0 percent (4.4 percent by dollar). During the review period, neither the bank, nor aggregate lenders met the level of demographics, as 20.5 percent of assessment area families were low-income.

Comerica's HMDA lending to moderate-income borrowers in the Lansing – East Lansing Assessment Area is excellent. During the review period, 17.1 percent of assessment area families were classified as moderate-income. The bank's performance was above the level of demographics in both 2018 and 2019. In 2018, the bank originated 27.7 percent of HMDA-reportable loans to moderate-income borrowers (26.9 percent), outperforming aggregate lenders' 24.1 percent of loans (16.0 percent by dollar). In 2019, the bank originated 20.3 percent of HMDA loans (8.0 percent by dollar) to moderate-income borrowers in the assessment area. This fell slightly below aggregate lenders which originated 21.5 percent of loans (14.6 percent by dollar)

to these borrowers. Despite performing slightly below aggregate in 2019, the bank's performance was consistently above demographic data and the bank's average performance across the review period is considered excellent.

Small Business Lending

Considering the bank's performance when compared to the aggregate, the borrower distribution of small business loans by revenue size of businesses is poor. This assessment area represents only 1.4 percent of the bank's total small business lending during the review period.

In 2018, the bank originated only 18.6 percent of its small business loans, representing 11.9 percent by dollar volume, to businesses with gross annual revenue of \$1 million or less. Aggregate CRA lenders originated 46.1 percent (29.4 percent by dollar) to small businesses during the same period. In 2019, the bank again lagged behind aggregate lenders, originating 14.7 percent of loans (11.9 percent by dollar) to small businesses while aggregate lenders originated 47.97 percent of loans (31.5 percent by dollar) to small businesses. In both 2018 and 2019, available data indicates that 90.3 percent of all businesses in the Lansing – East Lansing, MI Assessment Area reported gross annual revenues of \$1 million or less.

Of note, a significant percentage (34.0 percent in 2018 and 32.0 percent in 2019) of loans were originated to businesses with unknown revenues. This significant portion of small business loans without revenue information may impact overall distribution of loans. The bank's small business credit card partnership with Elan Financial (discussed previously) represented a material volume of small business lending, though was not reported by the bank.

Another way to gauge the bank's small business lending performance is to review the data by loan amount. It is noted that a large percentage of the bank's small business loans were made in loan amounts of \$100,000 or less. In 2018, 61.9 percent of the bank's small business loans were originated in loan amounts of \$100,000 or less, compared to 91.3 percent for the aggregate. In 2019, 48.0 percent of the bank's small business loans were originated in loan amounts of \$100,000 or less (91.8 percent for aggregate lenders).

Geographic Distribution of Loans

For this analysis, the geographic distribution of small business lending and HMDA lending, including both originations and purchases, was compared with available demographic information and aggregate lending data. Considering all of these factors, the bank's geographic distribution of loans reflects good penetration throughout the assessment area. Loans were generally made in close proximity to the bank's branches and there were no conspicuous gaps or anomalies in the lending patterns.

HMDA Loan Geographic Distribution

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders. The bank made only one multi-family loan in the Lansing – East Lansing, MI Assessment Area during the review period; therefore, this product line is not significant and not analyzed separately. Of the material HMDA products, refinance lending made up the largest portion of the bank's portfolio, representing 40.5 percent of

Lansing – East Lansing, MI Assessment Area

HMDA-reportable loans in the assessment area during the review period. Each of the remaining products represented less than 20 percent of the bank's HMDA lending in the assessment area. As a result, refinance lending was given the greatest weight when analyzing the bank's performance.

Home Purchase Lending

The bank's geographic distribution of home purchase lending in the Lansing – East Lansing, MI Assessment Area during the review period is good.

Only 2.3 percent of owner-occupied units were located within these tracts during the review period, likely indicating a lower demand for home purchase loans than in other tracts. In 2018, the bank originated no home purchase loans in low-income census tracts. During this time, aggregate lenders originated only 3.8 percent by number and 1.7 percent by dollar in these tracts. In 2019, the bank originated one home purchase loan (7.7 percent by number, 3.0 percent by dollar) in low-income census tracts. This was greater than the performance of aggregate lenders, which originated 3.0 percent by number and 1.3 percent by dollar in low-income census tracts in 2019.

In 2018, the bank originated 10.0 percent of its Lansing – East Lansing, MI Assessment Area home purchase loans in middle-income census tracts (10.3 percent by dollar). This is below the 16.9 percent of home purchase loans originated by aggregate lenders in moderate-income tracts (10.3 percent by dollar). The bank's 2019 performance improved substantially, originating 30.8 percent of Lansing – East Lansing, MI Assessment Area home purchase loans in moderate-income tracts, accounting for 18.1 percent by dollar volume. This was significantly greater than aggregate lenders, which originated 18.8 percent of loans in these tracts (11.3 percent by dollar).

The distribution of the remainder of home purchase lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Home Refinance Lending

The bank's geographic distribution of home refinance lending in the Lansing – East Lansing, MI Assessment Area during the review period is good.

During the review period, 2.3 percent of owner-occupied units were located in low-income tracts. In 2018, the bank originated 4.0 percent of home refinance loans (2.7 percent by dollar) in low-income tracts, outpacing both the demographics and aggregate lending performance at 2.7 percent of refinance loans (1.2 percent by dollar). The bank's performance fell in 2019, when the bank originated no refinance loans in low-income tracts. Despite the lack of originations, the bank's performance is not far below aggregate lenders, which originated only 1.2 percent of refinance loans (0.5 percent by dollar) in these tracts. This is an indication of a lack of demand for this loan product in low-income tracts, and as a result the bank's performance is considered good.

In 2018, the bank originated 8.0 percent of refinance loans (4.4 percent by dollar) in moderate-income tracts, which contained 16.9 percent of assessment area owner-occupied units. Aggregate lenders originated 11.5 percent of refinance loans (7.0 percent by dollar) in these

tracts. In 2019, the bank's performance increased, originating 13.6 percent of refinance loans (7.3 percent by dollar) in moderate-income tracts. This is greater than the performance of aggregate lenders, which originated 10.2 percent of refinance loans (5.8 percent by dollar) in moderate-income tracts.

The distribution of the remainder of home refinance lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Home Improvement Lending

The bank's geographic distribution of home improvement lending in the Lansing – East Lansing, MI Assessment Area during the review period is adequate.

The bank originated a total of 22 home improvement loans during the review period in the Lansing – East Lansing, MI Assessment Area. While the bank originated no home improvement loans in low-income census tracts in 2018, the bank's overall performance is considered adequate. Low-income census tracts contained 2.3 percent of the owner-occupied units in the assessment area. Despite this low percentage of owner-occupied units, aggregate lenders struggled to meet this level of performance. In 2018, aggregate lenders originated 2.0 percent of home improvement loans in low-income tracts (1.4 percent by dollar). Aggregate performance dropped in 2019, when aggregate lenders originated only 1.3 percent of home improvement loans (0.8 percent by dollar) in low-income tracts. During this year, the bank originated 5.6 percent of home improvement loans (3.5 percent by dollar) in these same tracts. Aggregate performance is indicative of the low demand for this loan product in low-income census tracts during the review period.

In 2018, the bank originated no home improvement loans in moderate-income tracts, while aggregate lenders originated 11.6 percent of home improvement loans (8.6 percent by dollar) in these tracts. In 2019, the bank's performance increased, originating 11.1 percent of home improvement loans (5.2 percent by dollar) in moderate-income tracts. This performance is slightly above aggregate lenders, which originated 9.4 percent of home improvement loans (6.9 percent by dollar) in moderate-income tracts.

The distribution of the remainder of home improvement lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Other Purpose Lines of Credit

The bank's geographic distribution of other purpose lines of credit in the Lansing – East Lansing, MI Assessment Area during the review period is adequate.

The bank originated no other purpose lines of credit in low-income census tracts in the Lansing – East Lansing, MI Assessment Area. However, due to the lack of demand for this product indicated by the performance of aggregate lenders, the bank's performance is considered adequate. In 2018, aggregate lenders originated only 1.8 percent of other purpose lines of credit (0.9 percent by dollar) in low-income tracts. In 2019, this rate dropped to 0.6 percent of lines of credit (0.2 percent by dollar) originated in low-income census tracts. The low level of originations in these tracts indicates very low demand.

In 2018, the bank originated 12.5 percent of other purpose lines of credit (4.9 percent by dollar volume) in moderate-income census tracts. This is below the 16.9 percent of assessment area owner-occupied units located in these tracts, but is greater than aggregate lenders, which originated 9.5 percent of these lines of credit in moderate-income tracts (5.4 percent by dollar). In 2019, the bank's performance fell, originating 7.1 percent of these lines of credit (2.8 percent by dollar) in moderate-income tracts. During 2018, aggregate lenders outperformed the institution, originating 9.7 percent (5.8 percent by dollar) in moderate-income tracts.

The distribution of the remainder of home improvement lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Small Business Loan Geographic Distribution

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders.

Comerica's small business lending in low-income census tracts within the Lansing – East Lansing, MI Assessment Area is excellent. In 2018, the bank originated 15.5 percent of small business loans (13.8 percent by dollar volume) in low-income census tracts; outperforming aggregate lenders, which originated 10.9 percent of small business loans (16.1 percent by dollar) in low-income tracts. The bank's performance was greater than the demographic data, as 7.2 percent of assessment area businesses were located in low-income tracts. In 2019, the bank again outperformed both aggregate lenders and demographic data, originating 14.7 percent of small business loans (11.7 percent by dollar) in low-income tracts, while aggregate lenders originated 8.3 percent of small business loans in these tracts (11.3 percent by dollar volume).

The bank's small business lending in moderate-income census tracts is also excellent. In 2018, the bank originated 25.8 percent of small business loans (28.5 percent by dollar volume) in moderate-income census tracts, which contained 19.6 percent of assessment area businesses during the review period. This performance is greater than that of aggregate lenders, which originated 15.7 percent of small business loans (17.2 percent by dollar) in these tracts. In 2019, the bank's performance increased, originating 30.7 percent of small business loans (30.8 percent by dollar) in moderate-income tracts, while aggregate lenders originated 17.7 percent of loans (19.2 percent by dollar) in these tracts.

The distribution of the remainder of small business lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Community Development Lending

In the Lansing – East Lansing, MI Assessment Area, the bank makes an adequate level of community development loans. During the review period, the bank originated a total of 15 community development loans totaling \$8.7 million in the assessment area.

Lansing – East Lansing, MI Assessment Area

The community development loans originated in the Lansing – East Lansing, MI Assessment Area during the evaluation period were primarily associated with efforts to revitalize and stabilize low- or moderate-income geographies. The remainder of the loans were split between affordable housing and community service efforts. The table below summarizes the bank's community development lending.

Community Development Lending Lansing – East Lansing, MI Assessment Area		
Purpose	Number	\$(000s)
Affordable Housing	3	150
Community Service	3	1,050
Revitalize and Stabilize	9	7,545
Total	15	8,745

Several of the community development loans (seven loans totaling \$2.6 million) were associated with the Paycheck Protection Program, implemented in response to the COVID-19 pandemic. The bank's participation in this program reflects responsiveness to the needs of the community.

Investment Test

The bank has an adequate level of qualified community development investments and grants, particularly those not routinely provided by private investors. The bank's investments were primarily focused affordable housing efforts in the assessment area.

Community Development Investments and Donations Lansing – East Lansing, MI Assessment Area								
Purpose	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Affordable Housing	4	3,209	9	7,895	8	19	21	11,124
Community Services	-	-	1	79	29	79	30	158
Economic Development	-	-	-	-	4	14	4	13
Total	4	3,209	10	7,974	41	112	55	11,295

In addition, the bank had two investments, totaling approximately \$7,000 which benefitted affordable housing efforts in multiple assessment areas, including the bank's Lansing-East Lansing, MI Assessment Area.

Service Test

The bank's retail and community development services reflect adequate responsiveness to the needs of the assessment area.

Retail Services

The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in its assessment area. The distribution of the bank's seven branch offices and ten ATMs as of December 31, 2020, was compared to the distribution of the population and

Lansing – East Lansing, MI Assessment Area

businesses among the tract categories within the assessment area. The table below summarizes the bank's retail locations in the Lansing – East Lansing, MI Assessment Area.

Distribution of Branches ATMS Lansing – East Lansing, MI Assessment Area							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full Service ATMs	
				#	%	#	%
Low	6.9	14.9	7.2	0	0.0	0	0.0
Moderate	20.6	12.9	19.6	4	57.1	4	40.0
Middle	39.7	40.2	36.7	2	28.6	2	20.0
Upper	25.9	27.6	34.3	1	14.3	3	30.0
Unknown	6.9	4.4	2.2	0	0.0	1	10.0
Total	100.0	100.0	100.0	7	100.0	10	100.0

The bank did not open or close any branches during the review period in the Lansing-East Lansing, MI Assessment Area. Therefore, the bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI income geographies. Banking services and hours of operations do not vary in a way that inconveniences the assessment area, particularly in LMI geographies or to LMI individuals. The level of branch services and hours offered are basically the same throughout the assessment area.

Community Development Services

The bank provides an adequate level of community development services in the assessment area. The bank's employees served in various capacities, including boards of directors and as trustees, for two community development financial organizations focused on providing community services to LMI students in the bank's Lansing – East Lansing, MI Assessment Area. Total hours served during the review period was approximately 462 hours.

Southeast Michigan Assessment Area

Description of Operations in Southeast Michigan Assessment Area

The Southeast Michigan Assessment Area includes Livingston, Macomb, Oakland, and Wayne counties in the southeast portion of the state. These counties, along with Lapeer and St. Clair counties, which are excluded from the assessment area, make up the Detroit-Warren-Dearborn, MI MSA. The MSA is made up of two MDs, the Detroit-Dearborn-Livonia, MI MD (made up of Wayne County) and the Warren-Troy-Farmington Hills, MI MD.

According to the 2010 census, the Southeast Michigan Assessment Area had a population of 4,044,891, which was 40.9 percent of the total population of the state of Michigan. ACS 2019 population estimates reflect an assessment area population of 4,072,894 (40.8 percent of the total population of Michigan), an increase of 0.7 percent since 2010, indicating a growth rate comparable to the statewide population growth of 1.0 percent during the same period. According to 2019 estimates, 16.5 percent of the assessment area population is contained with the city of Detroit.

