

PUBLIC DISCLOSURE

August 25, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Banescó USA

Certificate Number: 57815

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Miami, Florida 33122

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

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

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	3
DESCRIPTION OF ASSESSMENT AREAS.....	4
SCOPE OF EVALUATION.....	5
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	14
FLORIDA	15
DESCRIPTION OF INSTITUTION’S OPERATIONS IN FLORIDA	15
SCOPE OF EVALUATION – FLORIDA	19
CONCLUSIONS ON PERFORMANCE CRITERIA IN FLORIDA	19
PUERTO RICO	27
DESCRIPTION OF INSTITUTION’S OPERATIONS IN PUERTO RICO	27
SCOPE OF EVALUATION – PUERTO RICO.....	27
CONCLUSIONS ON PERFORMANCE CRITERIA IN PUERTO RICO	31
APPENDICES	39
LARGE BANK PERFORMANCE CRITERIA.....	39
SCOPE OF EVALUATION.....	41
SUMMARY OF RATINGS FOR RATED AREAS	42
GLOSSARY	43

INSTITUTION RATING

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

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	-	-	X
High Satisfactory	-	X	-
Low Satisfactory	X	-	-
Needs to Improve	-	-	-
Substantial Noncompliance	-	-	-
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated Low Satisfactory.

- Lending levels reflect good responsiveness to the assessment areas’ credit needs.
- An adequate percentage of loans are made in the bank’s assessment areas.
- The geographic distribution of the loans reflects adequate penetration throughout the assessment areas.
- The distribution of borrowers reflects, given the product lines offered by the bank, poor penetration among retail customers of different income levels and business customers of different sizes.
- The bank exhibits an adequate record of serving the credit needs of the most economically disadvantaged areas of its assessment areas, low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.
- The bank makes little use of innovative or flexible lending practices to serve the assessment areas’ credit needs.
- The bank is a leader in making community development loans.

The Investment Test is rated High Satisfactory.

- The bank has a significant level of qualified community development investments and grants.

- The bank exhibits good responsiveness to the credit and community development needs of the assessment areas.
- The bank occasionally uses innovative or complex investments to support community development initiatives.

The Service Test is rated Outstanding.

- Delivery systems are accessible to essentially all portions of the bank's assessment areas.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.
- Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly low- and moderate-income geographies and/or individuals.
- The institution is a leader in providing community development services.

DESCRIPTION OF INSTITUTION

BanESCO USA is a commercial bank headquartered in Miami, Florida. Although the bank does not operate under a holding company or have any subsidiaries, the institution has several affiliate relationships due to stockholders' common ownership of foreign banks. The bank is part of BanESCO International, a group of financial institutions with a presence in 14 countries. BanESCO USA is a minority depository institution (MDI), and in July 2025, applied to become a Community Development Financial Institution (CDFI). BanESCO USA received a Satisfactory CRA rating at the previous FDIC Performance Evaluation, dated June 7, 2022, based on Large Institution Examination Procedures.

BanESCO USA operates six full-service offices, including five in Florida, and one in Puerto Rico. Since the previous evaluation, the bank relocated its main office and Hialeah office in Miami-Dade County. The bank offers a variety of products and services to meet its customers' banking needs. Commercial credit products include commercial real estate loans, asset guaranteed loans, term commercial loans, lines of credit, and United States Small Business Administration (SBA) 504 and 7(a) loans. Consumer credit products include residential mortgage loans, home equity loans, automobile loans, and boat loans. Deposit products include checking, savings, and money market accounts, as well as certificates of deposit. Alternative banking services include internet banking, mobile banking (including mobile deposit), wire transfers, merchant services, and person-to-person payments through Zelle.

BanESCO USA's assets totaled \$5.2 billion as of June 30, 2025. Total loans and total deposits were \$3.7 billion and \$4.3 billion, respectively, which reflect an increase of 90.4 percent and 125.0 percent, respectively, since the previous evaluation. The significant increase in loans and deposits is primarily attributed to its selection for the U.S. Department of Treasury's Emergency Capital Investment Program (ECIP). The bank closed on the \$250 million investment in ECIP on June 22, 2022. BanESCO USA was the only bank recipient of ECIP located in Florida or Puerto Rico. The capital enabled the bank to increase lending and provide financial impact to the local communities it serves in South Florida and Puerto Rico, particularly minority borrowers, minority-owned businesses, small businesses, and borrowers located in underserved or minority communities.

Based on its balance sheet, the business focus continues to be commercial lending. The following table illustrates the composition of the loan portfolio as of June 30, 2025.

Loan Portfolio Distribution as of 6/30/2025		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	121,728	3.3
Secured by Farmland	4,339	0.1
Secured by 1-4 Family Residential Properties	663,079	18.1
Secured by Multifamily (5 or more) Residential Properties	158,499	4.3
Secured by Nonfarm Nonresidential Properties	1,402,176	38.4
Loans Secured by Real Estate Non-Domestic Offices	476,933	13.1
Total Real Estate Loans	2,826,754	77.3
Loans to Depository Institutions	0	0.0
Commercial and Industrial Loans	668,005	18.3
Consumer Loans	167	0.0
Loans to Non-Depository Financial Institutions	83,827	2.3
Other Loans	82,063	2.2
Less: Unearned Income	(3,588)	(0.1)
Total Loans	3,657,228	100.0
<i>Source: June 30, 2025 Report of Condition</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the assessment areas' credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Banesco USA continues to delineate two assessment areas within two rated areas. One assessment area includes all Miami-Dade County, which comprises the entire Miami-Miami Beach-Kendall, FL Metropolitan Division (Miami MD) in the rated area of Florida. A second assessment area includes all 40 Municipios of the San Juan-Bayamon-Caguas, PR MSA (San Juan MSA) in the rated area of the Commonwealth of Puerto Rico. Refer to the individual assessment areas for additional information.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of Census Tracts	# of Branches
Miami MD	Miami-Dade	707	5
San Juan MSA	All 40 Municipios*	625	1
<i>Source: Bank Data</i>			
<i>(*)Agua Buenas, Aibonito, Barceloneta, Barranquitas, Bayamon, Caguas, Canovanas, Carolina, Catano, Cayey, Ceiba, Ciales, Cidra, Comerio, Corozal, Dorado, Fajardo, Florida, Guaynabo, Gurabo, Humacao, Juncos, Las Piedras, Loiza, Luquillo, Manati, Maunabo, Morovis, Naguabo, Naranjito, Orocovis, Rio Grande, San Juan, San Lorenzo, Toa Alta, Toa Baja, Trujillo Alto, Vega Alta, Vega Baja, and Yabucoa.</i>			

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated June 7, 2022, to the current evaluation dated August 25, 2025. Examiners used Interagency Large Institution Examination Procedures to evaluate the bank’s CRA performance. As described in the *Appendices*, these procedures include a Lending Test, Investment Test, and Service Test. Examiners used these procedures to perform full-scope reviews of the bank’s CRA performance in both assessment areas, as a full-scope review is required for one assessment area in each rated area.

Additionally, examiners evaluated the bank’s lending data, deposit activity, and number of branches to determine assessment area weighting in the overall conclusions and overall rating assigned. The Miami MD assessment area comprises a majority of the branches, deposits, and small business and home mortgage loans reviewed in the assessment areas. Consequently, examiners gave considerably more weight to lending performance in the Miami MD assessment area given the significant level of lending, deposits, and branches in the assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Miami MD	203,356	74.4	2,893,840	84.7	5	83.3
San Juan MSA	69,851	25.6	524,290	15.3	1	16.7
Total	273,207	100.0	3,418,130	100.0	6	100.0

Source: Bank records; FDIC Summary of Deposits (6/30/24), and bank data.

Activities Reviewed

The CRA regulation requires a review of a bank’s lending performance in its assessment areas with respect to home mortgage, small business, and small farm lending, if significant. Based upon Banesco USA’s business strategy, loan portfolio mix, and the number and dollar volume of loans originated during the evaluation period, examiners determined the major product line is small business loans, followed by home mortgage loans. Commercial lending accounts for 56.7 percent of the loan portfolio as of June 30, 2025, compared to home mortgage loans at 18.1 percent. In addition, the majority of the home mortgage loans originated during the evaluation period were for business purposes. As a result, small business lending performance was given more weight in the overall analysis, conclusions, and ratings. Examiners did not evaluate small farm loans, as farm loans represent only 0.1 percent of the loan portfolio, by dollar. While the tables throughout this evaluation present both the number and dollar volume of loans, examiners emphasized the number of loans as this a better indicator to measure small business and home mortgage performance.

