



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

February 06, 2012

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

OneWest Bank, FSB  
Charter Number 718129

888 East Walnut Street  
Pasadena, CA 91101-7211

Office of the Comptroller of the Currency

Midsized Banks Supervision  
1 South Wacker Drive, Suite 2000  
Chicago, IL 60606

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

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

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

Performance Levels	OneWest Bank, FSB Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		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 major factors that support this rating include:

- Community development (CD) lending performance is good. The bank’s CD lending addressed several identified CD needs and had a positive impact on OneWest’s CRA performance.
- The bank’s geographic distribution of loans is Excellent.
- The bank’s significant use of flexible and innovative loan products with the United States Treasury’s Home Affordable Mortgage Program (HAMP) and several other loan modification programs had a positive impact on OneWest’s lending performance.
- The bank has an adequate level of qualified investments that benefit the full-scope AA.
- OneWest provided a relatively high level of CD services that incorporate fundraising and financial education for CD organizations.

## Definitions and Common Abbreviations

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

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

**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 MA/assessment area.

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

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

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

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

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

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

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

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

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

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

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

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

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

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

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

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

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

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

**Rated Area:** A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

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

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

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

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

## Description of Institution

OneWest is a federally chartered stock institution located in Pasadena, California. As of September 30, 2011, the bank had total assets of \$27.4 billion. The bank is a direct subsidiary of OneWest Bank Group LLC and an indirect subsidiary of IMB HoldCo LLC (IMB HoldCo). IMB HoldCo is a unitary thrift holding company whose primary purpose is the ownership of a savings and loan institution.

OneWest requested consideration for the activities of Financial Freedom Acquisition LLC (Financial Freedom), a wholly-owned subsidiary, in the evaluation of its performance. Financial Freedom was involved in the origination of reverse mortgages until March 2011, when OneWest exited the reverse mortgage business. As of September 30, 2011, the portfolio totaled \$32.5 million, and individual loans continue to be serviced by the bank's mortgage servicing division.

OneWest commenced operations on March 19, 2009, with the acquisition of the receivership assets and certain liabilities of a former national mortgage lender headquartered in Pasadena, California. The bank continued to grow through acquisitions from the FDIC of certain assets, loans, and deposits of two other failed California-based financial institutions in the fourth quarter of 2009 and first quarter of 2010.

OneWest is an intrastate bank, with 78 full service branches throughout five AAs located in Southern California. The five AAs include: (1) Los Angeles-Long Beach-Glendale, CA MD; (2) Oxnard-Thousand Oaks-Ventura, CA MSA; (3) Riverside-San Bernardino-Ontario, CA MSA; (4) San Diego-Carlsbad-San Marcos, CA MSA; and (5) Santa Ana-Anaheim-Irvine, CA MD.

Customers have nationwide access to ATMs through the bank's Star/Plus and NYCE ATM networks. Seventy-five of the 78 branches have their own ATM that provide 24/7 access. Delivery systems, such as ATMs, telephone banking, and online banking, effectively provide customers access to banking services after normal business hours.

OneWest primarily invests in one-to-four family mortgage loans (36.9 percent of total assets). The bank also originates multi-family mortgage loans (9.9 percent), nonresidential and land loans (5.6 percent), commercial loans (1.2 percent), and residential construction loans (0.2 percent), but these loans represent a small percentage of the total portfolio. OneWest funds loans with deposit accounts and, to a lesser extent, FHLB advances.

As of September 30, 2011, loans totaled \$14.7 billion, representing 53.8 percent of total assets. OneWest reported Tier 1 Capital (Core Capital) of \$3.8 billion, (13.8 percent) for the same time period. The bank's sound Capital position provides sufficient capacity to meet the credit needs of the community.

During the evaluation period, management's primary focus was on integrating the failed bank acquisitions and rebuilding operational infrastructures. Going forward, management will emphasize commercial loans to position the balance sheet more like a commercial bank. This would include an increased emphasis in originating small business loans that were not a factor in this evaluation.



OneWest offers fixed- and variable-rate mortgage products for the purchase, improvement, and refinance of home loans. All conforming loans are originated for sale in the secondary market. The bank offers various commercial and consumer loans and has a full complement of banking products including: checking, savings, individual retirement accounts, certificates of deposit, and money market accounts.

OneWest operates in a competitive financial services market; however, there are no legal, financial, or other factors to impede its ability to help meet the credit needs of its AA.