Population Changes Southeast Michigan Assessment Area			
County	2015 Population Estimate	% Increase Since 2010	Major Municipalities
Livingston County	191,995	6.1	Brighton, Howell*
Macomb County	873,972	3.9	Warren, Mount Clemens*,
Oakland County	1,257,584	4.6	Troy, Pontiac*, Novi, Southfield
Wayne County	1,749,343	-3.9	Dearborn, Detroit*, Livonia, Taylor

* Denotes County Seat

As of December 31, 2020, the bank operated 136 branches in the assessment area, representing 31.5 percent of its total branches. Ten branches (7.4 percent) are located in a low-income census tract, 29 branches (21.3 percent) are in moderate-income census tracts, 40 (29.4 percent) are in middle-income census tracts, 56 (41.2 percent) are located in upper-income tracts, and one branch (0.7 percent) is located in a census tract with an unknown income level.

According to the FDIC, as of June 30, 2020, the bank had \$31.9 billion in deposits in the Southeast Michigan Assessment Area, representing 46.6 percent of the bank's total deposits. The bank ranks second out of 42 total FDIC-insured institutions in the assessment area, with a market share of 17.8 percent. JPMorgan Chase holds the largest deposit market share at 29.5 percent, followed by Comerica, and then Bank of America, with a market share of 14.9 percent.

In 2018, there were 597 financial institutions that reported a total of 115,638 HMDA loans in the Southeast Michigan Assessment Area. The bank ranked 18th in HMDA market share with 1.2 percent of total HMDA-reportable originations and purchases. Quicken Loans and JPMorgan Chase led the market with 10.2 percent and 6.4 percent of market share, respectively. In 2019, 612 institutions reported a total of 142,053 HMDA loans in the assessment area. Comerica Bank ranked 24th in market share with 0.9 percent of the market. Quicken Loans and United Shore Financial Service led the market with 12.4 percent and 7.4 percent of the market, respectively. Though the market is saturated, it does not appear that competition has adversely affected the bank's ability to serve its assessment area.

Southeast Michigan Assessment Area

For 2018, there were 157 financial institutions that reported CRA small business lending data in the Southeast Michigan Assessment Area. The bank ranked 10th with 2.7 percent of total CRA-reportable originations and purchases during the year. American Express National Bank and JPMorgan Chase dominated the market with 21.0 percent and 18.2 percent of the market share, respectively. During 2019, 159 institutions reported CRA data in the assessment area. Comerica ranked ninth, with 0.2 percent of the market share. In 2019, JPMorgan Chase and American Express National Bank led the market with 22.1 percent and 20.9 percent of the market, respectively. It does not appear as though competition adversely affected the bank's ability to serve the credit needs of its assessment area, specifically regarding small business lending.

Demographic Characteristics

Certain economic and demographic data is available for analysis for the Detroit-Warren-Dearborn, MI MSA as a whole, but not for the specific assessment area. However, it is reasonable to believe that the data for the MSA provides a good representation of the characteristics of the assessment area, as the population of the assessment area includes 94.3 percent of the total MSA population.

During the review period, the Southeast Michigan Assessment Area was made up of 1,227 census tracts. Of those, 169 tracts (13.8 percent) were classified as low-income, 303 (24.7 percent) were moderate-income, 375 (30.6 percent) were middle-income, 357 (29.1 percent) were upper-income, and the remaining 23 tracts (1.9 percent) were designated as having an unknown income level.

Demographics and economic information impacting the bank's performance context are discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce's Bureau of Census; the U.S. Department of Labor; HUD; and D&B.

Income Characteristics

For the purposes of classifying borrower income, the FFIEC estimated median family income for the MSA is utilized. The following chart reflects the estimated median family income for the MSA during the review period, as well as a range of the estimated annual family income for each income category (low, moderate, middle, and upper). Additionally, it should be noted that according to available data, approximately 13.0 percent of assessment area families lived below the poverty level.

Median Family Income Southeast Michigan Assessment Area		
Income Level	2018	2019
Median Family Income	\$55,500	\$60,100
Low-income	< \$27,750	< \$30,050
Moderate-income	\$27,750 < \$44,400	\$30,050 < \$48,080
Middle-income	\$44,400 < \$66,600	\$48,080 < \$72,120
Upper-income	≥ \$66,600	≥ \$72,120

Housing Characteristics

According to census estimates, there were a total of 1,783,273 housing units in the Southeast Michigan Assessment Area. Of the total housing in the assessment area, 60.2 percent of the

Southeast Michigan Assessment Area

units were classified as owner-occupied units, 27.7 percent were rental units, and 12.2 percent were vacant units.

Low-income census tracts contained 12.2 percent of the total housing stock in the assessment area. The majority of housing units in the low-income census tracts (42.6 percent) were rental units, with the remainder split between owner-occupied units (30.2 percent) and vacant units (27.2 percent). The housing units in low-income tracts have a median age of 61 years, with a median value of \$40,673. This results in an estimated monthly mortgage payment of approximately \$153 for a 30-year loan at 3.85 percent interest⁸ and 20 percent down. While this is significantly more affordable than the median gross rent in low-income census tracts of \$713, barriers to home purchase such as down-payment requirements may impede home ownership. Additionally, 42.9 percent of families in low-income census tracts within the assessment area had incomes below the poverty level, which may make it difficult to qualify for a loan.

Moderate-income census tracts accounted for 24.5 percent of the total housing stock in the assessment area according to available data. Owner-occupied units made up the largest portion of the units in these tracts (45.9 percent), followed by rental units (36.2 percent), with 17.8 percent classified as vacant. The housing stock in moderate-income census tracts in the assessment area had median value of \$64,623. A 30-year fixed-rate loan with an interest rate of 3.85 percent and 20 percent down would have a monthly mortgage payment of approximately \$242. This is more affordable than the reported median gross rent in these tracts of \$827. However, for the 23.0 percent of families in these census tracts reported incomes below poverty level, which may make qualifying for a mortgage difficult.

A large portion of the housing stock in the assessment area, 32.4 percent, was located in middle-income census tracts. In these tracts, the majority of units, 66.8 percent were owner-occupied, 25.4 percent were rental units, and 7.9 percent were vacant. The units in middle-income tracts were younger than those in low- or moderate-income tracts, with a median age of 53 years and median housing value of \$123,014.

Upper-income tracts also account for a large portion of the assessment areas housing stock, representing 30.5 percent of total units. Most units in these tracts were owner-occupied, 77.0 percent of total units, with 17.1 percent categorized as rental units, and 5.9 percent were vacant. The median age of the housing stock in upper-income census tracts was 46 years, which is younger than the housing in other tracts, with a median value of \$200,849.

Employment and Economic Conditions

Unemployment rates in the Southeast Michigan Assessment Area were slightly above the statewide and national rates throughout the review period. Unemployment rates at every level rose significantly in 2020 due to the COVID-19 pandemic, more than doubling in each of the listed geographies.

The following chart shows unemployment rates relevant to the assessment area for 2018 through 2020.

⁸ Available historical data from FreddieMac on 30-Year Fixed-Rate Mortgages indicate an Annual Average rate of 3.85 percent in 2015. <http://www.freddiemac.com/pmms/pmms30.html>

Southeast Michigan Assessment Area

Annual Average Unemployment Rate Southeast Michigan Assessment Area			
AREA	2018	2019	2020
Livingston County	3.3	3.4	9.1
Oakland County	3.4	3.5	9.5
Macomb County	4.1	4.3	12.1
Wayne County	5.2	5.2	14.0
Assessment Area	4.3	4.4	12.0
Detroit-Warren-Dearborn, MI MSA	4.3	4.4	11.9
State of Michigan	4.2	4.1	10.0
United States	3.9	3.7	8.1

The Detroit-Warren-Dearborn, MI MSA has a real gross domestic product of approximately \$237.1 billion in 2019. While this number has declined over the past decade, the MSA is still the 16th largest metropolitan economy in the United States. The region is home to a diverse range of industries and employers. The bank's Southeast Michigan Assessment Area is the primary headquarters of the domestic auto industry, serving as the home of Ford Motor Company, General Motors Company, and Fiat Chrysler Automobiles (collectively the "Big Three.") The MSA is also home to several Fortune 500 companies, including Ally Financial and DTE Energy.

Community Contacts and Community Development Opportunities

During this evaluation, contact was made with individuals active in affordable housing and familiar with the credit needs of the bank's Southeastern Michigan Assessment Area. These contacts highlighted opportunities for financial institutions to provide assistance to LMI individuals and families related to housing. Additionally, the contacts indicated that financial institutions must be careful in vetting recipients of CRA money to ensure that LMI individuals and families actually benefit from community development activities.

Key Assessment Area Demographics

The following table details selected characteristics of the assessment area.

Southeast Michigan Assessment Area

Combined Demographics Report

Assessment Area: MI - Southeast

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	169	13.8	88,318	8.7	37,881	42.9	229,922	22.7
Moderate-income	303	24.7	212,484	21	48,793	23	165,361	16.3
Middle-income	375	30.6	343,695	33.9	29,114	8.5	189,082	18.7
Upper-income	357	29.1	367,439	36.3	14,878	4	429,163	42.3
Unknown-income	23	1.9	1,592	0.2	599	37.6	0	0
Total Assessment Area	1,227	100.0	1,013,528	100.0	131,265	13.0	1,013,52	100.0
	Housing	Housing Types by Tract						
	Units by Tract	Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	217,771	65,819	6.1	30.2	92,699	42.6	59,253	27.2
Moderate-income	436,794	200,584	18.7	45.9	158,252	36.2	77,958	17.8
Middle-income	578,411	386,222	36	66.8	146,680	25.4	45,509	7.9
Upper-income	543,945	418,763	39	77	93,215	17.1	31,967	5.9
Unknown-income	6,352	1,466	0.1	23.1	2,423	38.1	2,463	38.8
Total Assessment Area	1,783,273	1,072,854	100.0	60.2	493,269	27.7	217,150	12.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	13,660	7.4	11,818	7.1	1,777	10.5	65	5.5
Moderate-income	36,756	20	32,466	19.6	4,060	24.1	230	19.5
Middle-income	57,159	31.1	52,533	31.7	4,294	25.5	332	28.1
Upper-income	74,935	40.8	67,921	41	6,468	38.3	546	46.3
Unknown-income	1,054	0.6	778	0.5	269	1.6	7	0.6
Total Assessment Area	183,564	100.0	165,516	100.0	16,868	100.0	1,180	100.0
	Percentage of Total Businesses:			90.2		9.2		.6
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	22	2.2	20	2.1	2	7.1	0	0
Moderate-income	116	11.6	114	11.8	2	7.1	0	0
Middle-income	478	47.9	467	48.2	11	39.3	0	0
Upper-income	382	38.3	368	38	13	46.4	1	100
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	998	100.0	969	100.0	28	100.0	1	100.0
	Percentage of Total Farms:			97.1		2.8		.1

2019 FFIEC Census Data and 2019 D&B Information

Conclusions with Respect to Performance Tests

Lending Test

Lending activity reflects excellent responsiveness to assessment area credit needs including LMI borrowers and very small businesses. The geographic distribution of loans reflects excellent penetration throughout the assessment area. In addition, the distribution lending by borrower income reflects good penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank is a leader in making community development loans.

During the review period, the bank made use of innovative and flexible lending practices in serving the credit needs of the Southeast Michigan Assessment Area. This included the bank's small business micro loan program, the bank's participation in the HomeReady™ Mortgage by Fannie Mae program, as well as the bank's participation in the Small Business Administration's Paycheck Protection Program.

During the review period, the bank reported 3,583 (45.0 percent) HMDA-reportable loans, compared to 4,384 (55.0 percent) small business loans in the Southeast Michigan Assessment Area. As a result, small business lending and HMDA lending were given similar weight when determining the bank's Lending Test rating in the assessment area.

Details of the bank's mortgage and small business lending and information regarding lending by aggregate lenders can be found in Appendix F.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The bank's distribution of lending to borrowers reflects good penetration among individuals of different income levels (including LMI) and businesses of different revenue sizes. The distribution of the bank's lending to middle- and upper-income borrowers did not affect conclusions about the bank's performance considering its lending to LMI borrowers.

HMDA Lending

HMDA lending by borrower income in the assessment area is considered excellent when compared to demographic characteristics of the community, as well as the performance of aggregate HMDA lenders with loan originations or purchases in the assessment area.

In 2018, the bank originated 13.3 percent of assessment area HMDA-reportable loans to low-income borrowers, accounting for 6.1 percent by dollar volume. Aggregate lenders originated 8.9 percent of loans (4.6 percent by dollar) to low-income borrowers during the same period. In 2019, Comerica's performance remained steady, originating 13.0 percent of HMDA loans (6.6 percent by dollar) to low-income borrowers in the Southeast Michigan Assessment Area. Aggregate lenders originated 9.3 percent by number (4.8 percent by dollar volume) of HMDA loans to low-income borrowers. During the review period, 22.7 percent of the families in the assessment area were considered low-income families. While Comerica did not reach the level of the demographic data, the bank consistently outpaced aggregate HMDA lenders throughout the review period.

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During the review period, 16.3 percent of assessment area families were classified as moderate-income. Both Comerica and aggregate HMDA lenders outperformed the demographic level of during both years of the review period. In 2018, the bank originated 19.0 percent of HMDA-reportable loans to moderate-income borrowers (12.1 percent by dollar volume); consistent with the 19.1 percent of loans (13.0 percent by dollar) originated by aggregate lenders to these borrowers. In 2019, the bank again performed similarly to aggregate lenders, originating 20.4 percent of HMDA loans (12.6 percent by dollar) to these borrowers, compared to the aggregate lenders' 19.2 percent of loans (13.1 percent by dollar.)

Small Business Lending

Considering the bank's performance when compared to the aggregate, the borrower distribution of small business loans by revenue size of businesses is adequate. The assessment area is saturated with large national banks and the area has experienced steady growth since the previous examination, with noted exception of the period impacted by the COVID-19 pandemic. Therefore, competition in the market for business loans is very high.

In 2018, the bank originated 22.3 percent of small business loans, representing 8.8 percent by dollar volume to businesses with gross annual revenues of \$1 million or less. By comparison, aggregate CRA lenders originated 46.8 percent of loans (29.0 percent by dollar volume) to small businesses. In 2019, the bank's performance improved, originating 27.6 percent of loans (16.9 percent by dollar) to businesses with revenues of \$1 million or less; though the bank continued to lag behind aggregate lenders, which originated 48.8 percent of loans (29.4 percent by dollar) to these borrowers. During the entirety of the review period, both the bank's and aggregate lenders' performance fell below D&B demographic data, which reported 90.2 percent of all businesses in the assessment area with gross revenues of \$1 million or less.

Another way to gauge the bank's small business lending performance is to review the data by loan amount, as smaller businesses typically require smaller dollar credits. It is noted that a large percentage of the bank's small business loans were made in loan amounts of \$100,000 or less. In 2018, 51.7 percent of the bank's small business originations were in loan amounts of \$100,000 or less, this is compared to 94.5 percent for aggregate lenders. In 2019, the bank's performance fell slightly, originating 44.3 percent of small business loans in amounts of \$100,000 or less, compared to 94.5 percent of aggregate lending.