Banesco USA is subject to the data reporting requirements of CRA. Small business loans reported for 2022, 2023, and 2024 were included in the review of the lending performance. During the period, the bank originated 234 small business loans totaling \$91.5 million. Examiners compared the bank’s 2022 and 2023 small business lending performance for the *Geographic Distribution* and

Borrower Profile criteria against Dun & Bradstreet (D&B) demographic data as well as aggregate data. CRA aggregate data for small business loans was not available for 2024.

Examiners reviewed the universe of home mortgage loans reported pursuant to the Home Mortgage Disclosure Act (HMDA). The bank became a HMDA reporter in 2023; therefore, examiners reviewed HMDA data for 2023 and 2024. The bank originated 230 home mortgage loans, totaling \$333.3 million. Examiners compared the bank's performance to the respective HMDA aggregate data for each year reviewed as well as applicable demographic data based on the 2020 Census data.

Additionally, examiners reviewed innovative or flexible lending practices, community development loans, qualified investments, and community development services made or provided since the prior evaluation to the current evaluation. The Investment Test considered new qualified investments, as well as qualified investments purchased prior to but still outstanding as of this evaluation date. Furthermore, the Service Test included a review of delivery systems for providing retail-banking services, including branches and alternative delivery systems, and the impact of branch closings and openings during the evaluation period. The review also focused on retail banking products and services targeted toward low- and moderate-income individuals or small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test rating is Low Satisfactory. Lending levels reflect good responsiveness to the assessment areas' credit needs, and the bank originated an adequate percentage of loans in the assessment areas. The geographic distribution of loans reflects adequate penetration throughout the assessment areas, and the distribution of loans reflects poor penetration among retail customers of different income levels and business customers of different sizes. The bank makes little use of innovative or flexible lending practices to serve the assessment areas' credit needs but is a leader in making community development loans. Conclusions regarding the overall performance are consistent with the performance in the rated areas.

Lending Activity

Lending levels reflect good responsiveness to assessment area credit needs. As mentioned previously, due to its participation in the ECIP, total loans increased by 90.4 percent since the previous evaluation. The Consolidated Reports of Condition and Income dated June 30, 2025, shows the bank had a loan-to-deposit ratio (LTD) of 84.3 percent. Since the previous evaluation, the bank's LTD ratio averaged 93.3 percent, ranging from a high of 102.6 percent in the third quarter of 2023 to a low of 84.3 percent in the second quarter of 2025.

The bank's loan portfolio growth was largely centered in small business loans during the evaluation period. By number of loans, small business loans increased 28.5 percent from 2022 to 2023 before rapidly growing by 5.5 times from 2023 to 2024 with a 155.5 percent increase. On the contrary, the home mortgage lending (by number) declined by 9.9 percent from 2023 to 2024.

Assessment Area Concentration

An adequate percentage of loans by number and dollar volume are made in the bank’s assessment areas.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2023	68	56.2	53	43.8	121	112,597	65.7	58,678	34.3	171,275
2024	75	68.8	34	31.2	109	97,738	60.3	64,326	39.7	162,064
Subtotal	143	62.2	87	37.8	230	210,335	63.1	123,004	36.9	333,339
Small Business										
2022	33	78.6	9	21.4	42	18,311	78.8	4,913	21.2	23,224
2023	36	66.7	18	33.3	54	17,375	67.7	8,284	32.3	25,659
2024	88	63.8	50	36.2	138	27,186	63.9	15,383	36.1	42,569
Subtotal	157	67.1	77	32.9	234	62,872	68.7	28,580	31.3	91,452
Total	300	64.7	164	35.3	464	273,207	64.3	151,584	35.7	424,791
<i>Source: HMDA reported data; CRA reported data</i>										

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment areas. Performance was consistent throughout the rated areas. Refer to each rated area for additional details.

Borrower Profile

The distribution of loans reflects poor penetration among business customers of different sizes and retail customers of different income levels. Performance was consistent throughout the rated areas. Refer to each rated area for additional details.

Innovative or Flexible Lending Practices

BanESCO USA makes little use of innovative or flexible lending practices to serve the assessment areas’ credit needs. The bank’s lending is limited to the flexible SBA 504 and 7(a) loan programs and a micro-loan program. Although not innovative, these lending programs provide flexible terms for business borrowers. The following table details the bank’s participation in the SBA programs.

Innovative or Flexible Lending										
Loan Program	6/7/2022-12/31/2022		2023		2024		1/1/2025-8/24/2025		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
SBA 504	4	5,040	4	1,618	6	16,164	8	15,117	22	37,939
SBA 7(a)	0	0	1	450	1	5,000	0	0	2	5,450
Microloans	0	0	0	0	0	0	2	40	2	40
Total	4	5,040	5	2,068	7	21,164	10	15,157	26	43,429

Source: Bank records

In August 2024, the bank established a business micro-loan program to assist small business owners with their short-term operational needs. Both lines of credit and term loans are linked to a Banesco business checking account through which funds may be accessed. The line of credit may be used to provide liquidity for the temporary support of inventory and accounts receivable through the conversion cycle. The term loan may be used for the acquisition of machinery, equipment and vehicles, expansion, and minor leasehold improvements. However, only two loans totaling \$40,000 have been originated under the program.

The bank offers the same programs in both assessment areas. As a result, this performance criterion is not discussed further under the rated areas/assessment areas.

Community Development Loans

BanESCO USA is a leader in making community development loans. During the evaluation period, the bank extended 119 community development loans totaling \$556.9 million. This activity accounts for 19.6 percent of average total loans and 14.6 percent of average total assets as of June 30, 2025. Both percentages are significantly higher than the previous evaluation, when community development loans represented 3.7 percent of average total loans and 5.0 percent of average total assets. The bank’s performance exceeds similarly situated lenders, which demonstrates Banesco USA’s responsiveness to the opportunities for community development lending. Performance is consistent among the rated areas. The following two tables present the bank’s community development lending by year and by assessment area.

Community Development Lending										
Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
6/7/2022-12/31/2022	1	14,450	0	0	3	42,475	5	18,810	9	75,735
2023	6	7,113	2	37,325	5	11,680	12	49,520	25	105,638
2024	11	6,594	1	3,500	15	44,164	18	120,750	45	175,008
1/1/2025 - 8/24/2025	9	5,509	3	16,950	14	62,997	14	115,050	40	200,506
Total	27	33,666	6	57,775	37	161,316	49	304,130	119	556,887

Source: Bank data

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Miami MD	19	6,814	0	0	5	17,550	6	58,300	30	82,664
San Juan MSA	5	22,808	3	14,825	23	64,022	7	52,071	38	153,726
Outside of Assessment Areas	3	4,044	3	42,950	9	79,744	36	193,759	51	320,497
Total	27	33,666	6	57,775	37	161,316	49	304,130	119	556,887
<i>Source: Bank data</i>										

As the bank was responsive to the community development needs of the assessment areas, examiners considered loans outside of the assessment areas within the overall performance. The following are examples of community development loans in the broader statewide or commonwealth area.

- The bank is a member of Neighborhood Lending Partners of Florida, Inc. (NLP). NLP is a non-profit lending consortium, certified as a CDFI, established to facilitate private investment for community revitalization and neighborhood preservation. NLP offers flexible financing for affordable housing and community development and lessens the burden of governmental jurisdiction by working with public and private dollars. NLP serves all Florida counties and offers permanent financing for the acquisition and rehabilitation of multifamily housing. Since the previous evaluation, the bank funded 17 loans in Florida, outside of the assessment area, totaling \$4.9 million. These affordable housing loan participations had impact as the institution assisted with the financing of 1,428 apartment units.
- In 2023, the bank made a \$1.3 million loan to purchase a 16-unit apartment building that provides affordable housing in Broward County.
- In 2024, the bank made a \$9.8 million loan to rehabilitate a 164-unit apartment complex in a low-income census tract in Mayaguez, Puerto Rico. The project will serve as an independent living facility for people 55 and older. Due to population loss and abandoned buildings, the City of Mayaguez has designated the urban center, which includes this project, as a redevelopment area.

INVESTMENT TEST

The Investment Test is rated High Satisfactory. Banesco USA has a significant level of qualified community development investments and grants. The bank exhibits good responsiveness to credit and community development needs and occasionally uses innovative and complex investments to support community development initiatives. Conclusions regarding the bank's overall performance are consistent with the conclusions for each rated area.