This is the first CRA examination of OneWest since its inception in 2009.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for this review is March 19, 2009 through September 30, 2011. The evaluation period captures the inception of OneWest Bank and the first three years of activity as a de novo institution. For the Lending Test, we evaluated home mortgage refinance loans, home purchase loans, multifamily loans, and CD loans. We did not perform a detailed analysis of home improvement loans, as these loans represent an insignificant portion (less than 1 percent) of total reported loans. The bank originated or purchased no small loans to businesses or farms, given its primary focus on residential mortgage lending during the evaluation period.

The evaluation period also included a review of the bank's CD loans, investments, and services. We based our conclusions related to CD loans and qualified investments on the number and dollar amounts made during the evaluation period. We also considered the level of innovation, complexity, responsiveness to community credit needs and the degree to which these instruments are not routinely provided by others.

### Data Integrity

We performed a data integrity review of the loan information indicated above. We chose a random sample of 180 HMDA loans, or 60 loans for each year in the review period. We compared the information contained on the publicly filed loan register to the information contained in the bank's loan files and evaluated the processes the bank employees use to ensure data accuracy. We found the bank's HMDA loan data to be of good quality.

### Selection of Areas for Full-Scope Review

We completed a full-scope review of the bank's Los Angeles-Long Beach-Glendale MD AA. We conducted limited scope reviews of the bank's Santa Ana-Anaheim-Irvine MD, Oxnard-Thousand Oaks-Ventura MSA, Riverside-San Bernardino-Ontario MSA, and San Diego-Carlsbad-San Marcos MSA AAs. We chose the Los Angeles-Long Beach-Glendale AA for a full-scope review because it represents the majority of the institution's deposits, loan originations, and branches. This AA holds more than 69 percent of the bank's branch deposits and nearly 67 percent of its branches. Please refer to Appendix A later in the report for more information.

### Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. Additionally, ratings under each test are the consolidation of conclusions reached for each full-scope AA, along with consideration of any impact on performance by the limited-scope AAs.

### Other

A community contact from the Los Angeles AA was made in conjunction with this review. The contact was a representative involved with economic development in the local community. Our

contact believes the primary credit needs are financial contributions and grants from financial institutions. The need for increased financial contributions and responsiveness from financial institutions was considered in our evaluation of OneWest's performance under the Lending, Investment, and Service Tests.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

Further, section 1025 of the Dodd–Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203) assigns to the CFPB exclusive examination authority, and primary enforcement authority, to ensure compliance by banks and FSAs with Federal consumer financial laws, if the bank or FSA has more than \$10 billion in assets. The CFPB has not provided the OCC with any information about, or other evidence of, discriminatory or other illegal credit practices relative to this institution with respect to the Federal consumer financial laws.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's performance under the lending test is rated "High Satisfactory."

#### Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank's performance in the Los Angeles-Long Beach-Glendale MD is good. Community development lending in the Los Angeles AA was good and had a positive impact on the bank's performance. Performance in the limited scope AAs was generally consistent with the performance in the full scope AA and did not have an impact on the overall lending test rating.

#### Lending Activity

Refer to Table 1 "Lending Volume" in appendix C for the facts and data used to evaluate the bank's lending activity.

OneWest's overall lending levels reflect an adequate responsiveness to AA credit needs given the bank's business strategy, volume of lending, and competition. Residential mortgage lending has been the primary loan product for the bank.

There is strong competition for residential mortgage loans in the bank's markets. In OneWest's full-scope AA, Bank of America, Wells Fargo, JPMorgan Chase, and Citigroup are dominant home mortgage lenders. There is also strong competition in each of OneWest's limited-scope AAs where nationally recognized mortgage lenders, such as Bank of America, Wells Fargo, and JPMorgan Chase, claim the majority of the market share.

As of June 30, 2011, OneWest held a 4.72 percent market share of the dollar amount of deposits; ranking 7<sup>th</sup> among 126 FDIC insured financial institutions in the full-scope AA. During the same period, the bank achieved a 0.23 percent market share by number of HMDA loans, ranking 54<sup>th</sup> among 740 reporting lenders. The bank is ranked 37<sup>th</sup> with a 0.31 percent market share in home refinance loans. OneWest's primary focus during the de novo period was improving the performance of existing loans within the portfolio, including through such programs as HAMP. Combined with the aforementioned competition from the nation's largest banks, the loss mitigation and servicing focus reasonably explains the differences between deposit and loan market share.

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

##### *Home Mortgage Loans*

Refer to Tables 2, 3, 4, and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans is excellent. Since its inception on March 19, 2009, OneWest's mortgage lending was generated primarily through its mortgage servicing portfolio, and thus, refinance transactions make up a significant portion of the bank's residential mortgage loan originations. In addition, OneWest acquired the assets of two failed financial institutions, both of which included multifamily lending.