Geographic Distribution of Loans

For this analysis, the geographic distribution of small business lending and HMDA lending, including, both originations and purchases, was compared with available demographic information. Performance context issues and aggregate lending data were taken into consideration. Considering all of these factors, the bank's geographic distribution of loans reflects excellent penetration throughout the assessment area. There were no conspicuous gaps or anomalies in the bank's lending patterns in the Southeast Michigan Assessment Area during the review period.

The distribution of the remainder of bank lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

HMDA Loan Geographic Distribution

The geographic distribution of HMDA loans reflects excellent penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders.

During the review period, the bank made 3,583 total HMDA-reportable loans in the Southeast Michigan Assessment Area. Of these, refinance lending made up the largest percentage (37.6 percent), followed by home improvement lending (27.0 percent), and other purpose lines of credit (23.7 percent) with home purchase lending making up only 10.4 percent of HMDA lending. As a result, home refinance lending was given the greatest weight in assessing the bank's performance, and home purchase lending was given the least weight. Additionally, the bank made very few multi-family loans in the assessment area during the review period; therefore, this product was not reviewed separately.

Home Purchase Lending

The bank's geographic distribution of home purchase lending in the Southeast Michigan Assessment Area during the review period is good.

During the review period, low-income census tracts contained 6.1 percent of assessment area owner-occupied housing units. In 2018, the bank originated 4.1 percent of home purchase loans (2.6 percent by dollar volume) in low-income census tracts. This performance is greater than aggregate HMDA lenders, which originated 2.7 percent of home purchase loans (1.3 percent by dollar) in these tracts. In 2019, the bank performed comparably with aggregate lenders, originating 3.4 percent of home purchase loans (1.7 percent by dollar volume) in low-income tracts, compared to 3.1 percent of aggregate home purchase originations (1.6 percent by dollar).

In 2018, the bank originated 13.9 percent of home purchase loans (8.5 percent by dollar volume) to borrowers in moderate-income tracts. During the same period, aggregate lenders originated 15.5 percent of home purchase loans (9.8 percent by dollar) in moderate-income tracts. In 2019, the bank's performance improved, originating 18.0 percent of home purchase loans (9.7 percent by dollar) in moderate-income tracts, while aggregate lenders originated 16.1 percent of home purchase loans (10.4 percent by dollar) in these tracts. During the review period, approximately 18.7 percent of owner-occupied units in the assessment area were located in moderate-income tracts. While the bank failed to surpass the level of the demographics in these tracts, the performance across the review period is comparable to the performance of peer HMDA lenders and the bank's performance is considered good.

Home Refinance Lending

The bank's geographic distribution of home refinance lending in the Southeast Michigan Assessment Area during the review period is excellent.

In 2018, the bank originated 2.3 percent by number (0.5 percent by dollar volume) of home refinance loans in low-income census tracts. Aggregate lenders originated 1.7 percent by number (0.9 percent by dollar volume) of home refinance loans in low-income census tracts. In 2019, Comerica originated 2.2 percent by number (0.9 percent by dollar volume) of home refinance loans in low-income census tracts. Aggregate lenders originated 1.3 percent by number (0.7

Southeast Michigan Assessment Area

percent by dollar volume) of home refinance loans in low-income census tracts. Both the bank and aggregate lenders performed below demographic data, as 6.1 percent of owner-occupied units in the assessment area were located in moderate income tracts. The low level of originations from aggregate lenders indicates a lack of demand for this loan product in low-income census tracts.

In 2018, the bank originated 14.1 percent of home refinance loans (8.9 percent by dollar volume) in moderate-income census tracts. Aggregate lenders originated 11.9 percent by number (7.8 percent by dollar volume) of home refinance loans in moderate-income census tracts during this year. In 2019, Comerica originated 12.9 percent by number (6.7 percent by dollar volume) of home refinance loans in moderate-income census tracts. Aggregate lenders originated 10.1 percent by number (6.4 percent by dollar volume) of home refinance loans in moderate-income census tracts. Comerica's home refinance lending in moderate-income census tracts fell slightly below the demographic (18.7 percent of owner-occupied units were located in these tracts) during the review period, but the bank consistently outperformed aggregate lenders.

Home Improvement Lending

The bank's geographic distribution of home improvement lending in the Southeast Michigan Assessment Area during the review period is excellent.

In 2018, the bank originated 2.9 percent of home improvement loans (1.4 percent by dollar volume) in low-income census tracts. This is slightly above the 1.9 percent of home improvement loans originated by aggregate lenders (1.3 percent by dollar) in these tracts. In 2019, the bank originated 2.6 percent of home improvement loans in low-income census tracts (1.1 percent by dollar) compared to the 2.3 percent of home improvement loans originated by aggregate lenders (1.5 percent by dollar) in these tracts. Low-income census tracts contained 6.1 percent of owner-occupied units in the assessment area during the review period; however, the level of originations by the bank and aggregate lenders indicate a low demand for these products in low-income tracts.

During the review period, Comerica outperformed aggregate lenders, though both fell below the 18.7 percent of owner-occupied units located in moderate-income tracts. In 2018, the bank originated 13.4 percent of home improvement loans (7.4 percent by dollar) in moderate-income census tracts. Aggregate lenders originated 9.7 percent by number (7.1 percent by dollar volume) of home improvement loans in moderate-income census tracts during this year. In 2019, Comerica originated 12.2 percent by number (7.3 percent by dollar volume) of home improvement loans in moderate-income census tracts. Aggregate lenders originated 10.5 percent by number (7.4 percent by dollar volume) of home improvement loans in moderate-income census tracts.

Other Purpose Lines of Credit

The bank's geographic distribution of other purpose lines of credit in the Southeast Michigan Assessment Area during the review period is excellent.

In 2018, the bank originated 5.0 percent of these lines of credit (1.7 percent by dollar) in low-income census tracts. This outperforms aggregate HMDA lenders in the assessment area, which originated only 1.8 percent of other lines of credit (0.8 percent by dollar volume) in low-income census tracts. In 2019, the bank originated 1.9 percent of these lines of credit (0.8 percent by dollar volume) in low-income census tracts, compared to aggregate lenders, which originated 1.6

Southeast Michigan Assessment Area

percent of other purpose lines of credit (0.7 percent by dollar) in these tracts. Neither the bank nor aggregate lenders performed to the level of demographics, as these tracts contained 6.1 percent of owner-occupied units; however, the bank's performance continually exceeded aggregate performance.

The bank did not lend to the level of demographics, as 18.7 percent of assessment area owner-occupied units were in moderate-income tracts; however, the bank consistently outperformed aggregate lenders. In 2018, the bank originated 13.9 percent of other purpose lines of credit (6.7 percent by dollar volume) in moderate-income census tracts, compared to 9.9 percent of aggregate lenders' originations (5.9 percent by dollar). In 2019, the bank again outperformed aggregate lenders, originating 12.7 percent of other purpose lines of credit (5.6 percent by dollar) in moderate-income tracts. During this time, aggregate lenders originated 10.0 percent of this product (6.3 percent by dollar) in moderate-income census tracts.

Small Business Loan Geographic Distribution

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders.

In 2018, the bank originated 10.9 percent of small business loans (12.4 percent by dollar volume) in low-income census tracts. According to D&B demographic data, these tracts contained approximately 7.4 percent of assessment area businesses. Additionally, aggregate lenders originated 6.6 percent by number (7.1 percent by dollar volume) of small business loans in low-income census tracts. In 2019, the bank originated 11.5 percent by number (12.6 percent by dollar volume) of small business loans in low-income census tracts, while aggregate CRA reporters originated 6.7 percent by number (8.3 percent by dollar volume) of small business loans in these tracts. During each of the years reviewed, the bank outperformed aggregate lenders, as well as available demographic information in low-income tracts.

In both of the reviewed years, the bank originated a higher percentage of small business loans in moderate-income census tracts than the approximately 20.0 percent of assessment area businesses were located in moderate-income census tracts. In 2018, the bank originated 23.5 percent of small business loans (23.4 percent by dollar volume) in moderate-income census tracts. During this period, aggregate CRA lenders originated 18.8 percent of small business loans (21.2 percent by dollar) in these tracts. In 2019, the bank originated 22.5 percent of small business loans in moderate-income tracts (22.5 percent by dollar volume) compared to aggregate lenders' 19.3 percent of loans (20.3 percent by dollar volume). The bank's performance was constantly greater than that of aggregate lenders as well as the available demographic data and is considered excellent.

Community Development Lending

The bank is a leader in making community development loans in the Southeast Michigan Assessment Area. During the review period, the bank made a total of 311 qualifying community development loans totaling approximately \$607.5 million in the assessment area.

The community development loans originated in the Southeast Michigan Assessment Area during the evaluation period were for a variety of qualified community development purposes, with the

Southeast Michigan Assessment Area

largest portion associated with revitalization and stabilization of LMI geographies. The table below summarizes the bank's community development lending.

Several of the community development loans (seven loans totaling \$2.6 million) were associated with the Paycheck Protection Program, implemented in response to the COVID-19 pandemic. The bank's participation in this program reflects responsiveness to the needs of the community.

Community Development Lending Southeast Michigan Assessment Area		
Purpose	#	\$000s
Affordable Housing	6	38,740
Community Services	66	122,347
Economic Development	31	104,249
Revitalization and Stabilization	208	342,171
Totals	311	607,507

In response to the COVID-19 pandemic, the bank actively participated in the Paycheck Protection Program, which was enacted and signed into law in order to support smaller businesses and retain jobs. Many of the loans originated by the bank under this program helped to revitalize or stabilize LMI geographies by allowing businesses to retain existing jobs in the area.

Affordable housing was identified as a need in the assessment area, and during the review period the bank made six community development loans totaling \$38.7 million for the purchase or rehabilitation of Section 8 housing units. Further, the bank originated \$122.3 million in loans to fund organizations providing community services targeted to LMI individuals in the Southeast Michigan Assessment Area. Examples of the organizations benefitting from this responsiveness are SER Metro Detroit, Vista Maria, as well as a number of schools where a majority of students are eligible for free or reduced-price lunches.

Investment Test

The bank has an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors and is occasionally in a leadership position. The bank's investments were primarily focused affordable housing efforts.

The bank's total amount of investment and contributions, approximately \$116.0 million, has increased significantly since the previous examination.

Community Development Investments and Donations Southeast Michigan Assessment Area								
Purpose	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Affordable Housing	46	53,007	36	54,623	31	167	113	107,797
Community Services	3	3,582	-	-	552	3,788	557	7,370
Economic Development	-	-	-	-	52	841	52	841
Revitalization and Stabilization	-	-	-	-	2	3	2	3
Total	49	56,589	36	54,623	637	4,799	722	116,011

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During the review period, the bank made \$2.5 million worth of deposits in a local minority-owned financial institution, intended to increase capacity and to help that institution meet the credit needs of the community in which it is chartered. In addition to the above investments, the bank made two investments, totaling approximately \$2,600, which benefitted affordable housing efforts in multiple assessment areas, including the bank's Southeast Michigan Assessment Area.

The bank is also an investor in the Detroit Home Mortgage Fund, a program designed to help qualified borrowers purchase a home in the Detroit area, where appraised values are still often deflated compared to market value, as a result of the 2006-2010 credit crisis, making it difficult for borrowers to get a traditional mortgage.

Service Test

The bank's retail and community development services reflect good responsiveness to the needs of the assessment area.

Retail Services

The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in its assessment area. The distribution of the bank's 136 branch offices and 210 ATMs as of December 31, 2020, was compared to the distribution of the population and businesses among the tract categories within the assessment area. The table below summarizes the bank's retail locations in the Southeast Michigan Assessment Area.

Distribution of Branches and ATMs Southeast Michigan Assessment Area							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full Service ATMs	
				#	%	#	%
Low	13.8	7.4	7.5	10	7.4	29	13.8
Moderate	24.7	26.5	20.0	29	21.3	51	24.3
Middle	30.5	39.2	31.1	40	29.4	51	24.3
Upper	29.1	26.9	40.8	56	41.2	75	35.7
Unknown	1.9	0.0	0.6	1	0.7	4	1.9
Total	100.0	100.0	100.0	136	100.0	210	100.0

The bank opened two branches (one in a low-income census tract and one in an upper-income tract), closed four branches (two in middle-income tracts and two in upper-income tracts), and relocated two branches (one in a low-income tract and one in an upper-income tract) in the Southeast Michigan Assessment Area. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI income geographies. Banking services and hours of operations do not vary in a way that inconveniences the assessment area, particularly in LMI geographies or to LMI individuals. The level of branch services and hours offered are basically the same throughout the assessment area.

Community Development Services

The bank provides a relatively high level of community development services in the assessment area. The bank's employees served in various capacities, including boards of directors and as trustees, for 51 community development financial organizations offering community development

services that focused on services targeting LMI individuals. Total hours served during the review period was approximately 3,943 hours.

The bank was active in supporting community services for LMI individuals and families in the Southeast Michigan Assessment Area by serving with organizations like Mary's Mantle, which provides shelter for homeless expecting mothers, and the Oakland Literacy Council, which serves adults in the area who struggle to read, write, and understand English. The bank also continued its work with the Financial Institutions Community Development Conference, seeking to bring together financial, governmental, nonprofit, and private sector entities involved in neighborhood revitalization efforts to problem solve, build relationships, educate, and advance the cause of neighborhood community development in the Detroit region.