Investment and Grant Activity

The bank has a significant level of qualified investments and donations. Investments and donations during the evaluation period totaled \$90.6 million, or 2.4 percent of average total assets and 15.6 percent of average total securities as of June 30, 2025. This performance is slightly lower than the previous evaluation when the bank’s investments and donations totaled 3.1 percent of average total assets and 16.8 percent of average total securities as of March 31, 2022. The current performance exceeds all but one similarly situated bank in terms of investments as a percentage of average total securities.

The bank fulfilled community development objectives through the combination of equity funds, mutual funds, securities backed by single-family mortgages, certificates of deposit, and grants and donations. The following table shows investment totals by year, type, and assessment area.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Total	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	15	45,686	2	3,533	0	0	0	0	17	49,219
6/7/2022-12/31/2022	0	0	0	0	1	250	0	0	1	250
2023	1	4,200	0	0	4	1,750	0	0	5	5,950
2024	1	7,500	0	0	3	750	0	0	4	8,250
1/1/2025-8/24/2025	3	22,602	0	0	1	249	0	0	4	22,851
Subtotal	20	79,988	2	3,533	9	2,999	0	0	31	86,520
Grants & Donations	13	55	71	3,907	23	144	0	0	107	4,106
Total	33	80,043	73	7,440	32	3,143	0	0	138	90,626

Source: Bank data

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Miami MD	27	73,987	59	7,406	14	1,553	0	0	100	82,946
San Juan MSA	3	4,205	14	34	9	28	0	0	26	4,267
Statewide	3	1,851	0	0	3	1,011	0	0	6	2,862
Nationwide	0	0	0	0	6	551	0	0	6	551
Total	33	80,043	73	7,440	32	3,143	0	0	138	90,626

Source: Bank data

During the evaluation period, the bank made investments and donations which benefited nationwide or statewide areas. Examples are noted below.

- The bank invested \$1 million in a Small Business Investment Company (SBIC) Fund that provides capital access to underserved communities in Puerto Rico.
- The bank purchased \$500,000 in certificates of deposit in an MDI in Texas.
- The bank donated \$50,800 to a qualifying CDFI in North Carolina.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to the credit and community development needs of the assessment areas. By dollar volume, qualified investments and donations made during the evaluation period responded primarily to the assessment areas' affordable housing needs. Since the responsiveness of the qualified investments is consistent throughout the assessment areas, this performance factor will not be discussed in the assessment area conclusions.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support community development initiatives. The bank purchased mortgage-backed investments that were tailored to the Miami MD and invested in an equity fund where the investments were backed by rental housing for low- and moderate-income individuals in both assessment areas. While not innovative, these investments were somewhat complex and assisted in providing sustained affordable housing within the assessment areas.

SERVICE TEST

The Service Test rating is Outstanding. Banesco USA's delivery systems are accessible to essentially all portions of the bank's assessment areas. The opening and closing of branches throughout the assessment areas has not adversely affected the accessibility of its delivery systems. Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly in low- and moderate-income geographies or individuals. In addition, the bank is a leader in providing community development services. Conclusions are primarily based on the bank's performance in the Florida rated area, which received considerably more weight. Performance in the Commonwealth of Puerto Rico rated area is below the bank's overall performance.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the assessment areas. As of the evaluation date, Banesco USA operated five full-service offices in Miami-Dade County and one full-service office in San Juan, Puerto Rico. As shown in the following table, there are no offices located in low-income census tracts, which is reasonable as only 4.8 percent of the population resides in the low-income census tracts. Two offices (33.3 percent) are in moderate-income census tracts, three offices (50.0 percent) are in upper-income census tracts, and one office (16.7 percent) is

in a census tract without an income designation. Performance regarding locations of full-service offices differs among the rated areas, but is stronger in Florida, which received greater weight in determining overall conclusions. In addition to full-service offices, the bank offers alternative delivery systems throughout both rated areas. Alternative delivery systems accessible to all customers include ATMs at each branch, ATMs nationwide via the Allpoint network, online banking, mobile banking, mobile check deposit, and remittance transfers.

Branch Distribution by Geography Income Level						
Tract Income Level	Branches		Population		Census Tracts	
	#	%	#	%	#	%
Low	-	-	227,505	4.8	71	5.3
Moderate	2	33.3	1,231,721	25.8	325	24.4
Middle	-	-	1,632,333	34.1	451	32.4
Upper	3	50.0	1,607,680	33.6	426	32.0
NA	1	16.7	83,793	1.7	79	5.9
Total	6	100.0	4,783,032	100.0	1,352	100.0

Source: 2020 Census & Bank records. The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.

Since the prior evaluation, the bank established two Loan Production Office (LPO) and Deposit Production Offices (DPO). One LPO/DPO is in West Palm Beach, Florida, in an upper-income census tract and the other is in Plantation, Florida, in a middle-income census tract. Both LPO/DPOs are outside the bank’s assessment areas.

Changes in Branch Locations

To the extent changes have been made, the opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income census tracts and/or to low- and moderate-income individuals. Since the previous evaluation, the bank relocated two full-service offices located in Miami-Dade County. In January 2023, the bank relocated its main office from an upper-income census tract to a moderate-income census tract. In March 2025, the bank relocated its Hialeah office within the same moderate-income census tract.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income census tracts and/or individuals. Except for banking hours, all branches offer the same products and services. This criterion is further discussed under each rated area or assessment area.

Community Development Services

Banescos USA is a leader in providing community development services. Bank representatives provided 221 community development services during the evaluation period. The bank’s performance increased six-fold since the prior CRA evaluation and significantly exceeds the performance of similarly situated institutions. Although largely not innovative, the community

development services demonstrated excellent responsiveness to the assessment areas' community development opportunities. Of the 221 community development services, 146 or 66.1 percent resulted from financial literacy classes for children and job training for high school students. Additionally, directors, officers, and employees served in leadership capacities with 25 organizations whose missions are consistent with the definition of community development. The following table presents the number of community development services provided during the evaluation period by year and purpose.

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Miami MD	19	145	9	0	173
San Juan MSA	0	27	8	0	35
Broader Statewide (Florida only)	6	7	0	0	13
Nationwide	0	0	0	0	0
Total	25	179	17	0	221

Source: Bank data

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/7/2022-12/31/2022	1	1	14	0	16
2023	8	3	31	0	42
2024	7	6	83	0	96
1/1/2025-8/24/2025	9	7	51	0	67
Total	25	17	179	0	221

Source: Bank data

During the evaluation period, the bank provided several community development services, which benefited statewide areas and/or were performed outside of the bank's assessment areas. Examples are noted below.

- From 2023 through 2025, a bank representative served on the Board and another as a loan committee member for a CDFI and lending consortium that facilitates private investment in community revitalization and neighborhood preservation.
- From 2022 through 2025, a bank representative served as the Chair of the Advisory Board of a non-profit organization that was created to allow low-income families to obtain vouchers and scholarships for low- and moderate-income families.
- In 2025, a bank representative served on the Board for a non-profit organization that strengthens community by empowering people with disabilities to grow, develop, and thrive in Broward County.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

FLORIDA

CRA RATING FOR FLORIDA: SATISFACTORY

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Outstanding

DESCRIPTION OF INSTITUTION'S OPERATIONS IN FLORIDA

BanESCO USA operates five or 83.3 percent of its six full-service offices in the Miami MD assessment area. The assessment area comprises Miami-Dade County, which is also known as the Miami-Miami Beach-Kendall MD.

Economic and Demographic Data

From the 2015 American Community Survey (ACS) to the 2020 Census, there has been an increase in the number of census tracts in the assessment area from 519 to 707. The number of low- and moderate-income census tracts increased by 4 and 32 tracts, respectively. However, due to the overall increase in the number of census tracts, the percentage of low- and moderate-income census tracts declined from the 2015 levels when they represented 5.8 and 27.7 percent of the assessment area census tracts, respectively. The following table outlines select demographic data of this assessment area based on 2020 Census data and 2024 Dun & Bradstreet (D&B) data.