### Home Refinance Lending

The bank's distribution of home refinance lending by income level of geography in the Los Angeles-Long Beach-Glendale MD is excellent. The distribution of loans within low- and moderate-income (LMI) census tracts (3.6 and 18.8 percent, respectively) exceeds the percentage of owner occupied units (1.9 and 15.5 percent, respectively) in those tracts. The distribution of the 2010 HMDA aggregate's home refinance lending within LMI census tracts was 0.8 and 8.5 percent, respectively. OneWest's 2010 market share for home refinance loans (0.3 percent) exceeds its overall HMDA market share in this MD and the bank ranked 29 out of 388 lenders.

### Home Purchase Lending

OneWest's distribution of home purchase lending by income level of geography in the Los Angeles-Long Beach-Glendale MD is excellent. The distribution of loans within LMI census tracts (3.9 and 20.4 percent, respectively) exceeds the percentage of owner-occupied units in those tracts. The distribution of the 2010 HMDA aggregate's home purchase lending within LMI census tracts was 3.6 and 18.9 percent, respectively. The bank's 2010 market share for home purchase loans in this MD is insignificant.

### Multifamily Lending

OneWest's distribution of multifamily lending by income level of geography in the Los Angeles-Long Beach-Glendale MD is good. The distribution in loans within low-income census tracts (8.6 percent) is lower than the percentage of multifamily units (12.9 percent) in those tracts. The distribution of loans within moderate-income census tracts (33.3 percent) is higher than the percentage of multifamily units (31.7 percent) in those tracts. The distribution of the 2010 HMDA aggregate's multifamily lending with LMI census tracts was 12.4 and 35.9 percent, respectively. The bank's 2010 market share in LMI census tracts (1.2 percent) is slightly lower than its overall market share of multifamily lending (1.5 percent).

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

Maps and reports were reviewed to identify any gaps in the geographic distribution of home mortgage. No unexplained or conspicuous gaps were identified.

### ***Inside/Outside Ratio***

The inside/outside ratio was calculated using information that included OneWest's originations and purchases only and not extensions of credit by affiliates that are being considered under the other performance criteria. The analysis was conducted at the bank level and included lending throughout all of the bank's AAs.

The inside/outside ratio is considered reasonable given the bank's business strategy. During the review period, OneWest originated or purchased 32.7 percent of the number of loans within the combined AAs. The majority of loan applications came from the loan servicing portfolio of an acquired failed institution, a former nationwide lender. The bank's initial CRA Plan, which was approved by the Office of Thrift Supervision, indicated an anticipated inside/outside ratio of 15.0 percent. OneWest's current ratio is stronger than projected and is expected to rise steadily as branch-based loan originations increase through the bank's Mortgage Lending Unit, which was launched in the fourth quarter of 2009. Moving forward, the bank will focus on establishing itself as a regional commercial bank, as it has developed products and service channels to better serve both consumers and businesses in the Southern California area.

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

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

Refer to Tables 8, 9, and 10 in appendix C for the facts and data regarding the borrower distribution of the bank's home mortgage loan originations and purchases.

*Our evaluation of the bank's CRA performance does not include an analysis of borrower distribution. Because of limited borrower income information available, a detailed analysis would not be meaningful.* Since its inception on March 19, 2009, OneWest's mortgage lending was primarily generated through its mortgage servicing portfolio, and thus, refinance transactions make up a significant portion of the bank's residential mortgage loan originations. In addition, OneWest acquired the assets of two failed financial institutions, both of which provided multifamily lending. Loans purchased from the other financial institutions did not retain borrower income information and multifamily loans do not obtain borrower income information. Out of 9,101 loans originated or purchased by the bank in the Los Angeles-Long Beach-Glendale MD, no information was available for 98 percent of home purchases loans and 81 percent of home mortgage refinance loans.