METROPOLITAN AREAS (Limited-Scope Review)

Description of Operations

- **Ann Arbor, MI Assessment Area**
 - As of December 31, 2020, the bank operated nine branches in the assessment area, representing 2.1 percent of its branches.
 - As of June 30, 2020, the bank had \$967.4 million in deposits in this assessment area, representing a market share of 8.5 percent. The \$967.4 million also represents 1.4 percent of the bank's total deposits.
- **Battle Creek, MI Assessment Area**
 - As of December 31, 2020, the bank operated four branches in the assessment area, representing 0.9 percent of its branches.
 - As of June 30, 2020, the bank had \$198.1 million in deposits in this assessment area, representing a market share of 15.5 percent. The \$198.1 million also represents 0.3 percent of the bank's total deposits.
- **Fenton, MI Assessment Area**
 - As of December 31, 2020, the bank operated one branch in the assessment area, representing 0.2 percent of its branches.
 - As of June 30, 2020, the bank had \$62.0 million in deposits in this assessment area, representing a market share of 1.2 percent. The \$62.0 million also represents 0.1 percent of the bank's total deposits.
- **Grand Rapids-Wyoming, MI Assessment Area**
 - As of December 31, 2020, the bank operated 11 branches in the assessment area, representing 2.6 percent of its branches.
 - As of June 30, 2020, the bank had \$615.9 million in deposits in this assessment area, representing a market share of 2.4 percent. The \$615.9 million also represents 0.9 percent of the bank's total deposits.
- **Jackson, MI Assessment Area**
 - As of December 31, 2020, the bank operated eight branches in the assessment area, representing 1.9 percent of its branches.
 - As of June 30, 2020, the bank had \$461.0 million in deposits in this assessment area, representing a market share of 16.6 percent. The \$461.0 million also represents 0.7 percent of the bank's total deposits.
- **Kalamazoo, MI Assessment Area**
 - As of December 31, 2020, the bank operated six branches in the assessment area, representing 1.4 percent of its branches.
 - As of June 30, 2020, the bank had \$264.2 million in deposits in this assessment area, representing a market share of 6.4 percent. The \$264.2 million also represents 0.4 percent of the bank's total deposits.
- **Midland, MI Assessment Area**
 - As of December 31, 2020, the bank operated two branches in the assessment area, representing 0.5 percent of its branches.
 - As of June 30, 2020, the bank had \$114.6 million in deposits in this assessment area, representing a market share of 5.7 percent. The \$114.6 million also represents 0.2 percent of the bank's total deposits.

- **Muskegon, MI Assessment Area**

- As of December 31, 2020, the bank operated four branches in the assessment area, representing 0.9 percent of its branches.
- As of June 30, 2020, the bank had \$220.5 million in deposits in this assessment area, representing a market share of 11.7 percent. The \$220.5 million also represents 0.3 percent of the bank's total deposits.

Conclusions with Respect to Performance Tests

Facts and data reviewed, including performance and demographic information can be found in Appendix D for information regarding these areas. Additional information regarding detailed demographic information and the HMDA and CRA lending for the limited-scope assessment areas can be found in Appendix G.

Conclusions regarding performance are as follows:

Assessment Area	Lending Test	Investment Test	Service Test
Ann Arbor	Consistent	Consistent	Consistent
Battle Creek	Consistent	Below	Below
Fenton	Consistent	Consistent	Consistent
Grand Rapids-Wyoming	Consistent	Exceeds	Consistent
Jackson	Exceeds	Consistent	Consistent
Kalamazoo	Consistent	Consistent	Consistent
Midland	Below	Below	Below
Muskegon	Consistent	Consistent	Consistent

The bank's performance in the limited-scope assessment areas was generally consistent with its performance in full-scope areas and did not change the bank's overall ratings.

NONMETROPOLITAN STATEWIDE AREA (Limited-Scope Review)

Description of Operations

• **Lenawee County Assessment Area**

- As of December 31, 2020, the bank operated one branches in the assessment area, representing 0.2 percent of its branches.
- As of June 30, 2020, the bank had \$39.3 million in deposits in this assessment area, representing a market share of 3.3 percent. The \$39.3 million also represents less than 0.1 percent of the bank's total deposits.

Conclusions with Respect to Performance Tests

Facts and data reviewed, including performance and demographic information can be found in Appendix E for information regarding these areas. Additional information regarding detailed demographic information and the HMDA and CRA lending for the limited-scope assessment areas can be found in Appendix H.

Conclusions regarding performance are as follows:

Assessment Area	Lending Test	Investment Test	Service Test
Lenawee County	Below	Below	Below

The bank's performance in the limited-scope nonmetropolitan assessment area did not change the bank's overall rating.

State of Texas

CRA Rating for Texas: Satisfactory

The Lending Test is Rated: High Satisfactory

The Investment Test is Rated: Outstanding

The Service Test is Rated: High Satisfactory

Summary of Major Factors Supporting Rating

Major factors supporting the institution's rating include:

- Comerica's lending activity reflects good responsiveness to assessment areas credit needs.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of HMDA lending reflects good penetration among customers of different income levels.
- The distribution of small business lending reflects adequate penetration among business of different revenue sizes.
- The bank has a good record of servicing the credit needs of low-income individuals and areas and very small businesses.
- The bank makes a relatively high level of community development loans.
- Comerica makes use of innovative and/or flexible lending practices in serving assessment areas' needs.
- The bank has an excellent level of qualified community development investments and grants.
- The bank exhibits good responsiveness to credit and community development needs.
- Delivery systems are accessible to the bank's geographies and individuals of different income levels in the assessment areas.
- The bank's record of opening and closing of branches in the state has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals.
- Services offered by the bank do not vary in a way that inconveniences its assessment areas, particularly LMI geographies and/or LMI individuals.
- Comerica provides a relatively high level of community development services.

Scope

Two assessment areas were selected for full-scope reviews based on the volume of lending, number of branches, and percent of total deposits within those assessment areas, as well as the length of time since the last full-scope review of the areas. Overall, approximately 89.3 percent of lending activity (by number of loans), 63.3 percent of the total deposits, and 52.8 percent of total branches within the state of Texas were evaluated through full-scope reviews. The following assessment areas, were reviewed using full-scope procedures. Descriptions of the assessment areas, listed below, can be found in the applicable assessment area sections of this report.

- Austin, TX Assessment Area
- Dallas – Fort Worth Metroplex Assessment Area

In addition, limited-scope reviews were conducted for the remaining three assessment areas, including:

- Houston, TX Assessment Area
- Kerr County, TX Assessment Area
- San Antonio, TX Assessment Area

The time period, products, and affiliates evaluated for this state are consistent with the scope discussed in the Institution section of this report. The bank's performance in the Dallas – Fort Worth Metroplex Assessment Area was given greater consideration in determining the bank's overall performance in the state of Texas because this assessment area contains substantially more branches, deposits, and lending activity than the other full-scope assessment area in Texas.

Description of Institution's Operations in Texas

The bank operates 123 branch offices in its assessment areas in Texas, representing 28.5 percent of total branches. As of June 30, 2020, the bank had \$10.5 billion in deposits in the state, representing 15.3 percent of total deposits. According to the June 30, 2020 FDIC Summary of Deposits, the bank had a deposit market share of 0.8 percent and ranked 14th out of 498 FDIC-insured financial institutions across the state. Of the 13,131 HMDA loans originated and purchased by the bank during the review period, 3,068 (23.4 percent) were in the Texas assessment areas. Of the 13,919 small business loans originated and purchased by the bank, 3,356 (24.1 percent) were in the Texas assessment areas.

Conclusions with Respect to Performance Tests in Texas

Lending Test

In Texas, the bank's overall Lending Test rating is *High Satisfactory*. Lending activity reflects good responsiveness to assessment areas' credit needs. The geographic distribution of loans reflects good penetration throughout the assessment areas. In addition, the distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank makes a relatively high level of community development loans.

Small business lending was given more weight than HMDA lending in determining the bank's Lending Test rating in the state of Texas as, during the review period, small business lending accounted for the majority of reviewed loans (approximately 52.2 percent). While the bank also makes small farm loans, their volume is minimal (0.2 percent, 0.1 percent by dollar) and not considered in the overall evaluation of the bank's CRA performance.

References are made to the bank's lending distribution by geography and borrower income throughout this report. Detailed information about the bank's HMDA- and CRA-reportable loans can be found in tables in Appendices F, G, and H.

Geographic Distribution and Distribution by Borrower Income and Business Revenue Size:

Consistent with the performance standards for a large bank, conclusions about the bank's distribution of lending within its assessment areas considers the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the bank's assessment areas; home

mortgage loans to low-, moderate-, middle-, and upper-income individuals; small-business loans to businesses with gross annual revenues of \$1 million or less; and, small-business and small-farm loans by loan amount at origination.

The CRA emphasizes the importance of banks serving the credit needs of their assessment areas, including LMI borrowers and areas. The bank's distribution of lending to borrowers reflects a good penetration among individuals of different income levels (including LMI) and businesses of revenue different sizes. Of the two full-scope assessment areas, one is excellent and one is adequate. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for each assessment area.

The geographic distribution of loans reflects good penetration throughout the assessment areas. Of the two full-scope assessment areas, one is considered excellent and one is considered good. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Criteria section for each assessment area.

Community Development Lending

In Texas, the bank makes a relatively high level of community development loans. During the review period, the bank originated 244 community development loans for \$534.9 million in Texas representing 25.0 percent of the bank's total community development loans and 28.1 percent by total dollar amount, respectively. The bank's community development lending in the state of Texas increased since the bank's previous CRA evaluation. Additionally, investments made by the institution to third-party community development organizations helped enabled those organizations to make 187 qualified community development loans benefitting the state of Texas. The bank's the pro-rata share of those third-party loans credited to the institution total \$1.1 million.

The community development loans originated during the evaluation period were for a variety of purposes. The table below summarizes the bank's community development lending.

Community Development Lending Texas Assessment Areas		
Purpose	Number	\$(000s)
Affordable Housing	4	35,529
Community Services	30	31,333
Economic Development	15	30,857
Revitalize and Stabilize	195	437,203
Institution Total	244	534,922

The bank participated heavily in the Paycheck Protection Program, implemented in response to the COVID-19 pandemic. The bank's high level of participation in this program reflects responsiveness to the needs of the community and represents the bank's use of flexible lending practices to meet the needs of its assessment areas in the state of Texas.

The bank made use of innovative and flexible lending practices in serving the needs of the bank's Texas assessment areas. During the review period, the bank's lending in the state of Texas included several programs specifically targeted toward LMI borrowers and small businesses. This includes a significant level of SBA guaranteed loan originations, as well as Small Business Micro Loan originations, and HomeReady™ Mortgages by Fannie Mae. These products are described in the

Institution section above. During the review period, 29.1 percent of the bank's Small Business Micro Loans, and 25 percent of the HomeReady™ Mortgages were originated in the state of Texas.

Investment Test

In Texas, the bank's overall Investment Test rating is *Outstanding*. The bank has an excellent level of qualified community development investments and grants and exhibits good responsiveness to credit and community development needs. The table below summarizes the bank's community development investments and donations by assessment area within the state. Specific details regarding investments and donations can be found in the Conclusions with Respect to Performance Tests section for each assessment area.

Community Development Investments and Donations Texas Assessment Areas								
Assessment Area	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Full Review:								
Austin	12	7,091	4	2,570	21	95	37	9,756
Dallas – Fort Worth	20	19,405	10	12,132	223	2,264	253	33,801
Limited Review:								
Houston	20	20,805	19	18,611	189	1,259	228	40,675
Kerr County	-	-	-	-	13	52	13	52
San Antonio	7	9,371	5	8,044	17	273	29	17,688
Statewide	-	-	4	64	8	250	12	314
Total	59	56,672	42	41,421	471	4,193	572	102,286

In addition to the assessment area-specific investments and donations, the bank had two prior period investments and six donations which benefitted multiple areas, which included assessment areas within the state of Texas. These investments and donations totaled approximately \$784 thousand.

During the review period, the bank made occasional use of innovative investments to support CD initiatives and exhibited good responsiveness to the needs of the bank's Texas assessment areas. The bank made sizable deposits in Minority Depository Institutions in the state, as well as enhancing relationships with CDFIs by providing large investments to support increased lending capital requests for small businesses impacted by the COVID-19 pandemic.

Service Test

In Texas, the bank's overall Service Test rating is *High Satisfactory*.

Retail Services

The bank's Service Test performance is good. Its retail and community development services reflect good responsiveness to the needs of the assessment areas. The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in its assessment areas. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI income geographies. Banking services

State of Texas

and hours of operations do not vary in a way that inconveniences the assessment areas, particularly in LMI geographies or to LMI individuals.

Distribution of Branches and ATMs Texas Assessment Areas							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full Service ATMs	
				#	%	#	%
Low	13.7	11.4	8.4	14	11.4	12	7.1
Moderate	27.8	26.3	19.1	24	19.5	35	20.7
Middle	25.8	27.4	25.3	30	24.4	37	21.9
Upper	31.9	34.6	46.7	55	44.7	85	50.3
Unknown	0.8	0.3	0.5	0	0.0	0	0.0
Total	100.0	100.0	100.0	123	100.0	169	100.0

Community Development Services

The bank provides a relatively high level of community development services. Staff provided community development services to approximately 106 organizations within the state of Texas, totaling 3,774 hours. Particularly noteworthy is the bank's participation as board and committee members for community service organizations. During the review period, bank staff served in those capacities for 54 organizations throughout the state of Texas. The bank's efforts in providing financial education, in particular, were recognized by the Texas Bankers Association, which awarded the bank with the Leaders in Financial Education Award for the bank's 2020 EMPOWER series, a free monthly financial education and self-development coaching and counseling program offered by the bank.

METROPOLITAN AREAS (Full-Scope Review)**Description of Operations in Austin, TX Assessment Area**

The Austin, TX Assessment Area includes Travis and Williamson counties in central Texas. These counties, along with Bastrop, Caldwell, and Hays counties, which are excluded from the assessment area, make up the Austin – Round Rock - Georgetown, TX MSA.

According to the 2010 census, the Austin, TX Assessment Area population was 1,446,945, which was 5.8 percent of the total population of the state of Texas. ACS 2019 population estimates reflect an assessment area population of 1,864,505 (6.4 percent of the total population of Texas), an increase of 28.9 percent since 2010, materially more than the overall growth rate in the state of Texas, which increased in population by 15.3 percent during the same period. According to 2019 estimates, 52.5 percent of the assessment area population is contained with the city of Austin, with no other city representing a materially significant portion of the assessment area population.

Population Changes Austin, TX Assessment Area			
County	2019 Population Estimate	% Increase Since 2010	Major Municipalities
Travis County	1,273,954	24.4	Austin*, Cedar Park, Pflugerville
Williamson County	590,551	39.7	Georgetown*, Round Rock

*Denotes County Seat

As of December 31, 2020, the bank operates ten branches in the assessment area, representing 2.3 percent of its total branches. One of the branches (10.0 percent) is located in a low-income census tract, no branches are in moderate-income census tracts, two (20.0 percent) are in middle-income census tracts, and seven (70.0 percent) are located in upper-income tracts.

According to the FDIC, as of June 30, 2020, the bank had \$1.1 billion in deposits in the Austin TX Assessment Area, representing 1.6 percent of the bank's total deposits. The bank ranks ninth out of 61 total FDIC-insured institutions in the assessment area, with a market share of 2.3 percent. Wells Fargo Bank holds the largest deposit market share at 19.6 percent, followed by JPMorgan Chase at 19.1 percent, and Bank of America at 14.5 percent. With 61 FDIC-insured institutions within the assessment area, the competition for deposits is significant.