Demographic Information of the Miami MD Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	707	4.8	24.9	31.3	34.4	4.6
Population by Geography	2,701,767	4.8	26.1	32.3	34.7	2.1
Housing Units by Geography	1,032,310	4.7	25.8	31.4	36.4	1.8
Owner-Occupied Units by Geography	465,833	2.0	18.3	33.1	45.3	1.3
Occupied Rental Units by Geography	436,367	8.0	36.6	31.5	21.7	2.2
Vacant Units by Geography	130,110	3.0	16.3	24.8	53.2	2.6
Businesses by Geography	665,621	2.1	19.8	27.1	47.8	3.2
Farms by Geography	1,968	1.8	14.5	18.5	62.7	2.5
Family Distribution by Income Level	619,475	23.1	17.3	17.7	42.0	0.0
Household Distribution by Income Level	902,200	25.9	15.1	16.1	42.8	0.0
Median Family Income MD - 33124 Miami-Miami Beach-Kendall, FL MD		\$60,666	Median Housing Value		\$ 346,191	
			Median Gross Rent		\$1,408	
		Families Below Poverty Level		12.7%		
<i>Source: 2020 Census and 2024 D&B data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

Examiners used the Federal Financial Institutions Examination Council’s (FFIEC) updated Median Family Income (MFI) figures to analyze home mortgage lending under the *Borrower Profile* criterion. The following table reflects the low-, moderate-, middle-, and upper-income MFI categories for the MD. The MFI increased each year.

Median Family Income Ranges for the Miami MD				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥ 120%
2024 (\$79,400)	<\$39,700	\$39,700 To <\$63,520	\$63,520 To <\$95,280	≥\$95,280
2023 (\$74,700)	<\$37,350	\$37,350 To <\$59,760	\$59,760 To <\$89,640	≥\$89,640
2022 (\$68,300)	<\$34,150	\$34,150 To <\$54,640	\$54,640 To <\$81,960	≥\$81,960
<i>Source: FFIEC</i>				

As shown in the table below, the unemployment rate for Miami-Dade County declined in 2023 and then rose in 2024. The unemployment rates in the county were lower than the State of Florida and national rates.

Unemployment Rates			
Area	2022	2023	2024
	%	%	%
Miami-Dade County	2.7	1.9	2.4
Florida	3.0	3.0	3.4
Nation	3.7	3.6	4.0

Source: Bureau of Labor Statistics

Miami jobs.com notes the top employers in Miami-Dade County are Miami-Dade Public Schools (33,477 employees), University of Miami (14,604 employees), Baptist Health South Florida (14,000 employees) and American Airlines (11,353 employees). The 2024 D&B data shows the top industries are non-classifiable establishments; professional, scientific, and technical services; and administrative and support and waste management and remediation services.

According to Moody’s *Economy.com, Inc., Précis Metro*, dated August 2025, the strengths of the Miami MD are its strong ties to Latin America, the world’s second busiest cruise port, and its well-developed shipping and distribution infrastructure. However, job losses in leisure/hospitality and retail are weighing on growth as consumer spending softens. In terms of housing, condominiums account for an above average share of the housing stock. Condominium prices have fallen more than 3 percent compared with a 1.5 percent increase nationally, in part, due to the passage of a law to increase the frequency of building inspections and the reserve funds owners use to pay for needed repairs.

Competition

There is a high level of competition for deposits in the assessment area. In addition to competing with large national and regional banks, Banesco USA competes with credit unions and finance companies. As of June 30, 2024, 55 FDIC-insured institutions operated 578 offices within this area. Of these institutions, Banesco USA ranked 17th in total deposits with a market share of 1.5 percent. The top five institutions were Bank of America, National Association (N.A.); JPMorgan Chase Bank, N.A.; Wells Fargo Bank, N.A.; City National Bank of Florida; and Citibank, N.A., collectively accounting for 53.2 percent of the total market share.

Significant competition exists in the assessment area for small business loans. Market share data for 2024 is not yet available. Market share data for 2023 reflects 166 lenders reported 171,373 small business loans. By number of loans, the top five lenders were American Express National Bank; JPMorgan Chase Bank, N.A.; Bank of America, N.A.; Citibank, N.A.; and Capital One, N.A., collectively accounting for 80.3 percent of the total market share. Banesco USA ranked 67th with a market share of 0.01 percent.

Significant competition exists in the assessment area for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. Market share data for 2024 is not yet available. In 2023, 626 lenders reported 40,882 originated or purchased home mortgage loans. By number, the top five home mortgage originators were United Wholesale Mortgage, LLC; PennyMac Loan Services, LLC; Lakeview Loan Servicing, LLC; Rocket Mortgage, LLC; and JPMorgan Chase Bank, N.A. Collectively, these leading institutions accounted for 27.9 percent of the total market share. Banesco USA ranked 109th with a market share of 0.2 percent.

Community Contacts

As part of the CRA evaluation process, examiners contact third parties active in the assessment area to help identify the credit and community development needs and opportunities of the assessment area. For this CRA evaluation, examiners relied on three existing community contacts. One contact was with a representative from a non-profit affordable housing organization that provides low-income families in the City of Miami with affordable home ownership opportunities. The contact noted a limited availability of affordable housing in the area. The contact also identified elevated debt-to-income ratios among low- and moderate-income borrowers and escalating home prices as challenges to homeownership. As a result, the contact identified a significant need for the development of affordable housing, a credit product designed to make home ownership available for low- and moderate-income individuals such as long-term or forgivable loans, and quality financial literacy education to low- and moderate-income individuals.

The second community contact stated that there is construction throughout Miami-Dade County, but the projects are all for luxury apartments and not affordable for the low- and moderate-income families. Since rents are so high and wages are so low, many people are becoming homeless. There is no affordable housing for extremely low-income individuals. Most homeless women with children do not make enough money to qualify for homes built for low-income housing tax credits. Furthermore, it is challenging to receive approval to build single-room housing. These factors coupled with federal and county level program budget cuts, make it extremely difficult to obtain housing for the homeless. The contact indicated that banks could provide targeted support for emergency shelters for women, seniors, youth, and people with disabilities. The contact encourages expanding the use of the New Market Tax Credit Program.

The third contact familiar with small business needs in the county mentioned small businesses are dealing with issues including access to affordable capital, navigating complex regulations, competition from larger businesses, and the challenges of attracting and retaining skilled labor. Rising commercial rents and insurance costs are also significant concerns. The contact noted that financial needs include start-up business loans for new entrepreneurs, working capital lines of credit for existing small businesses, business financial counseling and technical assistance, and accessible credit for individuals who may not qualify for traditional bank loans.

Credit and Community Development Needs and Opportunities

Based on demographic and economic data as well as information from the community contacts, examiners identified certain credit and community development needs and opportunities within the assessment area. A need and opportunity exist for small business loans considering the assessment area includes 665,621 businesses, of which 94.3 percent have gross annual revenues of \$1 million or less. More specifically, a community contact stated small businesses need start-up business loans for new entrepreneurs, working capital lines of credit for existing small businesses, business financial counseling and technical assistance, and accessible credit for individuals who may not qualify for traditional bank loans.

Additionally, the number of low- and moderate-income families, at 23.1 percent and 17.3 percent, respectively, indicates a need and opportunity to provide affordable housing. Contacts familiar with

housing needs supported the need for, and opportunity to finance, affordable housing. Furthermore, one contact mentioned the need for quality financial literacy education for low- and moderate-income individuals.

SCOPE OF EVALUATION – FLORIDA

Examiners utilized full-scope examination procedures to evaluate the bank’s performance in the Miami MD assessment area, which is the only assessment area within Florida and is the basis for conclusions on Florida performance. The products, weighting, and evaluation period described in the overall Scope of Evaluation section are applicable to this assessment area analysis. Refer to the *Scope of Evaluation* section on page 5 for additional details.

CONCLUSIONS ON PERFORMANCE CRITERIA IN FLORIDA

LENDING TEST

The Lending Test rating is Low Satisfactory. Lending levels reflect good responsiveness to the assessment areas’ credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment areas, and the distribution of loans reflects poor penetration among retail customers of different income levels and business customers of different sizes. The bank makes little use of innovative and/or flexible lending practices to serve the assessment areas’ credit needs but is a leader in making community development loans.

Lending Activity

Lending levels reflect good responsiveness to the assessment area’s credit needs. Banesco USA’s small business lending increased significantly in 2024 resulting from the ECIP. Market share data for 2024 was not yet available for small business loans. For home mortgage loans, the bank is ranked 109th of 626 lenders for home mortgage loan market share in the assessment area. The following tables presented under the *Geographic Distribution* and *Borrower Profile* criteria detail the number and dollar volume of small business and home mortgage loans originated in the assessment area.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area.