## **Community Development Lending**

Refer to Table 1 "Lending Volume" in appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The bank's CD lending performance is good. The bank originated a large volume of CD loans in the Los Angeles AA. CD loans that benefited the Los Angeles AA totaled more than \$18.5 million. OneWest originated an additional \$5.4 million in CD loans within the bank's Riverside AA. These loans promoted economic development by creating or retaining jobs in low- or moderate-income areas or for low- or moderate-income individuals by financing numerous small businesses. Funds also provided a number of affordable housing units and promoted community services targeted to low- or moderate-income individuals. Details regarding OneWest's CD loans are listed below:

- The bank originated a \$1.85 million loan for the purchase of a retail strip center located in a moderate-income area in the city of Huntington Park, located in Los Angeles County. The center houses offices on the upper level and retail businesses on the lower level. The center contributes to the local tax base and provides jobs and services for the local community.
- The bank originated a \$1.7 million loan for the refinance of a multi-tenant retail project located in a HUD Empowerment Zone in Los Angeles County. The project is located in a low-income census tract within the Fashion District and houses 11 different retailers, which provide tax revenue, jobs, and merchandise for the surrounding community as well as revitalizing and stabilizing the area.
- The bank originated a \$3.23 million loan for the refinance of a 36-unit mixed-use multifamily apartment complex over six ground floor retail spaces located in a low-income census tract in Los Angeles County. The units provide affordable housing and the retail spaces provide tax revenue, jobs, and services for the community which includes LMI individuals.
- The bank originated a similar loan totaling \$1.25 million for the refinance of a 21-unit mixed-use multifamily apartment complex over six ground floor retail spaces and provides affordable housing and jobs and services to the local community. The complex is located in a low-income census tract and a HUD-designated Renewal Community. This incentive encourages businesses to open, and expand, and to hire local residents and is designed to stimulate job creation and retention.
- The bank originated a loan in the amount of \$1.44 million for the refinance of a retail building located in a moderate-income census tract within Los Angeles County. The building houses a retail shoe sales business which provides revenue, jobs, and services and serves to revitalize and stabilize the local community.
- The bank originated a \$1.54 million loan for the refinance of a retail/warehouse project located in a low-income census tract and HUD-designated Renewal Community. The building has six retail tenants and one warehouse tenant, each supporting and stabilizing the community with much needed goods, services, and jobs.
- The bank originated a \$1.06 million loan for the refinance of a multi-family apartment building. The building will provide 16 units of affordable housing to low- or moderate-income individuals.
- The bank originated a \$6.47 million loan for the refinance of a 105-unit apartment building. More than 95.0 percent of the units will provide affordable housing to low- or moderate-income individuals.

The bank also received consideration for loans benefiting a broader statewide area including the bank's other AAs. The bank extended a \$1.78 million loan to refinance a multi-tenant auto service center located in a moderate-income census tract within Riverside County. One of the subject property's buildings contains a drive through lube and oil change facility, while the other three buildings house three to six tenants with a total of 46 service bays. The bank provided another loan for \$1.55 million providing funding for the refinance of an 11-unit retail

building located in a low-income census tract in Riverside County and within the City of Moreno Valley's Redevelopment Area. The redevelopment program seeks to eliminate and prevent the spread of blight and deterioration of the plan area and retain or expand as many existing businesses as possible. Finally, the bank originated a loan totaling \$2.1 million to refinance a single tenant office building located in a moderate-income census tract within San Bernardino County. These funds benefit the bank's AAs by providing economic stabilization and revitalization to the local communities.

The bank's CD lending addressed identified community needs and had a positive impact on the bank's CRA performance.

### **Product Innovation and Flexibility**

OneWest makes extensive use of flexible and innovative lending products. The bank offers five modification programs as well as three delegated programs from Fannie Mae and Freddie Mac. Bank-offered programs include HAMP, CAP, Custom, and OneWest 24, 35, and 38. Delegated programs include Fannie Mae and Freddie Mac Delegation, FNMA 24, and FNMA and Freddie ALT Mod II.

OneWest developed and adopted innovative and flexible residential loan modification programs responsive to the needs of the bank's distressed LMI borrowers who wish to remain in their homes. The loss mitigation programs have been designed to make loan restructuring modification options affordable, long term, and sustainable. The programs employ flexible underwriting standards, including extended amortization periods, relaxed loan-to-value collateral standards, reduced interest rates, and others and are available throughout all of the bank's AAs.

From inception through September 30, 2011, the bank completed 15,812 loan modifications in the Southern California MSA and \$114.5 million in principal reductions. Nearly 50 percent of those loans considered for modification were given temporary approvals. Additionally, 81 percent of those given temporary approvals were given permanent approvals.

Of the 15,812 loan modifications noted above, 7,321 were done in the full scope assessment area of Los Angeles-Long Beach-Glendale CA. And within this group, 10.1 percent benefitted low-income borrowers and another 30.2 percent benefitted moderate-income borrowers.