In 2018, there were 697 financial institutions that reported HMDA data in the Austin, TX Assessment Area. The bank ranked 111th in HMDA market share with 0.1 percent of total HMDA-reportable originations and purchases. Wells Fargo Bank and JPMorgan Chase Bank led the market with 11.8 percent and 5.9 percent of market share, respectively. In 2019, 728 institutions reported HMDA data in the assessment area. Comerica Bank ranked 135th in market share with less than 0.1 percent of the market. Wells Fargo Bank and JPMorgan Chase Bank led the market again with 9.0 percent and 5.7 percent of the market, respectively. Many of the bank's competitors are statewide, multi-national, and national banks, and it appears competition could have adversely affected the bank's ability to serve the credit needs of its assessment area.

Austin, TX Assessment Area

In 2018, there were 214 financial institutions that reported CRA small business lending data in the Austin, TX Assessment Area. The bank ranked 23rd with 0.3 percent of total CRA-reportable originations and purchases during the year. Chase Bank and American Express National Bank dominated the market with 25.3 percent and 19.9 percent of the market share, respectively. During 2019, 180 institutions reported CRA data in the assessment area. Comerica ranked 28th, with 0.2 percent of the market share. In 2019, JPMorgan Chase and American Express led the market with 30.3 percent and 21.1 percent of the market, respectively. Many of the bank's competitors are statewide, multi-national, and national banks, and it appears competition could have adversely affected the bank's ability to serve the credit needs of its assessment area, specifically regarding small business lending.

Demographic Characteristics

Certain economic and demographic data is available for analysis for the Austin – Round Rock – Georgetown, TX MSA as a whole, but not for the specific assessment area. However, it is reasonable to believe that the data for the MSA provides a good representation of the characteristics of the assessment area, as the population of the assessment area includes 83.7 percent of the total MSA population.

During the review period, the Austin, TX Assessment Area was made up of 285 census tracts. Of the total, 35 census tracts (12.3 percent) were classified as low-income, 57 (20.0 percent) were moderate-income, 96 (33.7 percent) were middle-income, 91 (31.9 percent) were upper-income, and the remaining six tracts (2.1 percent) were designated as having an unknown income level.

Income Characteristics

The following chart reflects the estimated median family income for 2018 and 2019 in the Austin, TX Assessment Area. It also provides a range of the estimated annual family income for each income category (low, moderate, middle, and upper). According to available data, 9.7 percent of families in the assessment area lived below the poverty level.

Median Family Income Austin, TX Assessment Area		
Income Level	2018	2019
Median Family Income	\$86,000	\$95,900
Low-income	< \$43,000	< \$47,950
Moderate-income	\$43,000 < \$68,800	\$47,950 < \$76,720
Middle-income	\$68,800 < \$103,200	\$76,720 < \$115,080
Upper-income	≥ \$103,200	≥ \$115,080

Housing Characteristics

According to 2015 census estimates, there were a total of 599,068 housing units in the Austin, TX Assessment Area. Of the total housing in the assessment area, 50.7 percent of the units were classified as owner-occupied units, 42.0 percent were rental units, and the remaining 7.3 percent were vacant.

Low-income census tracts contained 11.8 percent of the total housing stock in the assessment area. The majority of housing units in the low-income census tracts (70.4 percent) were rental units, with the remainder split between owner-occupied units (20.5 percent) and vacant units (9.1

percent). The median age of all units in these tracts was 40 years with a median housing value of \$145,088. Monthly mortgage payments for a 30-year loan at 3.85 percent interest⁹ and 20 percent down on a \$145,088 home were approximately \$544. While this could be considered affordable compared to the median gross rent in low-income census tracts of \$887, barriers to home purchase such as down-payment, taxes, and insurance requirements may impede home ownership. With rental units representing the significant majority of the housing stock in these tracts, limited availability of owner-occupied units may also hinder those individuals and families desiring to purchase a home in these tracts. Additionally, 32.0 percent of families in low-income census tracts within the assessment area had incomes below the poverty level, which may make it difficult to qualify for a loan.

Moderate-income census tracts accounted for 17.7 percent of the total housing stock in the assessment area according to 2015 data. The largest portion of these units, 48.7 percent were classified as rental units, while 44.4 percent were owner-occupied, and 7.0 percent were vacant. The housing stock in moderate-income census tracts in the assessment area had a median age of 36 years and median value of \$138,713. A 30-year fixed-rate loan with 20 percent down and an interest rate of 3.85 percent would have a monthly mortgage payment of approximately \$460. This is significantly more affordable than the reported median gross rent in these tracts of \$993. However, for the 30.8 percent of families in these census tracts which reported incomes below poverty level, qualifying for a mortgage may be difficult.

A large portion of the housing stock in the assessment area, 34.8 percent, was located in middle-income census tracts. In these tracts, the majority of units, 50.7 percent were owner-occupied, 42.4 percent were rental units, and 6.9 percent were vacant. The units in middle-income tracts were younger than those in low- or moderate-income tracts, with a median age of 28 years. According to 2015 data, the median housing value in middle-income tracts was \$182,786.

Upper-income tracts also account for a large portion of the assessment areas housing stock, representing 34.7 percent of total units. Most units in these tracts were owner-occupied, 65.4 percent of total units, with 27.5 percent categorized as rental units, and 7.1 percent were vacant. The median age of the housing stock in upper-income census tracts was 26 years, with a median value of \$333,617.

Employment and Economic Conditions

The national average unemployment rates for 2018, 2019, and 2020 were 3.9 percent, 3.7 percent, and 8.1 percent, respectively. In the state of Texas, the rates were consistently slightly below those of the United States. Unemployment rates in the Austin, TX Assessment Area were below those of the state in each year of the review period. According to the 2015 Labor Summary, unemployment rates in LMI census tracts within the assessment area (8.2 percent and 7.5 percent, respectively) were higher than the rates in the remainder of the assessment area. High unemployment rates in LMI census tracts could affect the number of eligible borrowers in these tracts.

Unemployment rates at every income level rose significantly in 2020 due to the COVID-19 pandemic, more than doubling in each of the listed geographies. This increase in unemployment

⁹ Available historical data from FreddieMac on 30-Year Fixed-Rate Mortgages indicate an annual average rate of 3.85 percent in 2015. <http://www.freddiemac.com/pmms/pmms30.html>

Austin, TX Assessment Area

nationwide was outside of the scope of the retail Lending Test for this evaluation, and the impact of these increases on HDMA and CRA-reportable lending was not evaluated. However, the pandemic highlighted needs in the bank's assessment areas that could be addressed through community development activity.

The following chart shows unemployment rates relevant to the assessment area for 2018 through 2020.

Annual Average Unemployment Rate Austin, TX Assessment Area			
AREA	2018	2019	2020
Travis County	2.8	2.6	6.3
Williamson County	3.0	2.8	5.9
Assessment Area	2.9	2.7	6.2
MSA	2.9	2.7	6.2
State of Texas	3.8	3.5	7.7
United States	3.9	3.7	8.1

The Austin – Round Rock – Georgetown, TX MSA is one of the population centers of Texas; 7.7 percent of the state's population resides within the MSA making it the fourth largest MSA in the state. Additionally, Travis County is the fifth most populous county in the state. Austin has emerged as a growing technology hub for the state and the nation, attracting many technology firms in recent years, and becoming one of the most popular relocation hotspots for tech talent during the 2020 pandemic.

Austin is the capital of Texas, resulting in a large number of governmental jobs. The city, state, and federal governments are each among the largest employers in the assessment area. Other significant employment sectors include technology (large companies in the assessment area include Apple, Dell, and Samsung), education (local school districts as well as the University of Texas) and healthcare.

Community Contacts and Community Development Opportunities

As part of the evaluation of the Austin, TX Assessment Area, one community contact involved in affordable housing was made. The contact highlighted the needs for additional affordable housing and financial literacy education in the assessment area. The contact indicated that in recent years as the area has grown, especially through technology businesses relocating to Austin, the lack of affordable housing has been exacerbated by rising home prices and increased gentrification.

Key Assessment Area Demographics

The following table details selected characteristics of the assessment area.

Austin, TX Assessment Area

Combined Demographics Report

Assessment Area: TX - Austin

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	35	12.3	31,879	9.5	10,391	32.6	75,889	22.6
Moderate-income	57	20	58,069	17.3	9,996	17.2	53,888	16
Middle-income	96	33.7	116,243	34.6	7,951	6.8	64,735	19.3
Upper-income	91	31.9	128,294	38.2	3,415	2.7	141,329	42.1
Unknown-income	6	2.1	1,356	0.4	723	53.3	0	0
Total Assessment Area	285	100.0	335,841	100.0	32,476	9.7	335,841	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	70,447	14,466	4.8	20.5	49,572	70.4	6,409	9.1
Moderate-income	105,869	46,974	15.5	44.4	51,507	48.7	7,388	7
Middle-income	208,426	105,603	34.8	50.7	88,415	42.4	14,408	6.9
Upper-income	207,703	135,742	44.7	65.4	57,209	27.5	14,752	7.1
Unknown-income	6,623	712	0.2	10.8	5,039	76.1	872	13.2
Total Assessment Area	599,068	303,497	100.0	50.7	251,742	42.0	43,829	7.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	7,267	7.3	6,566	7.2	645	10.1	56	4.2
Moderate-income	12,525	12.6	11,555	12.7	874	13.6	96	7.2
Middle-income	29,917	30.2	27,649	30.3	1,935	30.2	333	24.8
Upper-income	47,967	48.4	44,345	48.6	2,832	44.2	790	58.9
Unknown-income	1,336	1.3	1,146	1.3	124	1.9	66	4.9
Total Assessment Area	99,012	100.0	91,261	100.0	6,410	100.0	1,341	100.0
Percentage of Total Businesses:				92.2		6.5		1.4
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	44	4.5	42	4.3	1	16.7	1	100
Moderate-income	107	11	104	10.7	3	50	0	0
Middle-income	309	31.7	309	31.9	0	0	0	0
Upper-income	510	52.3	509	52.6	1	16.7	0	0
Unknown-income	5	0.5	4	0.4	1	16.7	0	0
Total Assessment Area	975	100.0	968	100.0	6	100.0	1	100.0
Percentage of Total Farms:				99.3		.6		.1

2019 FFIEC Census Data and 2019 D&B Information

Conclusions with Respect to Performance Tests

Lending Test

Lending activity reflects good responsiveness to Austin, TX Assessment Area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area. In addition, the distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses of different revenue sizes. The bank makes a relatively high level of community development loans.

During the review period, the bank made limited use of innovative and flexible lending practices in serving assessment area credit needs. This included the bank's small business micro loan program, as well as the bank's participation in the Small Business Administration's Paycheck Protection Program.

During the review period, the bank reported 273 (64.8 percent) small business loans, more than the 148 (35.2 percent) HMDA loans in the Austin, TX Assessment Area. Additionally, the bank's articulated long-term strategy in Texas assessment areas includes a focus on community banking, specifically small business lending. Based upon this, small business lending was given more weight than HMDA lending in determining the bank's Lending Test rating in the assessment area.

Details of the bank's mortgage and small business lending and information regarding lending by aggregate lenders can be found in Appendix F.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The bank's distribution of lending to borrowers reflects an adequate penetration among individuals of different income levels (including LMI) and businesses of different revenue sizes. The distribution of the remainder of bank lending to middle- and upper-income borrowers did not affect conclusions about the bank's performance considering its lending to LMI borrowers.

HMDA Lending

HMDA lending by borrower income in the assessment area is considered good when compared to demographic characteristics of the community, as well as the performance of aggregate HMDA lenders with loan originations or purchases in the assessment area.

In 2018, the bank originated 3.5 percent of HMDA-reportable loans (0.9 percent by dollar volume) in the assessment area to low-income borrowers. While this performance did not meet the 22.6 percent of assessment area families that were classified as low-income, the bank performed comparably to aggregate lenders, which originated 3.4 percent of HMDA-reportable loans (1.5 percent by dollar) to low-income borrowers in 2018. The bank's performance improved in 2019, originating 9.7 percent of HMDA-reportable loans to low-income borrowers, accounting for 6.0 percent by dollar volume. However, the bank out-performed aggregate lenders which originated 3.7 percent of HMDA loans (1.7 percent by dollar) to low-income borrowers.

In 2018, 20.9 percent of the bank's HMDA-reportable loans in the assessment area were to moderate-income borrowers (10.5 percent by dollar volume). This performance outpaced aggregate lenders, which originated 14.0 percent of HMDA loans by number, and 8.2 percent by dollar volume, to moderate-income borrowers. Additionally, the bank's performance was slightly above the 16.0 percent of assessment area families classified as moderate-income. In 2019, the bank performed similarly to aggregate lenders, originating 14.5 percent of HMDA-reportable loans by number and 8.2 percent by dollar volume to moderate-income borrowers. During the same period, aggregate lenders originated 15.4 percent by number and 9.3 percent by dollar volume to moderate-income borrowers.

Small Business Lending

Considering the bank's performance when compared to aggregate CRA lenders, the distribution of small business loans by revenue size of businesses is poor. The assessment area is saturated with large national banks; therefore, competition for business loans is high in the market, which experienced economic growth and increased loan demand during the review period.

In 2018, the bank originated 8.0 percent of its loans, representing 7.5 percent by dollar volume, to businesses with gross annual revenues of \$1 million or less. This is lower than aggregate CRA lenders, which originated 42.9 percent (33.4 percent by dollar) to small businesses during the same period. In 2019, the bank's performance improved significantly, originating 23.6 percent of small business loans (18.2 percent by dollar) to businesses with gross revenue under \$1 million. This performance still lagged behind aggregate lenders, which originated 47.8 percent (35.7 percent by dollar) to small businesses in 2019. Comerica and aggregate lenders both fell below D&B demographic data, which reported 92.2 percent of assessment area business having revenues of \$1 million or less during the review period.

Of the total 273 small business loans originated by the bank in the assessment area during the review period, 94 (34.4 percent) were reported as being to businesses with unknown revenues. The regulations do not require institutions to request or consider revenue information when making a loan; however, the material portion of small business loans without revenue information may impact overall distribution of loans.

Another way to gauge the bank's small business lending performance is to review the data by loan amount, as smaller businesses typically require smaller dollar credits. It is noted that a large percentage of the bank's small business loans in the Austin, TX Assessment Area were made in loan amounts of \$100,000 or less. In 2018, 60.7 percent of the bank's small business originations were in loan amounts of \$100,000 or less, this is compared to 94.6 percent for aggregate lenders. In 2019, the bank's performance fell, originating 34.5 percent of small business loans in amounts of \$100,000 or less, compared to 95.0 percent of aggregate lending.

Geographic Distribution of Loans

For this analysis, the geographic distribution of small business lending and HMDA-reportable lending, including both originations and purchases, was compared with available demographic information as well as the performance of aggregate lenders. Considering performance context factors, the bank's geographic distribution of loans reflects good penetration throughout the assessment area. There were no conspicuous gaps or anomalies in the bank's lending patterns.