Small Business Loans

Overall, the geographic distribution of small business loans reflects good penetration throughout the assessment area. As shown in the following table, for all years reviewed, the bank made no loans in low-income census tracts. However, aggregate lenders made loans in these tracts at a level that was in line with the percentage of businesses in these tracts. For moderate-income census tracts, in 2022, the bank’s lending was below demographic data and aggregate performance. However, in

2023, the bank’s lending was above aggregate and demographic data. In 2024, the bank’s performance was slightly above demographic data.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate % of #	#	%	\$(000s)	%
Low						
2022	2.3	2.4	0	0.0	0	0.0
2023	2.2	2.3	0	0.0	0	0.0
2024	2.1	--	0	0.0	0	0.0
Moderate						
2022	19.2	18.6	2	10.5	765	7.5
2023	19.5	18.6	6	27.3	1,664	18.6
2024	19.8	--	15	22.1	5,244	30.7
Middle						
2022	28.2	30.0	2	10.5	1,500	14.6
2023	27.3	29.6	3	13.6	1,700	19.0
2024	27.1	--	21	30.9	3,820	22.3
Upper						
2022	47.1	45.5	9	47.4	5,653	55.2
2023	47.8	45.8	11	50.0	5,032	56.2
2024	47.8	--	29	42.6	6,374	37.3
Not Available						
2022	3.3	3.5	6	31.6	2,326	22.7
2023	3.3	3.8	2	9.1	550	6.2
2024	3.2	--	3	4.4	1,668	9.7
Total						
2022	100.0	100.0	19	100.0	10,244	100.0
2023	100.0	100.0	22	100.0	8,946	100.0
2024	100.0	--	68	100.0	17,106	100.0

Source: D&B data, Bank data, and CRA Aggregate Data; "--" Data not available. Due to rounding, totals may not equal 100.0 percent.

Home Mortgage Loans

Overall, the geographic distribution of loans reflects adequate penetration throughout the assessment area. As shown in the following table, in 2023, the percentage of the bank’s lending in low-income census tracts was slightly below demographic and aggregate data. However, in 2024, the bank’s performance was slightly above demographic and aggregate data. For moderate-income census tracts, in 2023, the bank’s lending was well below demographic data and aggregate performance. However, in 2024, the bank’s lending was above demographic data and the aggregate data.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	2.0	2.9	1	1.6	379	0.3
2024	2.0	3.0	3	5.0	776	1.3
Moderate						
2023	18.3	15.9	5	7.8	24,790	23.0
2024	18.3	16.6	13	21.7	6,250	10.5
Middle						
2023	33.1	34.0	12	18.7	19,916	18.5
2024	33.1	34.3	10	16.7	6,938	11.7
Upper						
2023	45.3	45.8	44	68.8	61,971	57.5
2024	45.3	44.8	32	53.3	44,167	74.6
NA						
2023	1.3	1.5	2	3.1	772	0.7
2024	1.3	1.4	2	3.3	1,101	1.9
Total						
2023	100.0	100.0	64	100.0	107,828	100.0
2024	100.0	100.0	60	100.0	59,232	100.0

Source: 2020 U.S. Census Data; Bank Data; HMDA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.

Borrower Profile

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

Small Business Loans

The distribution of borrowers reflects poor penetration among business customers of different sizes. As illustrated in the following table, lending to businesses with revenues of \$1 million or less was substantially below demographic data for all years. In addition, in 2022 and 2023, the bank's performance was well below aggregate lenders' performance.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	94.8	52.0	6	31.6	3,175	31.0
2023	94.7	54.0	4	18.2	1,011	11.3
2024	94.3	--	34	50.0	2,983	17.4
>\$1,000,000						
2022	1.3	--	10	52.6	6,180	60.3
2023	1.4	--	14	63.6	5,701	63.7
2024	1.3	--	32	47.1	13,357	78.1
Revenue Not Available						
2022	4.0	--	3	15.8	889	8.7
2023	3.9	--	4	18.2	2,234	25.0
2024	4.4	--	2	2.9	766	4.5
Total						
2022	100.0	100.0	19	100.0	10,244	100.0
2023	100.0	100.0	22	100.0	8,946	100.0
2024	100.0	--	68	100.0	17,106	100.0

Source: 2022-2024 D&B Data; Bank data; CRA Aggregate Data; "--" Data not available. Due to rounding, totals may not equal 100.0%.

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, adequate penetration among individuals of different income levels. Lending performance to low-income borrowers was significantly below demographic data in 2023 and 2024 and below aggregate data in 2023. Examiners noted that both aggregate and bank performance were significantly below demographic data. However, the percentage of families living below the poverty level in this assessment area at 12.7 percent played a part in limiting lending opportunities to these borrowers. These families would generally face challenges qualifying for a home loan. Also contributing to the difference between demographic data and aggregate lending are the high home prices and the high level of competition for home mortgage loans in this market. Lastly, two community contacts noted the limited availability of affordable housing in the market.

In 2023, the bank made no loans to moderate-income borrowers. In 2024, the bank's performance improved and the bank's percentage of lending to moderate-income borrowers exceeded aggregate data. Of note, Banesco USA originated a significant percentage of home mortgage loans each year to commercial borrowers for investment purposes or to non-resident aliens purchasing second homes as a commercial entity, resulting in their income being reported as not available. The following table presents the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	23.1	1.9	0	0.0	0	0.0
2024	23.1	2.5	2	3.3	222	0.4
Moderate						
2023	17.3	3.0	0	0.0	0	0.0
2024	17.3	3.1	6	10.0	942	1.6
Middle						
2023	17.7	9.9	0	0.0	0	0.0
2024	17.7	10.3	3	5.0	985	1.7
Upper						
2023	42.0	59.7	32	50.0	51,655	47.9
2024	42.0	59.5	32	53.3	38,611	65.2
NA						
2023	0.0	25.6	32	50.0	56,173	52.1
2024	0.0	24.8	17	28.3	18,472	31.2
Total						
2023	100.0	100.0	64	100.0	107,828	100.0
2024	100.0	100.0	60	100.0	59,232	100.0
<i>Source: 2020 U.S. Census Data; Bank data; HMDA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0 percent.</i>						

Community Development Loans

BanESCO USA is a leader in making community development loans in the Miami MD assessment area. The bank originated 30 community development loans totaling \$82.7 million during the evaluation period in this assessment area. This amount represents 25.2 percent by number and 14.8 percent by dollar volume of total community development loans. The following are examples of the community development loans in this assessment area.

- In 2022, the bank extended a \$14.5 million loan to construct a 100-unit apartment complex that provides affordable housing in a moderate-income census tract.
- In 2024, the bank originated a \$4.9 million SBA 504 loan to refinance debt. The loan will retain 70 jobs and meets an SBA requirement since the business is a small manufacturer.
- In 2025, the bank originated a \$10 million loan to a health care provider whose patients are primary low- and moderate-income.

INVESTMENT TEST

BanESCO USA has a significant level of qualified community development investments and grants. The bank exhibits good responsiveness to credit and community development needs and occasionally uses innovative and complex investments to support community development initiatives.

Investment and Grant Activity

Banescos USA has a significant level of qualified investments and grants. Within this assessment area, the bank provided 100 qualified investments and donations totaling \$82.9 million, of which 15 totaling \$47.4 million were prior period investments. During the evaluation period, the bank purchased three investments in mortgage-backed securities totaling \$26.3 million. The mortgages were backed by three apartments with 654 units of affordable housing for low- and moderate-income individuals and families. The institution also invested \$3.8 million in a fund geared towards community development. The bank's investment was backed by three low-income rental housing units. The institution also purchased certificates of deposit in local minority depository institutions totaling \$1.5 million. Lastly, the bank made several donations to various organizations that primarily provided needed services to low- and moderate-income adults and children. Refer to the overall comments beginning on page 9 for additional details regarding the bank's performance under this test.

SERVICE TEST

The Service Test rating is Outstanding. Banescos USA's delivery systems are accessible to essentially all portions of the assessment area. The opening and closing of branches throughout the assessment area has not adversely affected the accessibility of its delivery systems. Services and business hours do not vary in a way that inconveniences certain portions of the assessment area, particularly in low- and moderate -income geographies or individuals. In addition, the bank is a leader in providing community development services.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the assessment area. As of the evaluation date, Banescos USA operated five full-service offices in the assessment area. Two offices are in moderate-income census tracts and three offices are in upper-income census tracts. Although the bank does not operate any offices in low-income census tracts, only 4.8 percent of both census tracts and population are low-income. Two offices (40.0 percent) are in moderate-income census tracts, which is well above the 24.9 percent of census tracts that are moderate-income and the 26.1 percent of the population that resides in moderate-income census tracts.

Branch Distribution by Geography Income Level – Miami MD Assessment Area						
Tract Income Level	Branches		Population		Census Tracts	
	#	%	#	%	#	%
Low	-	-	129,685	4.8	34	4.8
Moderate	2	40.0	705,161	26.1	176	24.9
Middle	-	-	872,671	32.3	221	31.3
Upper	3	60.0	937,513	34.7	243	34.4
NA	-		56,737	2.1	33	4.6
Total	5	100.0	2,701,767	100.0	707	100.0

Source: 2020 Census & bank records. The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0.