The distribution of the remainder of bank lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies).

HMDA Loan Geographic Distribution

The geographic distribution of HMDA-reportable loans reflects adequate penetration throughout the Austin, TX Assessment Area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders. As the bank made no multi-family loans in the assessment area during the review period, this product was not analyzed separately. During the review period, the largest portion of the bank's HMDA-related originations and purchases were classified as refinance loans (40.5 percent of total HMDA loans) and the smallest portion was home purchase loans (15.5 percent). As a result, refinance lending was given the greatest weight among HMDA-related products, and home purchase lending was given the least weight.

Home Purchase Lending

The bank's geographic distribution of home purchase lending in the Austin, TX Assessment Area during the review period is adequate.

In 2018, the bank originated or purchased only one home purchase loan in a low-income census tract, representing 8.3 percent of the total home purchase loans (3.0 percent by dollar) in the assessment area. This is greater than the performance of aggregate lenders, which originated or purchased only 4.8 percent by number and 4.4 percent by dollar in these tracts. In 2019, the bank's performance fell, originating or purchasing no home purchase loans in low-income census tracts. This was below the performance of aggregate lenders, which reported 4.3 percent by number and 4.0 percent by dollar in low-income census tracts in 2019. The limited level of lending in low-income census tracts is expected as only 4.8 percent of owner-occupied units were located within low-income census tracts during the review period, indicating a lower demand for home purchase loans than in other tracts

The bank made no home purchase loans in moderate-income census tracts in either 2018 or 2019. Aggregate lenders performance far outpaced the bank. In 2018, aggregate lenders reported 14.2 percent of home purchase loans by number (10.7 percent by dollar) in moderate-income census tracts. Aggregate performance improved in 2019, reporting 14.7 percent of home purchase loans (11.4 percent by dollar) in moderate-income tracts. During the review period, 15.5 percent of owner-occupied units in the assessment area were located in moderate-income census tracts.

The distribution of the remainder of home purchase lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Home Refinance Lending

The bank's geographic distribution of home refinance lending in the Austin, TX Assessment Area during the review period is adequate.

In 2018, the bank originated or purchased only one home refinance loan in a low-income census tract, representing 3.0 percent of the total home refinance loans (2.4 percent by dollar) in the assessment area. This is comparable to the performance of aggregate lenders, which originated or purchased only 4.3 percent by number and 3.5 percent by dollar in these tracts. In 2019, the bank's performance fell, originating or purchasing no home refinance loans in low-income census tracts. This was below the performance of aggregate lenders, which reported 4.2 percent by number and 3.7 percent by dollar in low-income census tracts in 2019.

In 2018, the bank performed comparably with aggregate lenders in moderate-income tracts, originating 15.2 percent of refinance loans (10.0 percent by dollar) in these geographies compared to aggregate lenders' 14.5 percent of loans (9.6 percent by dollar) in these tracts. The bank's performance was also comparable to demographics, as 15.5 percent of owner-occupied units were in moderate-income tracts during the review period. In 2019, the bank's performance fell below aggregate lender performance. The bank originated only one home refinance loan (3.7 percent by number, 0.6 percent by dollar) in moderate-income tracts while aggregate lenders originated 12.0 percent of home refinance loans (8.3 percent by dollar) in these tracts.

The distribution of the remainder of home purchase lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Home Improvement Lending

The bank's geographic distribution of home improvement lending in the Austin, TX Assessment Area during the review period is adequate.

The bank originated 31 home improvement loans during the review period in the Austin, TX Assessment Area. The bank originated only one home improvement loan in low-income census tracts. This loan was originated in 2018, representing 4.8 percent of the total home improvement loans reported for the year (1.2 percent by dollar volume). Low-income census tracts contained 4.8 percent of the owner-occupied units in the assessment area. Despite this low percentage of owner-occupied units, aggregate lenders struggled to meet this level of performance, originating 3.4 percent of home improvement loans in low-income tracts (2.7 percent by dollar) in 2018. In 2019, the bank originated or purchased no home improvement loans in low-income tracts, while aggregate performance improved slightly, originating 3.5 percent of home improvement loans (3.4 percent by dollar) in these tracts.

In 2018, the bank originated 14.3 percent of its home improvement loans in moderate-income tracts (8.6 percent by dollar), while aggregate lenders originated 10.3 percent of home improvement loans (8.0 percent by dollar) in these tracts. The bank and aggregate lenders failed to surpass demographic information, as 15.5 percent of owner-occupied units were in moderate-income tracts during the review period. In 2019, the bank's performance rose above demographics, originating 20.0 percent of home improvement loans (7.3 percent by dollar) in moderate-income tracts. This performance remained greater than aggregate lenders, which originated 10.2 percent of home improvement loans (8.1 percent by dollar) in moderate-income tracts.

The distribution of the remainder of home improvement lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Other Purpose Lines of Credit

The bank's geographic distribution of other purpose lines of credit in the Austin, TX Assessment Area during the review period is adequate.

HMDA reportable lines of credit represented 21.6 percent of the bank's HMDA loans in the Austin, TX Assessment Area during the review period, the second largest HMDA product by number of loans. In 2018, the bank originated or purchased no lines of credit in low-income census tracts, despite these tracts containing 4.8 percent of the owner-occupied units in the assessment area. While aggregate lending data surpassed the bank's performance, aggregate lenders originated only 1.5 percent of HMDA lines of credit in low-income tracts (1.1 percent by dollar). Aggregate lenders' low performance may be an indication of low demand for these loans in low-income tracts in 2018. In 2019, the bank originated only one line of credit in low-income tracts in the Austin, TX Assessment Area; however, this loan represented 8.3 percent of the lines of credit reported (2.7 percent by dollar). This performance outpaced aggregate lenders, which originated 2.1 percent of the lines of credit (1.2 percent by dollar) in low-income tracts in the assessment area.

In 2018, the bank originated no lines of credit in moderate-income tracts, while aggregate lenders originated 7.6 percent of these lines of credit (3.9 percent by dollar) in these tracts. Aggregate lenders failed to meet demographic information, as 15.5 percent of owner-occupied units were in moderate-income tracts during the review period. In 2019, the bank's performance improved, but remained below demographics, originating 8.3 percent of HMDA reportable lines of credit (9.5 percent by dollar) in moderate-income tracts. This performance was greater than aggregate lenders, which originated 6.3 percent of these lines of credit (4.2 percent by dollar) in moderate-income tracts.

The distribution of the remainder of home improvement lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Small Business Loan Geographic Distribution

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders.

The bank's small business lending by number in low-income census tracts during the review period exceeded the percentage of small business located in these tracts as well as the performance of aggregate lenders. In 2018, 13.5 percent of small business loans (13.8 percent by dollar) were originated in low-income tracts, compared to 7.3 percent of businesses located in those tracts and 7.8 percent of aggregate loans (8.4 percent by dollar). In 2019, the bank originated 19.1 percent of small business loans (22.8 percent by dollar) in low-income tracts, compared to 7.3 percent of businesses being located in these tracts and 7.6 percent of aggregate loans (8.3 percent by dollar).

Austin, TX Assessment Area

In 2018, 8.6 percent of small business loans (15.1 percent by dollar) were originated in moderate-income tracts, compared to the 12.6 percent of businesses located in those tracts and 13.1 percent of aggregate loans (12.9 percent by dollar). In 2019, 13.6 percent of small business loans (10.2 percent by dollar) were originated in moderate-income tracts, compared to 12.6 percent of assessment area businesses in these tracts and 12.6 percent of aggregate small business loans (13.6 percent by dollar).

The bank's small business lending in middle- and upper-income tracts during the review period was generally lower than the percentage of small businesses in these tracts. When compared to the aggregate, the bank generally originated fewer loans in middle- and upper-income census tract.

Community Development Lending

The bank makes a relatively high level of community development loans in the Austin, TX Assessment Area. During the review period, the bank originated a total of 20 community development loans for \$38.0 million in the assessment area. Additionally, one loan benefitting a broader statewide area provided \$1 million towards supporting affordable housing efforts.

The community development loans originated in the Austin, TX Assessment Area during the evaluation period served a variety of community development purposes, with revitalization and stabilization representing the largest portion. The table below summarizes the bank's community development lending.

Community Development Lending Austin, TX Assessment Area		
Purpose	#	\$000s
Affordable Housing	3	5,821
Community Services	5	8,883
Economic Development	4	5,504
Revitalization and Stabilization	8	17,833
Totals	20	38,041

Several of the community development loans (five loans totaling \$11.8 million) were associated with the Paycheck Protection Program, implemented in response to the COVID-19 pandemic. The bank's high level of participation in this program reflects responsiveness to the needs of the community and the bank's use of flexible lending practices to meet the needs of the assessment area.

Investment Test

The bank made a significant level of qualified community development investments and grants in area during the review period. The bank's investments were primarily focused on affordable housing, with the investments consisting of qualifying mortgage-backed securities and projects qualifying for low-income housing tax credits. Notable investments made by the institution include five investments in programs for the construction or preservation of rent restricted units for LMI individuals and families. Qualified donations during the review period served an array of community development purposes, with the majority benefitting organizations that perform qualified community services targeted to low- or moderate-income individuals.

Austin, TX Assessment Area

Community Development Investments Austin, TX Assessment Area								
Purpose	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Affordable Housing	11	3,111	4	2,570	1	2	16	5,683
Community Services	-	-	-	-	15	72	15	72
Economic Development	1	3,980	-	-	5	21	6	4,001
Total	12	7,091	4	2,570	21	95	37	9,756

The bank's investment and grant activity in the Austin, TX Assessment Area lines up with needs highlighted by the community contact in the area, with the largest volume of investments targeted toward affordable housing availability.

Service Test

Retail and community development services reflect adequate responsiveness to the needs of the assessment area. The bank's branch hours are reasonable, and services do not vary in a way that inconveniences low- or moderate-income geographies or individuals. The bank provides an adequate level of community development services, and delivery systems are reasonably accessible to the assessment area.

Retail Services

The bank's delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in its assessment area. The distribution of the bank's ten branch offices and 13 ATMs as of December 31, 2020, was compared to the distribution of the population and businesses among the tract categories within the assessment area. The table below summarizes the bank's retail locations in the Austin Assessment Area.

Distribution of Branches and ATMs Austin, TX Assessment Area							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full Service ATMs	
				#	%	#	%
Low	12.3	11.9	7.3	1	10.0	1	7.7
Moderate	20.0	19.7	12.7	0	0.0	0	0.0
Middle	33.7	33.3	30.2	2	20.0	4	30.8
Upper	31.9	33.7	48.4	7	70.0	8	61.5
Unknown	2.1	1.4	1.4	0	0.0	0	0.0
Total	100.0	100.0	100.0	10	100.0	13	100.0

While the significant majority of the bank's branches were located within upper-income census tracts, six of the seven branches in upper-income tracts are within two miles of a low- or moderate-income census tract. The bank did not open or close any branches in the assessment area during the review period, though the bank did relocate one branch within an upper-income census tract. During the review period, the bank closed one cash-only ATM in a middle-income tract. The bank's record of opening or closing branches has not adversely affected the accessibility of its

delivery systems, including to LMI income geographies. Banking services and hours of operations do not vary in a way that inconveniences the assessment area, particularly in LMI geographies or to LMI individuals. The level of branch services and hours offered are consistent throughout the assessment area.

Community Development Services

The bank provides an adequate level of community development services in the assessment area. The bank's employees served in many various capacities, including boards of directors and as trustees, for six community development organizations offering community development services that focused on providing services to LMI individuals. Total hours served during the review period was approximately 131 hours. A significant portion of the bank's community development services in the Austin, TX Assessment Area were provided through an organization that provides support services to seniors in particularly low-income geographies in the assessment area.

Description of Operations in Dallas – Fort Worth Metroplex Assessment Area

The Dallas – Fort Worth Metroplex (DFW) Assessment Area includes Collin, Dallas, Denton, Ellis, Rockwall, and Tarrant counties in the north central region of Texas. These counties, along with Hunt, Kaufman, Johnson, Parker, and Wise counties, which are excluded from the assessment area, make up the Dallas – Plano – Irving, TX MD and the Fort Worth – Arlington – Grapevine, TX MD (together, comprising the Dallas – Fort Worth – Arlington, TX MSA.)

Population Changes Dallas – Fort Worth Metroplex Assessment Area			
County	2019 Population Estimate	% Increase Since 2010	Major Municipalities
Collin County	1,034,730	32.3	McKinney*, Plano, Frisco, Allen
Dallas County	2,635,516	11.3	Dallas*, Carrollton, Irving
Denton County	887,207	33.9	Denton*, Highland Village, Sanger
Ellis County	184,826	23.5	Waxahachie*, Ennis, Midlothian
Rockwall County	104,915	33.9	Rockwall*, Mobile City
Tarrant County	2,102,515	16.2	Fort Worth*, Arlington, Bedford, Hurst

*Denotes County Seat

As of December 31, 2020, the bank operated 55 branches in the DFW Assessment Area representing 12.7 percent of its total branches, and 44.7 percent of the branches in Texas. Six of the branches are located in low-income census tracts, 12 branches are in moderate-income census tracts, 16 are in middle-income census tracts, and 21 are located in upper-income tracts.

According to the FDIC, as of June 30, 2020, the bank had \$5.5 billion in deposits in the DFW Assessment Area, representing 8.1 percent of the bank's total deposits. This also represents a market share of 0.84 percent, which ranks 13th out of 157 total FDIC-insured deposits that are located within the assessment area. Charles Schwab Bank holds the largest deposit market share at 40.5 percent, followed by Bank of America at 18.3 percent, and JPMorgan Chase Bank at 12.1 percent. With the top three institutions holding 70.9 percent of the total deposits in the assessment area, competition among the remaining 154 institutions is fierce.

In 2018, there were 946 financial institutions that reported HMDA data in the DFW Assessment Area. The bank ranked 67th in HMDA market share with 0.3 percent of total HMDA-reportable originations and purchases. Wells Fargo Bank and JPMorgan Chase Bank led the market with 10.5 percent and 6.6 percent of market share, respectively. In 2019, 970 institutions reported HMDA data in the assessment area. Comerica Bank ranked 77th in market share with 0.3 percent of the market. Wells Fargo Bank and JPMorgan Chase Bank led the market again with 7.2 percent and 6.2 percent of the market, respectively.