Overall, alternative delivery systems have enhanced the accessibility for all customers but were not specifically targeted to low- and moderate-income (LMI) individuals. The bank offers alternative banking services to commercial and personal banking clients including online and mobile banking, peer-to-peer payment transfer services, remote deposit capture, and treasury management services. In addition, since the prior evaluation, the bank established LPO/DPOs in both Broward and Palm Beach Counties. The Broward and Palm Beach LPO/DPOs are in a middle- and upper-income census tract, respectively. Further, the bank offers bilingual and telephone banking services at its offices to ensure that assessment area customers can access information and assistance in their language.

Changes in Branch Locations

To the extent of the changes made, Banesco USA’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems. During the evaluation period, the bank relocated one full-service branch (March 2025) within a moderate-income census tract and relocated its main office (February 2023) from an upper-income census tract to a moderate-income census tract. No other branches were closed in Florida. The net effect in branch relocations resulted in an increase of one branch in a moderate-income geography.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the assessment areas, particularly low- and moderate-income geographies, or individuals. Each branch offers the same products and services. Business hours are from 9:00 a.m. to 4:00 p.m. on Monday through Thursday with extended hours offered on Friday, 9:00 a.m. to 6:00 p.m.

Community Development Services

BanESCO USA is a leader in providing community development services in the assessment area. Bank representatives provided 173 community development services during the evaluation period. Although largely not innovative, the community development services demonstrated excellent responsiveness to the assessment areas’ community development opportunities. Of the 173 community development services, 119 or 68.8 percent resulted from financial literacy classes for children and job training for high school students. Additionally, directors, officers, and employees served in leadership capacities with 23 organizations whose missions are consistent with the

definition of community development. The following table presents the number of community development services provided during the evaluation period by year and purpose.

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/7/2022-12/31/2022	1	13	0	0	14
2023	6	25	1	0	32
2024	5	65	4	0	74
1/1/2025-8/24/2025	7	42	4	0	53
Total	19	145	9	0	173
<i>Source: Bank data</i>					

During the evaluation period, the bank provided several community development services, which benefited the Miami MD assessment area. Examples are noted below.

- From 2023 through 2025, a bank representative served as Treasurer and the Chair of the Finance Committee of an organization that provides affordable housing solutions for adults with disabilities in Miami, Florida.
- In 2024 and 2025, a bank representative served as a member of the finance committee of a nonprofit organization that provides economic development through its support of minority owned small businesses in the City of Miami. The organization also offers technical assistance to help these small businesses obtain financing to support operations.
- From 2023 through 2025, a bank representative served as a Board member for an agency that stimulates economic growth through advocacy and social economic programs. In addition, the organization offers a homeownership assistance program targeted to LMI home buyers whose income is at or below 80 percent of area median income.

PUERTO RICO

CRA RATING FOR PUERTO RICO: SATISFACTORY

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN PUERTO RICO

BanESCO USA operates one or 16.7 percent of its six full-service offices in the San Juan MSA assessment area. The assessment area comprises the San Juan-Bayamon-Caguas MSA.

SCOPE OF EVALUATION – PUERTO RICO

Economic and Demographic Data

From the 2015 ACS to the 2020 Census, there has been an increase in the number of census tracts in the assessment area from 598 to 625. The number of low-income census tracts increased from 30 to 37. However, the number of moderate-income census tracts decreased from 160 to 149. These changes resulted in the percentage of low-income census tracts in the assessment area increasing slightly from 2015 ACS data (5.0 percent) to the 2020 Census data (5.9 percent). For the same period, the percentage of moderate-income census tracts declined 3.0 percentage points from 26.8 percent to 23.8 percent. The following table outlines select demographic data of this assessment area based on 2020 Census data and 2024 D&B data.

Demographic Information of the San Juan MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	625	5.9	23.8	33.6	29.3	7.4
Population by Geography	2,081,265	4.7	25.3	36.5	32.2	1.3
Housing Units by Geography	975,065	5.3	25.1	35.7	32.3	1.6
Owner-Occupied Units by Geography	518,854	2.7	23.7	37.6	35.0	1.0
Occupied Rental Units by Geography	248,955	10.1	27.1	32.4	28.3	2.2
Vacant Units by Geography	207,256	6.0	26.4	34.9	30.7	2.1
Businesses by Geography	24,769	8.7	16.1	26.2	42.9	6.2
Farms by Geography	183	5.5	44.8	24.6	20.8	4.4
Family Distribution by Income Level	513,695	25.6	15.4	16.4	42.6	0.0
Household Distribution by Income Level	767,809	27.5	14.5	14.7	43.3	0.0
Median Family Income MSA - 41980 San Juan-Bayamon-Caguas, PR MSA		\$28,312	Median Housing Value		\$ 130,672	
			Median Gross Rent		\$528	
			Families Below Poverty Level		35.8%	
<i>Source: 2020 Census and 2024 D&B Data. (*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100%.</i>						

Examiners used the FFIEC’s updated MFI figures to analyze home mortgage lending under the *Borrower Profile* criterion. The following table reflects the low-, moderate-, middle-, and upper-income MFI categories for the MSA. The MFI increased each year.

Median Family Income Ranges in the San Juan MSA Assessment Area				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥ 120%
2024 (\$34,300)	<\$17,150	\$17,150 To <\$27,440	\$27,440 To <\$41,160	≥\$41,160
2023 (\$34,000)	<\$17,000	\$17,000 To <\$27,200	\$27,200 To <\$40,800	≥\$40,800
2022 (\$31,400)	<\$15,700	\$15,700 To <\$25,120	\$25,120 To <\$37,680	≥\$37,680
<i>Source: FFIEC</i>				

Due to the devastation caused by Hurricane Maria, Puerto Rico was designated as a major disaster area on September 20, 2017. The island is still in recovery. In September 2023, the banking agencies granted a second 36-month extension for CRA consideration of activities that help revitalize or stabilize Puerto Rico, which will end September 30, 2026.

As shown in the table below, the unemployment rate for the MSA slightly declined from 2022 through 2024. The unemployment rates in the MSA were lower than the rates for Puerto Rico but higher than the rates for the United States.

Unemployment Rates			
Area	2022	2023	2024
	%	%	%
San Juan MSA	5.1	5.0	4.7
Puerto Rico	6.0	5.9	5.6
United States	3.7	3.6	4.0

Source: Bureau of Labor Statistics

The Federal Reserve Bank of St. Louis notes that the largest employer in the MSA is the Federal Government with 18,300 employees. Moody’s Analytics reports that the assessment area’s major private sector employers include Walmart Stores Inc. (13,295 employees), Banco Popular (7,215 employees), and Supermercado Econo Inc. (6,550 employees). The 2024 D&B data shows the top industries are professional, scientific, and technical services; support and waste management and remediation services; and non-classifiable establishments.

According to Moody’s *Economy.com, Inc., Précis Metro*, dated May 2025, the strengths of the MSA are its manufacturing infrastructure and low labor costs, large tourism industry, and expanded port capacity. The unemployment rate is at the lowest level on record back to the early 1990s. There has been hiring in leisure, hospitality, and retail due to tourism and in professional/business services and healthcare. The report notes that Luis Munoz Marin International Airport posted a double-digit increase in passenger arrivals from April 2024 to April 2025. However, the assessment area has a higher share of older workers and retirees than the national average and a steadily declining birthrate. Furthermore, about half the population receives medical coverage through Medicaid.

Competition

There is a moderate level of competition for deposits in the assessment area. In addition, to competing with banks, Banesco USA competes with credit unions and finance companies. As of June 30, 2024, six FDIC-insured institutions operated 185 offices within this area. Of these institutions, Banesco USA ranked 5th in total deposits with a market share of 0.8 percent. The leading financial institution in the assessment area was Banco Popular de Puerto Rico with a deposit market share of 65.1 percent; followed by FirstBank Puerto Rico with a market share of 15.8 percent, and Oriental Bank with a market share of 11.5 percent.

Significant competition exists in the assessment area for small business loans. Market share data for 2023 reflects 43 lenders reported 21,567 small business loans. By number of loans, the top five lenders were Banco Popular de Puerto Rico; American Express National Bank; Citibank, N.A.; JPMorgan Chase Bank, N.A.; and Oriental Bank, collectively accounting for 91.3 percent of the total market share. Banesco USA ranked 22nd with a market share of 0.07 percent.

Significant competition exists in the assessment area for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. In 2023, 59 lenders reported 13,637 originated or purchased home mortgage loans. By number, the top five home mortgage originators were Banco Popular de Puerto Rico; The Money House, Inc; FirstBank Puerto Rico; First Equity Mortgage Bankers, Inc.; and Oriental Bank. Collectively, these leading institutions accounted for 62.1 percent of the total market share. Banesco USA ranked 51st with a market share of 0.03 percent.

Community Contacts

For this CRA evaluation, examiners utilized three existing community contacts. One contact familiar with small business needs in the MSA mentioned she does not believe that Puerto Rico's economy has improved in recent years since the island is largely dependent on federal funding. The contact stated a need for investment in start-up companies if Puerto Rico is to diversify the economy. There is also a lack of statistics on the island. Furthermore, the high cost of property insurance is a challenge for the area. The contact noted that more people in their thirties are coming back to the island to start their own businesses. Many small business owners are financing their businesses with credit cards. The contact stated that banks should offer loans in the ranges of \$50,000 to \$1 million to help small business owners with cash flow. Many businesses are unbanked because banks do not have the products and services to serve their needs. For new businesses, there is a huge gap between the time there is a need for capital and when they are ready to apply to financial institutions. Lastly, the contact noted the need for more tailored educational programs, specifically, for start-ups and small- and medium-sized businesses.

A second contact was with a non-profit organization dedicated to stopping the problem of blighted and abandoned properties. The contact noted that the housing crisis has deepened, and property abandonment has increased disproportionately in vulnerable communities. The contact explained that there is so much market pressure that the organization's own staff saw their rent double within a few months. There are thousands of families with Hurricane Maria vouchers for \$200,000 that cannot find a place to live due to rising housing costs. Families on the island are functioning under housing distress. This includes affordability, high cost of repairs on existing inventories, and title issues. The legal framework is so difficult that it is cheaper to abandon the property than to find the owners to complete home repairs. The organization lost some of its federal funding and is looking for ways to keep projects viable. The contact stated that Puerto Rico has three major banks that, reportedly, do a poor job of addressing the housing problem on the island. The contact said there is an opportunity for banks to partner with or provide cash donations to non-profit organizations since many government grants require a local bank partner.

A third contact familiar with the needs of LMI individuals noted that some federal grants have been canceled this year, and the local governments cannot supplement the loss of funds. In terms of housing, the contact noted all the construction has been for luxury apartments. ACT 60 (Invest Puerto Rico) has attracted wealthy individuals from the mainland who are trying to avoid taxes. The contact stated that this effort has further destabilized the housing market. In addition, based on the housing conditions and the federal disasters, many LMI families are susceptible to homelessness. Furthermore, many homes are being purchased and rented out to Airbnbs. The contact felt that banks need to develop products specifically for non-profit organizations to address the housing blight.

Credit and Community Development Needs and Opportunities

Based on demographic and economic data as well as information from the community contacts, examiners identified certain credit and community development needs and opportunities within the assessment area. A need and opportunity exist for small business loans considering the assessment area includes 24,769 businesses, of which 78.1 percent have gross annual revenues of \$1 million or less. More specifically, the community contacts stated there was a need for loans to non-profit organizations and small businesses, including start-up business loans for new entrepreneurs, working capital lines of credit for existing small businesses, tailored small business financial education programs, and accessible credit for individuals who may not qualify for traditional bank loans.

Additionally, the number of low- and moderate-income families, at 25.6 percent and 15.4 percent, respectively, indicates an acute need and opportunity to provide affordable housing. This is illustrated through the low MFI for the assessment area. Two contacts reiterated the need for affordable housing. However, the opportunities may be limited due to prices, costs to fix existing inventory, and title issues.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PUERTO RICO

LENDING TEST

The Lending Test rating is Low Satisfactory. Lending levels reflect adequate responsiveness to the assessment areas' credit needs. The geographic distribution of loans reflects adequate penetration throughout the assessment areas, and the distribution of loans reflects poor penetration among retail customers of different income levels and business customers of different sizes. The bank makes little use of innovative or flexible lending practices to serve the assessment areas' credit needs but is a leader in making community development loans.

Lending Activity

Lending levels reflect adequate responsiveness to the assessment area's credit needs given competition and its one office. Market share data for 2024 was not yet available for small business loans. For home mortgage loans, the bank is ranked 51st of 59 lenders for home mortgage loan market share in the assessment area. The tables presented under the *Geographic Distribution* and *Borrower Profile* criteria detail the number and dollar volume of small business and home mortgage loans originated in the assessment area. The bank originated or purchased a small number of small business and home mortgage loans in this assessment area but made a large volume of community development loans.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the assessment area given competition and the bank's one office in the assessment area.

Small Business Loans

Overall, the geographic distribution of loans reflects adequate penetration throughout the assessment area. As shown in the following table, in low-income census tracts in 2022, the bank's percentage of lending was slightly below demographic data but exceeded aggregate data. In 2023, the bank's performance significantly exceeded demographic and aggregate data. However, in 2024, the bank made no loans in low-income census tracts. For moderate-income census tracts, in 2022, the bank's lending by number of loans was below demographic data and aggregate performance, but the loan volume was reasonable. In 2023, the bank's lending in moderate-income census tracts improved and was only slightly below aggregate and demographic data. In 2024, the bank's performance was below demographic data.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate % of #	#	%	\$(000s)	%
Low						
2022	8.5	3.2	1	7.1	1,000	12.4
2023	8.5	3.9	3	21.4	2,079	24.7
2024	8.7	--	0	0.0	0	0.0
Moderate						
2022	15.9	15.1	1	7.1	970	12.0
2023	16.0	15.3	2	14.3	1,000	11.9
2024	16.1	--	2	10.0	975	9.7
Middle						
2022	26.2	27.1	2	14.3	600	7.4
2023	26.3	28.2	3	21.4	1,720	20.4
2024	26.2	--	8	40.0	3,120	31.0
Upper						
2022	42.4	51.0	8	57.1	3,697	45.8
2023	42.2	48.2	5	35.7	2,750	32.6
2024	42.9	--	10	50.0	5,985	59.4
Not Available						
2022	7.1	3.7	2	14.3	1,800	22.3
2023	7.1	4.4	1	7.1	880	10.4
2024	6.2	--	0	0.0	0	0.0
Total						
2022	100.0	100.0	14	100.0	8,067	100.0
2023	100.0	100.0	14	100.0	8,429	100.0
2024	100.0	--	20	100.0	10,080	100.0

Source: D&B Data, Bank data, and CRA Aggregate Data; "--" Data not available. Due to rounding, totals may not equal 100.0 percent.

Home Mortgage Loans

Overall, the geographic distribution of loans reflects poor penetration throughout the assessment area. In 2023, there were too few loans originated in the assessment area to analyze the bank’s performance. In 2024, the percentage of the bank’s lending in low-income census tracts was above demographic and aggregate data. However, the bank’s lending performance in moderate-income census tracts was well below demographic and aggregate data.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	2.7	2.9	0	0.0	0	0.0
2024	2.7	2.8	1	6.7	975	2.5
Moderate						
2023	23.7	18.3	0	0.0	0	0.0
2024	23.7	18.5	1	6.7	295	0.8
Middle						
2023	37.6	32.9	0	0.0	0	0.0
2024	37.6	33.1	4	26.7	5,233	13.6
Upper						
2023	35.0	44.0	4	100.0	4,769	100.0
2024	35.0	43.7	8	53.3	30,563	79.4
NA						
2023	1.0	1.9	0	0.0	0	0.0
2024	1.0	2.0	1	6.7	1,440	3.7
Total						
2023	100.0	100.0	4	100.0	4,769	100.0
2024	100.0	100.0	15	100.0	38,506	100.0

Source: 2020 U.S. Census Data; bank data; HMDA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.

Borrower Profile

The distribution of borrowers reflects poor penetration among retail customers of different income levels and business customers of different income sizes.