For 2018, there were 256 financial institutions that reported CRA small business lending data in the DFW Assessment Area. The bank ranked 20th with 0.6 percent of total CRA-reportable originations and purchases during the year. JP Morgan Chase Bank and American Express National Bank dominated the market with 19.9 percent and 19.5 percent of the market share,

Dallas – Fort Worth Metroplex Assessment Area

respectively. During 2019, 256 institutions reported CRA data in the assessment area. Comerica ranked 22nd, with 0.4 percent of the market share. In 2019, JPMorgan Chase and American Express National Bank led the market with 23.9 percent and 19.2 percent of the market, respectively.

Demographic Characteristics

Certain economic and demographic data is available for analysis for the Dallas – Fort Worth - Arlington, TX MSA as a whole, but not for the specific assessment area. However, it is reasonable to believe that the data for the MSA provides a good representation of the characteristics of the assessment area, as the 2019 population of the assessment area includes 91.8 percent of the total MSA population.

During the review period, the DFW Assessment Area was made up of 1,176 total census tracts. Of the total assessment area tracts, 164 (13.9 percent) were classified as low-income, 309 (26.3 percent) were moderate-income, 305 (25.9 percent) were middle-income, 391 (33.2 percent) were upper-income, and the remaining seven census tracts (0.6 percent) were designated as having an unknown income level.

Income Characteristics

Income characteristics are provided for each of the two MDs that make up the Dallas – Fort Worth – Arlington, TX MSA. The following chart reflects the estimated median family income for 2018 and 2019 in the DFW Assessment Area. It also provides a range of the estimated annual family income for each income category (low, moderate, middle, and upper). According to available data, 11.7 percent of families in the assessment area lived below the poverty level.

Median Family Income				
Dallas – Fort Worth Metroplex Assessment Area				
	2018		2019	
Income Level	Dallas-Plano-Irving, TX MD	Fort Worth-Arlington, TX MD	Dallas-Plano-Irving, TX MD	Fort Worth-Arlington, TX MD
Median Family Income	\$77,200	\$75,000	\$83,100	\$75,300
Low-income	< \$38,600	< \$37,500	< \$41,550	< \$37,650
Moderate-income	\$38,600 < \$61,760	\$37,500 < \$60,000	\$41,550 < \$66,480	\$37,650 < \$60,240
Middle-income	\$61,760 < \$92,640	\$60,000 < \$90,000	\$66,480 < \$99,720	\$60,240 < \$90,360
Upper-income	≥ \$92,640	≥ \$90,000	≥ \$99,720	≥ \$90,360

Housing Characteristics

According to 2015 census estimates, there were a total of 2,285,520 housing units in the DFW Assessment Area. Of the total housing units, 53.8 percent were classified as owner-occupied units, 38.6 percent were rental units, and the remaining 7.5 percent were vacant.

Low-income census tracts contained 12.4 percent of the total housing stock in the assessment area. The majority of housing units in the low-income census tracts were rental units (62.0 percent), with the remainder split between owner-occupied units (24.8 percent) and vacant units (13.3 percent). The median age of all units in these tracts was 46 years with a median housing value of \$72,458. Monthly mortgage payments for a 30-year loan with 20 percent down at 3.85

percent interest¹⁰ on a \$72,458 home is approximately \$272. This is considered more affordable than the median gross rent in low-income census tracts of \$747. However, 34.2 percent of families in low-income census tracts within the assessment area had incomes below the poverty level, which may make it difficult to qualify for a loan or afford a down payment. Additionally, as rental units represent the significant majority of the housing stock in these tracts, limited availability of owner-occupied units may also hinder those individuals and families desiring to purchase a home in these tracts.

Moderate-income census tracts accounted for 24.7 percent of the total housing stock in the assessment area according to 2015 data. The largest portion of these units, 47.3 percent were classified as rental units, closely followed by owner-occupied units (43.9 percent), with the remaining 8.8 percent classified as vacant. The housing stock in moderate-income census tracts in the assessment area had a median age of 45 years and median value of \$94,173. A 30-year fixed-rate loan with an interest rate of 3.85 percent and 20 percent down payment would have a monthly mortgage payment of approximately \$460. This is more affordable than the reported median gross rent in these tracts of \$875. However, for the 19.0 percent of families which reported incomes below poverty level in these census tracts, qualifying for a mortgage may be difficult.

A large portion of the housing stock in the assessment area, 27.8 percent, was located in middle-income census tracts. In these tracts, the majority of units, 55.4 percent were owner-occupied, 38.0 percent were rental units, and 6.6 percent were vacant. The units in middle-income tracts were younger than those in low- or moderate-income tracts, with a median age of 34 years. According to 2015 data, the median housing value in middle-income tracts was \$138,525.

Upper-income tracts account for the largest portion of the assessment areas housing stock, representing 34.9 percent of total units. Most units in these tracts were owner-occupied, 70.0 percent of total units, with 24.6 percent categorized as rental units, and 5.4 percent were vacant. The median age of the housing stock in upper-income census tracts was 26 years, with a median value of \$238,521.

Employment and Economic Conditions

The national average unemployment rates for 2018, 2019, and 2020 were 3.9 percent, 3.7 percent, and 8.1 percent, respectively. Unemployment rates in the DFW Assessment Area were consistently below those of Texas and the nation as a whole. According to the 2015 Labor Summary, unemployment rates in LMI census tracts within the assessment area (10.6 percent and 8.6 percent, respectively) were materially higher than the rates in the remainder of the assessment area. High unemployment rates in LMI census tracts could affect loan demand for these tracts. Additionally, unemployment rates rose significantly in 2020 due to the COVID-19 pandemic, more than doubling in each of the listed geographies.

The following chart shows unemployment rates relevant to the assessment area for 2018 through 2020.

¹⁰ Available historical data from FreddieMac on 30-Year Fixed-Rate Mortgages indicate an Annual Average rate of 3.85 percent in 2015. <http://www.freddiemac.com/pmms/pmms30.html>

Dallas – Fort Worth Metroplex Assessment Area

Annual Average Unemployment Rate Dallas – Fort Worth Metroplex Assessment Area			
AREA	2018	2019	2020
Collin County	3.3	3.1	6.4
Dallas County	3.8	3.5	7.6
Denton County	3.2	3.0	6.6
Ellis County	3.3	3.1	6.1
Rockwall County	3.2	3.1	6.2
Tarrant County	3.5	3.3	7.4
Assessment Area	3.5	3.3	7.2
MSA	3.5	3.3	7.1
State of Texas	3.8	3.5	7.7
United States	3.9	3.7	8.1

The Dallas – Fort Worth - Arlington, TX MSA is one of the significant population centers of Texas; 26.1 percent of the state's population resides within the MSA, and Dallas, Tarrant, Collin, and Denton counties are the 2nd, 3rd, 6th, and 7th most populous counties in the state, respectively. The MSA had a total gross domestic product of \$523.9 billion in 2019, similar to the economic output of countries such as Sweden¹¹.

The MSA is home to several Fortune 500 companies, including Exxon Mobil, AT&T, American Airlines Group, and real estate services firm CBRE Group¹². Other major employers in the area include the financial institutions Bank of America and JPMorgan Chase, and several local healthcare facilities. In addition, the Texas farming and ranching industry is based in Fort Worth. Several major defense manufacturers, including Lockheed Martin, Bell Textron, and Raytheon, maintain significant operations in the Metroplex.

Community Contacts and Community Development Opportunities

As part of the evaluation of the DFW Assessment Area, a community contact involved in affordable housing and community services was made. The contact highlighted the gap between the LMI population in the area and the availability of affordable housing to accommodate that population. The gap has continued to grow as LMI families relocate to the area. In addition to the ongoing need for funding for organizations that provide affordable housing, the contact indicated an opportunity for financial institutions to support LMI individuals in the area by providing financial education services targeted toward helping LMI individuals increase their creditworthiness.

Key Assessment Area Demographics

The following table details selected characteristics of the assessment area.

¹¹ Country Economy. "Sweden GDP- Gross Domestic Product." CountryEconomy.com <https://countryeconomy.com/gdp> (accessed March 18, 2021)

¹² Fortune. "Fortune 500" Fortune.com, <https://fortune.com/fortune500/2020/search/?hqstate=TX> (accessed March 18, 2021)

Dallas – Fort Worth Metroplex Assessment Area

Combined Demographics Report

Assessment Area: TX - Dallas-Fort Worth Metroplex

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	164	13.9	149,845	10.3	51,243	34.2	345,301	23.8
Moderate-income	309	26.3	345,828	23.8	65,575	19	237,937	16.4
Middle-income	305	25.9	402,775	27.7	33,336	8.3	259,813	17.9
Upper-income	391	33.2	552,589	38	19,167	3.5	609,474	42
Unknown-income	7	0.6	1,488	0.1	273	18.3	0	0
Total Assessment Area	1,176	100.0	1,452,525	100.0	169,594	11.7	1,452,52	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	282,267	69,865	5.7	24.8	174,883	62	37,519	13.3
Moderate-income	565,407	248,322	20.2	43.9	267,495	47.3	49,590	8.8
Middle-income	634,680	351,925	28.6	55.4	241,066	38	41,689	6.6
Upper-income	798,244	558,585	45.4	70	196,539	24.6	43,120	5.4
Unknown-income	4,922	1,248	0.1	25.4	3,133	63.7	541	11
Total Assessment Area	2,285,520	1,229,945	100.0	53.8	883,116	38.6	172,459	7.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	27,803	7.9	24,730	7.6	2,883	11.6	190	4.8
Moderate-income	70,963	20.1	64,001	19.7	6,463	26.1	499	12.6
Middle-income	91,096	25.8	84,115	26	6,127	24.7	854	21.6
Upper-income	160,846	45.6	149,742	46.2	8,731	35.2	2,373	60.1
Unknown-income	2,131	0.6	1,525	0.5	573	2.3	33	0.8
Total Assessment Area	352,839	100.0	324,113	100.0	24,777	100.0	3,949	100.0
Percentage of Total Businesses:				91.9		7.0		1.1
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	112	4.4	107	4.2	5	16.1	0	0
Moderate-income	340	13.2	333	13.1	7	22.6	0	0
Middle-income	675	26.3	672	26.5	3	9.7	0	0
Upper-income	1,428	55.6	1,410	55.6	15	48.4	3	100
Unknown-income	13	0.5	12	0.5	1	3.2	0	0
Total Assessment Area	2,568	100.0	2,534	100.0	31	100.0	3	100.0
Percentage of Total Farms:				98.7		1.2		.1

2019 FFIEC Census Data and 2019 D&B Information

Conclusions with Respect to Performance Tests

Lending Test

Lending activity reflects good responsiveness to credit needs in the DFW Assessment Area. The geographic distribution of loans reflects excellent penetration throughout the assessment area. In addition, the distribution of borrowers reflects good penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank is a leader in making community development loans.

During the review period, the bank reported 1,552 (49.9 percent) HMDA-reportable loans compared to 1,556 (50.1 percent) small business loans in the DFW Assessment Area. Therefore, HMDA and small business lending were given similar weight in determining the bank's Lending Test rating in the assessment area.

Details of the bank's mortgage and small business lending and information regarding lending by aggregate lenders can be found in Appendix F.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The bank's distribution of lending to borrowers reflects a good penetration among individuals of different income levels (including LMI) and businesses of different revenue sizes. The distribution of the remainder of bank lending to middle- and upper-income borrowers did not affect conclusions about the bank's performance considering its lending to LMI borrowers.

HMDA Lending

HMDA lending by borrower income in the assessment area is considered excellent when compared to demographic characteristics of the community, as well as the performance of aggregate HMDA lenders with loan originations or purchases in the assessment area.

In 2018, the bank originated 104 loans to low-income borrowers, representing 13.1 percent of HMDA-reportable loans (5.0 percent by dollar volume) in the assessment area. While this performance did not meet the 23.8 percent of assessment area families that were classified as low-income, the bank significantly outperformed aggregate lenders, which originated only 4.2 percent of HMDA-reportable loans (1.8 percent by dollar) to low-income borrowers in 2018. The bank's performance remained steady in 2019, originating 11.4 percent of HMDA loans to low-income borrowers, accounting for 5.8 percent by dollar volume. The bank continued to outperform aggregate lenders which originated 3.8 percent of HMDA loans (1.6 percent by dollar) to low-income borrowers.

In 2018, 139 loans, representing 17.6 percent of HMDA-reportable loans were made in the assessment area (9.4 percent by dollar volume) to moderate-income borrowers. This performance outpaced aggregate lenders, which originated 13.5 percent of HMDA loans by number, and 7.8 percent by dollar volume, to moderate-income borrowers. Additionally, the bank's performance was above the 16.4 percent of assessment area families classified as moderate-income. In 2019, the bank again outperformed aggregate lenders and demographic data, originating 18.3 percent of HMDA-reportable loans by number and 11.2 percent by dollar volume to moderate-income borrowers. During the same period, aggregate lenders originated 14.2 percent by number and 8.1 percent by dollar volume to moderate-income borrowers.

Small Business Lending

Considering the bank's performance when compared to aggregate CRA lenders in the DFW Assessment Area, the borrower distribution of small business loans by revenue size of businesses is adequate. The assessment area is saturated with large national banks and competition for business loans is high.

In 2018, the bank originated 19.6 percent of its small business loans, representing 13.9 percent by dollar volume, to businesses with gross annual revenues of \$1 million or less. This is lower than aggregate CRA lenders, which originated 42.2 percent (33.8 percent by dollar) to small businesses during the same period. In 2019, the bank's performance improved, originating 24.9 percent of small business loans (15.2 percent by dollar) to businesses with gross revenue under \$1 million. This performance again lagged behind aggregate lenders, which originated 47.0 percent (34.0 percent by dollar) to small businesses in 2019. Comerica and aggregate lenders both fell below D&B demographic data, which reported 91.9 percent of assessment area business having revenues of \$1 million or less during the review period.

Of the 1,556 small business loans originated by the bank in the assessment area during the review period, 31.0 percent were reported as being to businesses with unknown revenues (33.3 percent in 2018 and 28.1 percent in 2019). Applicable regulations do not require institutions to request or consider revenue information when making a loan; however, the material portion of small business loans without revenue information may impact overall distribution of loans. The institution indicated that many of the unknown revenue loans reported were from the bank's commercial credit card product which are likely to be originated to borrowers with gross annual revenues over \$1 million. Another of the bank's credit card programs, which is more likely to be utilized by small businesses, is offered through the bank's partnership with Elan Financial Services and is therefore not reported by the institution as CRA lending.

Another way to gauge the bank's small business lending performance is to review the data by loan amount. Small businesses typically require smaller dollar credits. In this regard, it is noted that a large portion of the bank's small business loans in the DFW Assessment Area were made in loan amounts of \$100,000 or less. In 2018, 47.0 percent of the bank's small business loans were originated in loan amounts of \$100,000 or less (compared to 93.4 percent of aggregate small business loans), with another 20.0 percent in loan amounts between \$100,000 and \$250,000 (3.3 percent of aggregate). In 2019, 39.0 percent of the bank's small business loans were originated in loan amounts of \$100,000 or less (93.9 percent of aggregate), and 25.2 percent in loan amounts between \$100,000 and \$250,000 (3.1 percent of aggregate).