Small Business Loans

The distribution of borrowers reflects poor penetration among business customers of different sizes. As illustrated in the following table, lending to businesses with revenues of \$1 million or less was substantially below demographic data for all years. In addition, in 2023 and 2024, the bank’s performance was well below aggregate lenders’ performance.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	77.3	59.5	5	35.7	2,367	29.3
2023	77.8	62.2	2	14.3	765	9.1
2024	78.1	--	8	40.0	4,244	42.1
>\$1,000,000						
2022	11.1	--	7	50.0	5,200	64.5
2023	10.7	--	9	64.3	5,684	67.4
2024	10.5	--	11	55.0	5,361	53.2
Revenue Not Available						
2022	11.7	--	2	14.3	500	6.2
2023	11.6	--	3	21.4	1,980	23.5
2024	11.5	--	1	5.0	475	4.7
Total						
2022	100.0	100.0	14	100.0	8,067	100.0
2023	100.0	100.0	14	100.0	8,429	100.0
2024	100.0	--	20	100.0	10,080	100.0
<i>Source: 2022-2024 D&B Data; bank data; CRA Aggregate Data; "--" Data not available. Due to rounding, totals may not equal 100.0%.</i>						

Home Mortgage Loans

The distribution of borrowers reflects, given the demographics of the assessment area, poor penetration among individuals of different income levels. Lending performance to low-income borrowers was significantly below demographic data. However, the low aggregate lender percentages indicate limited opportunities to lend to low-income borrowers. This conclusion is supported by two community contacts who noted the limited availability of affordable housing in the market.

In 2023 and 2024, the bank did not make any loans to low- or moderate-income borrowers. Of note, Banesco USA originated a significant percentage of its home mortgage loans in 2024 to commercial borrowers for investment purposes in line with the bank's focus on commercial lending. The following table presents the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2023	25.6	0.9	0	0.0	0	0.0
2024	25.6	1.1	0	0.0	0	0.0
Moderate						
2023	15.4	9.1	0	0.0	0	0.0
2024	15.4	6.8	0	0.0	0	0.0
Middle						
2023	16.4	15.4	0	0.0	0	0.0
2024	16.4	15.0	0	0.0	0	0.0
Upper						
2023	42.6	48.6	4	100.0	4,769	100.0
2024	42.6	52.3	3	20.0	5,640	14.7
NA						
2023	0.0	25.9	0	0.0	0	0.0
2024	0.0	24.9	12	80.0	32,866	85.4
Total						
2023	100.0	100.0	4	100.0	4,769	100.0
2024	100.0	100.0	15	100.0	38,506	100.0
<i>Source: 2020 U.S. Census Data; bank data; HMDA Aggregate Data. Due to rounding, totals may not equal 100.0 percent.</i>						

Community Development Loans

BanESCO USA is a leader in making community development loans in the assessment area. The bank originated 38 community development loans totaling \$153.7 million during the evaluation period in this assessment area. This amount represents 31.9 percent by number and 27.6 percent by dollar volume of total community development loans. The following are examples of the community development loans in this assessment area.

- In 2022, the bank made a \$38.2 million loan to construct a new Veterans Affairs Center. The center will create 95 permanent jobs; of which, over 50 percent will be jobs for low-income workers for custodial, food service, and clerical duties.
- In 2025, the bank originated a \$1.8 million loan to a business to expand a grocery store, including a food court and an area for online orders. The expansion will create 14 new jobs for low- and moderate-income workers.
- In 2025, the bank made a \$7.0 million revolving line of credit to a business for funding ongoing working capital needs to fulfill a Puerto Rico Department of Housing contract under the Community Development Block Grant (CDBG) Disaster Recovery & Mitigation Programs. Funds will be used to support construction management services, home repair, reconstruction, or relocation as well as single-family housing mitigation.

INVESTMENT TEST

Banescos USA has a significant level of qualified community development investments and grants. The bank exhibits good responsiveness to credit and community development needs and occasionally uses innovative and complex investments to support community development initiatives.

Investment and Grant Activity

Banescos USA has a significant level of qualified investments and donations in the assessment area given the availability. Investment opportunities in the San Juan MSA assessment area are extremely limited for smaller institutions due to the presence of three much larger and dominant financial institutions in the market. The bank invested \$4.2 million in a fund geared towards community development. The institution's investment was earmarked in a bond that was backed by an apartment complex that consists of 262 units of affordable housing for families. The bank also made several donations to organizations that provide financial education to small businesses and entrepreneurs who want to start a business as well as organizations that provide essential services for low- and moderate-income families.

SERVICE TEST

The Service Test rating is Low Satisfactory. Banescos USA's delivery system area accessible to limited portions of the assessment area. The opening and closing of branches throughout the assessment area has not adversely affected the accessibility of its delivery systems. Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly in low- and moderate-income geographies or individuals. In addition, the bank provided an adequate level of community development services.

Accessibility of Delivery Systems

Delivery systems are accessible to limited portions of the assessment area. As of the evaluation date, Banescos USA operated one full-service office in a census tract with no income designation within the assessment area. Although the bank does not operate any branches in low-income census tracts, only 5.9 percent of census tracts are low-income, and 4.7 percent of the population resides in low-income census tracts. However, the bank's performance in moderate-income census tracts is well below the 23.8 percent of census tracts that are moderate-income and 25.3 percent of the population that resides in moderate-income census tracts. The assessment areas' sole branch is in a census tract that borders five census tracts (one moderate-, one unknown-, two middle-, and two upper-income census tracts) but remains distant from a majority of the assessment area's census tracts.

Branch Distribution by Geography Income Level – San Juan MSA Assessment Area						
Tract Income Level	Branches		Population		Census Tracts	
	#	%	#	%	#	%
Low	-	-	97,820	4.7	37	5.9
Moderate	-	-	526,560	25.3	149	23.8
Middle	-	-	759,662	36.5	210	33.6
Upper	-	-	670,167	32.2	183	29.3
NA	1	100.0	27,056	1.3	46	7.4
Total	1	100.0	2,081,265	100.0	625	100.0

Source: 2020 Census & bank records. The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100.0.

Overall, alternative delivery systems have enhanced the accessibility for all customers but were not specifically targeted to LMI individuals. The institution offers alternative banking services predominately to commercial banking clients including online and mobile banking, peer-to-peer payment transfer services, remote deposit capture, and treasury management services. The bank offers bilingual and telephone banking services to its customers within the assessment area.

Changes in Branch Locations

BanESCO USA did not open or close any branches in the assessment area since the previous evaluation.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the assessment area, particularly in low- and moderate-income geographies or individuals. The sole branch located in the assessment area is open Monday through Friday from 9:00 a.m. to 4:00 p.m.

Community Development Services

BanESCO USA provides an adequate level of community development services in this assessment area. Bank representatives provided 35 community development services during the evaluation period. Although not innovative, the community development services demonstrated good responsiveness to the assessment areas' community development opportunities. Of the 35 community development services, 27 or 77.1 percent resulted from financial literacy classes. Additionally, directors, officers, and employees served in leadership capacities with two organizations whose missions are consistent with the definition of economic development. The following table presents the number of community development services provided during the evaluation period by year and purpose.

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
6/7/2022-12/31/2022	0	0	1	0	1
2023	0	2	2	0	4
2024	0	20	2	0	22
1/1/2025-8/24/2025	0	5	3	0	8
Total	0	27	8	0	35
<i>Source: Bank data</i>					

During the evaluation period, the bank provided several community development services, which benefited the San Juan MSA. Examples are noted below.

- From 2022 through 2025, an officer serves on the Board of a small business incubator. The origination provides SBA and rural development agency loans. Further, in 2025, a second loan officer serves on the credit committee.
- From 2023 through 2025, a representative served on the commercial credit committee of a CDFI that promotes economic development and job creation throughout the assessment area. The organization assists small businesses obtain financing through the SBA and other small business loan programs. Loans options include microloans to fund the working capital needs of small businesses.
- From 2024 to 2025, bank representatives provided nine financial literacy classes to young adults from LMI families.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

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

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

Investment Test

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

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

Service Test

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

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

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

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

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

SCOPE OF EVALUATION

Banesco USA	
Scope of Examination: Full scope reviews were performed on the following assessment areas within the noted rated areas: State of Florida: Miami-Miami Beach-Kendall, FL MD Assessment Area Commonwealth of Puerto Rico: San Juan-Bayamon-Caguas, PR MSA Assessment Area	
Time Period Reviewed:	6/7/2022 to 8/25/2025
Products Reviewed: Home Mortgage Loans: Time period reviewed (1/1/2023 – 12/31/24) Small Business Loans: Time period reviewed (1/1/2022 – 12/31/24)	

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	Type of Evaluation	Branches Visited	Other Information
State of Florida: Miami-Miami Beach-Kendall, FL MD Assessment Area	Full-scope	One	None
Commonwealth of Puerto Rico: San Juan-Bayamon-Caguas, PR MSA Assessment Area	Full-scope	None	None

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
FLORIDA	Low Satisfactory	High Satisfactory	Outstanding	Satisfactory
PUERTO RICO	Low Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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