Geographic Distribution of Loans

For this analysis, the geographic distribution of small business lending and HMDA lending, including both originations and purchases, was compared with available demographic information. Performance context issues and aggregate lending data were taken into consideration. Considering all of these factors, the bank's geographic distribution of loans reflects excellent penetration throughout the assessment area. There were no conspicuous gaps or anomalies in the bank's lending patterns.

The distribution of the remainder of bank lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies).

HMDA Loan Geographic Distribution

The geographic distribution of the bank's HMDA loans reflects good penetration throughout the DFW Assessment Area. This is based on the bank's performance compared to demographics, taking into consideration the performance of the aggregate lenders. During the review period, the largest portion of the bank's HMDA-related originations and purchases were home refinance loans (51.7 percent of total HMDA loans) and the smallest portion were classified as home purchase loans (6.2 percent). As a result, refinance lending was given the greatest weight among HMDA-related products, and home purchase lending was given the least weight. Additionally, as the bank made only two multi-family loans during the review period, this product was not analyzed separately.

Home Purchase Lending

The bank's geographic distribution of home purchase lending in the DFW Assessment Area during the review period is adequate.

In 2018, the bank originated or purchased no home purchase loans in low-income census tracts. This is below the performance of aggregate lenders, which originated or purchased 4.0 percent by number and 2.6 percent by dollar in these tracts; however, aggregate lenders also failed to perform at the level of demographic data. In 2019, the bank's performance improved, originating or purchasing 8.9 percent of home purchase loans in low-income census tracts (4.0 percent by dollar). This was more than double the performance of aggregate lenders, which reported 4.2 percent by number and 2.8 percent by dollar in low-income census tracts in 2019. Only 5.7 percent of owner-occupied units were located within low-income census tracts during the review period, possibly indicating a lower demand for home purchase loans than in other tracts.

The bank originated 13.5 percent of home purchase loans in moderate-income census tracts in 2018 (6.5 percent by dollar). While the bank was unable to perform to the level of the demographic data, Comerica performed comparably to aggregate lenders, which originated 14.0 percent of home purchase loans (9.5 percent by dollar) in moderate-income census tracts in 2018. In 2019, the bank originated 11.1 percent of home purchase loans in moderate-income tracts (10.2 percent by dollar), which was again comparable to aggregate lenders, which originated 14.6 percent of home purchase loans in these tracts (10.2 percent by dollar). Moderate-income census tracts contained 20.2 percent of the assessment area owner-occupied units during the review period.

The distribution of the remainder of home purchase lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Home Refinance Lending

The bank's geographic distribution of home refinance lending in the DFW Assessment Area during the review period is good.

In 2018, the bank originated or purchased 4.7 percent of home refinance loans in low-income census tracts in the assessment area (1.9 percent by dollar). This is above the performance of aggregate lenders, which originated or purchased only 2.6 percent by number and 1.5 percent by dollar in these tracts. In 2019, the bank's performance fell, originating or purchasing 3.2 percent of home refinance loans in low-income census tracts (1.6 percent by dollar). However, this was still greater than the performance of aggregate lenders, which reported 2.4 percent by number and 1.7 percent by dollar in low-income census tracts in 2019.

In 2018, the bank slightly outperformed aggregate lending in moderate-income census tracts, originating 16.7 percent of refinance loans (8.8 percent by dollar) in these geographies, compared to aggregate lenders' 14.7 percent of loans (9.3 percent by dollar) in these tracts. Both the bank and aggregate lenders failed to meet the level of demographics, as 20.2 percent of owner-occupied units were in moderate-income tracts during the review period. In 2019, the bank's performance increased. The bank originated 18.0 percent of home refinance loans (10.4 percent by dollar) in moderate-income tracts while aggregate lenders originated 12.0 percent of home refinance loans (7.4 percent by dollar) in these tracts.

The distribution of the remainder of home purchase lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Home Improvement Lending

The bank's geographic distribution of home purchase lending in the DFW Assessment Area during the review period is excellent.

Home improvement lending represented 18.8 percent of the bank's HMDA lending in the DFW Assessment Area during the review period. In 2018, the bank originated 6.0 percent of home improvement loans (3.2 percent by dollar) in low-income tracts. This slightly outpaces demographic data, as low-income census tracts contained 5.7 percent of owner-occupied units in the assessment area. Further, the bank's 2018 performance is more than double that of aggregate lenders, which originated 2.5 percent of home improvement loans (1.9 percent by dollar) in these tracts. In 2019, the bank continued to perform well, originating 9.2 percent of home improvement loans in low-income census tracts (8.4 percent by dollar). Again, the bank materially outperformed aggregate lenders, which originated just 3.1 percent of home improvement loans (2.2 percent by dollar) in low-income census tracts.

In 2018, the bank originated 28.2 percent of home improvement loans (18.9 percent by dollar) in moderate income census tracts; outpacing demographics, as these tracts contained 20.2 percent of assessment area owner-occupied units. During the same year, aggregate lenders originated 12.5 percent of home improvement loans (10.0 percent by dollar) in moderate-income tracts. In 2019, the bank originated 19.0 percent of home improvement loans in moderate-income census tracts (12.8 percent by dollar), which compared favorably to aggregate lenders, which originated 12.4 percent of home improvement loans (9.5 percent by dollar) in these tracts.

The distribution of the remainder of home improvement lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Other Purpose Lines of Credit

The bank's geographic distribution of other purpose lines of credit in the DFW Assessment Area during the review period is excellent.

Other lines of credit represented 22.4 percent of the bank's HMDA loans in the DFW Assessment Area during the review period. The bank's performance in originating these lines of credit in low-income census tracts is good. In 2018, the bank originated 2.2 percent of other lines of credit in low-income tracts (1.3 percent by dollar). While this did not meet the level of demographics (5.7 percent of owner-occupied units were in these tracts), the bank performed comparably with aggregate lenders, which originated 2.1 percent of other lines of credit (1.4 percent by dollar) in low-income tracts. In 2019, the bank's performance improved, surpassing demographic data by originating 6.1 percent of other lines of credit in low-income tracts (2.9 percent by dollar). Aggregate lenders performance did not keep pace with the bank, originating 2.0 percent of other lines of credit (1.0 percent by dollar) in low-income tracts.

The bank's performance in moderate-income census tracts in the DFW Assessment Area is excellent. In 2018, the bank originated 15.3 percent of other lines of credit in moderate-income census tracts (9.2 percent by dollar). Though these tracts contained 20.2 percent of owner-occupied units, a level the bank did not match, the bank did outperform aggregate lenders which originated 10.2 percent of other lines of credit (6.6 percent by dollar) in these tracts in 2018. The bank's performance remained steady in 2019, originating 15.2 percent of other lines of credit (10.3 percent by dollar) in moderate-income tracts. During this year, aggregate lenders' performance was again below the bank's, originating 11.0 percent of other lines of credit (6.6 percent by dollar) in moderate-income census tracts.

The distribution of the remainder of home improvement lending in middle- and upper-income geographies did not affect conclusions about the bank's performance considering its lending in LMI geographies.

Small Business Loan Geographic Distribution

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders

The bank's small business lending by number in low-income census tracts during the review period exceeded the percentage of small business located in these tracts as well as aggregate lending. In 2018, 13.2 percent of small business loans (12.2 percent by dollar) were originated in low-income tracts, compared to 7.9 percent of businesses located in those tracts and 7.5 percent of aggregate loans (8.9 percent by dollar). In 2019, the bank originated 15.7 percent of small business loans (15.9 percent by dollar) in low-income tracts, compared to 7.9 percent of businesses being located in these tracts and 7.3 percent of aggregate loans (8.5 percent by dollar).

In 2018, 27.8 percent of small business loans (31.1 percent by dollar) were originated in moderate-income tracts, compared to the 20.1 percent of businesses located in those tracts and 19.4 percent of aggregate loans (22.2 percent by dollar). In 2019, the bank continued to perform well, as 25.1 percent of small business loans (26.4 percent by dollar) were originated in moderate-

Dallas – Fort Worth Metroplex Assessment Area

income tracts, compared to static demographic data and 19.5 percent of aggregate small business loans (22.0 percent by dollar).

The bank's small business lending in middle- and upper-income tracts during the review period was generally lower than the percentage of small businesses in these tracts. When compared to the aggregate, the bank generally originated fewer loans in middle- and upper-income census tract.

Community Development Lending

The bank is a leader in making community development loans in the DFW Assessment Area. During the review period, the bank originated a total of 121 qualifying community development loans, totaling \$301.3 million in the assessment area.

The community development loans originated in the DFW Assessment Area during the review period were for a variety of purposes, though activities that revitalize or stabilize low- or moderate-income geographies representing the significant majority of activity. The table below summarizes the bank's community development lending.

The majority of the community development loans (95 loans) were made under the Paycheck Protection Program, implemented in response to the ongoing COVID-19 pandemic's impact on small businesses. This program was specifically enacted to support smaller businesses and retain jobs. The bank's high level of participation in this program reflects responsiveness to the needs of the community and represents the bank's use of flexible lending practices to meet the needs of the assessment area. Additionally, the bank's performance represents a substantial increase since the institution's previous CRA evaluation.

Community Development Lending Dallas – Fort Worth Metroplex Assessment Area		
Purpose	#	\$000s
Community Services	10	10,295
Economic Development	2	4,860
Revitalization and Stabilization	109	286,163
Totals	121	301,318

Investment Test

The bank has an excellent level of qualified community development investments and grants and exhibits good responsiveness to credit and community development needs. The bank's investments were primarily focused on affordable housing, while donations focused on community services. The bank's volume of investments and contributions increased significantly since the previous evaluation.

Dallas – Fort Worth Metroplex Assessment Area

Community Development Investments and Donations Dallas – Fort Worth Metroplex Assessment Area								
Purpose	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Affordable Housing	18	19,215	10	12,132	12	88	40	31,435
Community Services	-	-	-	-	195	1,720	195	1,720
Economic Development	2	190	-	-	16	455	18	645
Total	20	19,405	10	12,132	223	2,263	253	33,800

Notable investments made by the institution include 15 investments (totaling approximately \$29.1 million) in programs for the construction of rent restricted units for LMI individuals and families. These efforts represent responsiveness to needs in the assessment area as affordable housing was the primary need identified by a contact in the DFW Assessment Area.

Service Test

Its retail and community development services reflect good responsiveness to the needs of the assessment area. The bank's branch hours are reasonable, and services do not vary in a way that inconveniences low- or moderate-income geographies or individuals. The bank is a leader in the provision of community development services, and delivery systems are reasonably accessible to the assessment area.

Retail Services

The bank's delivery systems are accessible to the bank's geographies and individuals of different income levels in its assessment area. The distribution of the bank's 55 branch offices and 96 ATMs as of December 31, 2020, was compared to the distribution of the population and businesses among the tract categories within the assessment area. The table below summarizes the bank's retail locations in the DFW Assessment Area.

Distribution of Branches and ATMs Dallas – Fort Worth Metroplex Assessment Area							
Tract Income	% of Geographies	% of Population	% of Businesses	Branches		Full Service ATMs	
				#	%	#	%
Low	13.9	11.9	7.9	6	10.9	6	6.3
Moderate	26.3	26.0	20.1	12	21.8	20	20.8
Middle	25.9	27.2	25.8	16	29.1	21	21.9
Upper	33.3	34.8	45.6	21	38.2	49	51.0
Unknown	0.6	0.1	0.6	0	0.0	0	0.0
Total	100.0	100.0	100.0	55	100.0	96	100.0

During the review period, the bank opened one branch, located in an upper-income census tract, and did not close any branches. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to LMI income geographies. Banking services and hours of operations do not vary in a way that inconveniences the assessment area, particularly in LMI geographies or to LMI individuals. The level of branch services and hours offered are basically the same throughout the assessment area.

Community Development Services

The bank is a leader in providing community development services in the assessment area. The bank's employees served in many capacities, including boards of directors and as trustees, for 24 community development financial organizations offering community development services targeted to LMI individuals. During the review period, the bank provided a significant level of financial education to LMI students in the DFW Assessment Area through involvement in Junior Achievement and similar programs. Total hours served during the review period was approximately 1,651 hours.

METROPOLITAN AREAS (Limited-Scope Review)

Description of Operations

- **Houston Assessment Area**
 - As of December 31, 2020, the bank operated 48 branches in the assessment area, representing 11.1 percent of its branches.
 - As of June 30, 2020, the bank had approximately \$3.5 billion in deposits in this assessment area, representing a market share of 1.2 percent. The \$3.5 billion also represents 5.0 percent of the bank’s total deposits.
- **San Antonio Assessment Area**
 - As of December 31, 2020, the bank operated six branches in the assessment area, representing 1.4 percent of its branches.
 - As of June 30, 2020, the bank had approximately \$204.7 million in deposits in this assessment area, representing a market share of 0.15 percent. The \$204.7 million also represents 0.3 percent of the bank’s total deposits.

Conclusions with Respect to Performance Tests

Facts and data reviewed, including performance and demographic information can be found in Appendix D for information regarding these areas. Additional information regarding detailed demographic information and the HMDA and CRA lending for the limited-scope assessment areas can be found in Appendix G.

Conclusions regarding performance are as follows:

Assessment Area	Lending Test	Investment Test	Service Test
Houston	Exceeds	Consistent	Consistent
San Antonio	Consistent	Consistent	Below

The institution’s performance in the limited-scope metropolitan assessment areas were generally consistent with the institution’s overall performance in the state of Texas and did not change the bank’s overall rating.

NONMETROPOLITAN STATEWIDE AREA (Limited-Scope Review)

Description of Operations

• **Kerr County Assessment Area**

- As of December 31, 2020, the bank operated four branches in the assessment area, representing 0.9 percent of its total branches.
- As of June 30, 2020, the bank had approximately \$174.6 million in deposits in this assessment area, representing a market share of 11.1 percent. The \$174.6 million also represents 0.3 percent of the bank's total deposits.

Conclusions with Respect to Performance Tests

Facts and data reviewed, including performance and demographic information can be found in Appendix E for information regarding these areas. Additional information regarding detailed demographic information and the HMDA and CRA lending for the limited-scope assessment areas can be found in Appendix H.

Conclusions regarding performance are as follows:

Assessment Area	Lending Test	Investment Test	Service Test
Kerr County	Below	Below	Consistent

The institution's performance in the limited-scope nonmetropolitan assessment area was generally below the institution's overall performance in the state of Texas but did not change the bank's overall rating.