Principal reductions are one segment of OneWest's loan modification program. Of the \$114.5 million achieved through the principal reduction program, \$39.5 million (from 305 loans) occurred in the Southern California market. The most significant amounts were realized in the Los Angeles-Long Beach-Glendale MD segment (123 loans modified at an aggregate principal reduction of \$17.4 million) and Riverside-San Bernardino MSA (84 loans at an aggregate principal reduction of \$11.6 million).

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the lending test in the Santa Ana-Anaheim-Irvine MD, Riverside-San Bernardino-Ontario MSA, Oxnard-Thousand Oaks-Ventura MSA, and San Diego-Carlsbad-San Marcos MSA is not inconsistent with the bank's overall High Satisfactory rating.



Refer to Tables 1 through 10 in appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

The bank's performance under the investment test is rated "Low Satisfactory."

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, the bank's performance in the Los Angeles-Long Beach-Glendale MD AA is adequate.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank has an adequate dollar volume of qualifying investments, grants, and donations that exhibit a good responsiveness to the credit and CD needs of the Los Angeles AA. Qualified investments, grants, and donations totaled more than \$69 million. This conclusion considers the numerous investment opportunities within the AA and a statewide or broader area and the bank's capacity to address these needs.

During the evaluation period, OneWest made investments in the Los Angeles AA totaling more than \$69 million. The bank invested \$64.5 million in affordable housing mortgage securities backed by loans to LMI borrowers. These mortgage-backed securities represent an integral part of OneWest's investment program in the Los Angeles AA. The bank also invested \$1.4 million in Low Income Housing Tax Credits (LIHTCs) that helped fund a 101-unit affordable housing project in the Los Angeles AA. In addition, OneWest placed time deposits totaling \$2.7 million in nine different minority-owned financial institutions within its Los Angeles AA. These deposits qualify as CD investments.

OneWest's dollar volume of qualified contributions reflects the bank's commitment to help meet identified CD needs. During the review period, OneWest committed \$1.4 million to various organizations within the Los Angeles AA that provide affordable housing, youth services, and healthcare. During the same review period, the bank funded \$558 thousand to those organizations. Through the "OneWest Bank Foundation," bank management has taken a leadership role by spearheading the "Steps to Success" program. This innovative program is the only one of its kind and promotes financial literacy for LMI "at risk" youth in the Los Angeles AA, an ongoing CD need. Investments are responsive and reflect a moderate level of complexity.

The bank adequately addressed the CD needs in its AA; therefore, we gave positive consideration for qualified investments that benefit the statewide or broader area. During the evaluation period, the bank provided an additional \$47.6 million in Low-Income Housing Tax Credit Investments. These investments helped fund more than 271 affordable housing units throughout the State of California and another 189 units in the federal disaster area affected by Hurricane Katrina in Louisiana. The bank also has a total of \$27.5 million in binding, unfunded

commitments for investments benefiting affordable housing and numerous organizations that include medical institutions and youth programs. These commitments demonstrate the bank's continuing commitment to help meet CD needs and their continued capacity for investments.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the investment test in the Santa Ana-Anaheim-Irvine MD, Riverside-San Bernardino-Ontario MSA, and San Diego-Carlsbad-San Marcos MSA is stronger than, and in the Oxnard-Thousand Oaks-Ventura MSA is not inconsistent with the bank's overall "Low Satisfactory" performance under the Investment Test. The stronger performance in the Santa Ana-Anaheim-Irvine MD, Riverside-San Bernardino-Ontario MSA, and San Diego-Carlsbad-San Marcos MSA is due to relatively higher volume of investments. The bank's performance in these AAs was taken into consideration, but did not impact, negatively or positively, the overall investment test conclusions.

Refer to Table 14 in appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

The bank's performance under the service test is rated "High Satisfactory."

### **Conclusions for Areas Receiving Full-Scope Reviews**

#### **Retail Banking Services**

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

OneWest currently operates 78 retail branches, 10 of which are located in LMI census tracts. Of the 78 retail branches, 75 have ATMs on site, with 10 located in LMI tracts. The branches without ATMs are located in upper-income census tracts. All branches offer a full range of products and services and are open for business Monday through Friday. Sixty-eight branches are open for business on Saturday. The remaining 10 branches, with the exception of one located in an upper-income geography, have an ATM on site for customer accessibility. The operating hours of the branches were generally similar among all locations, regardless of the income level of the geography.

The analysis of OneWest's branch distribution is primarily based on the geographic distribution of branches among LMI geographies in relation to the proportion of the population residing in those geographies. We also considered any branches in middle- and upper-income geographies where the population of LMI families is 33 percent or higher.

The bank's branch distribution in the AA is good with 13 percent of all branches located in LMI census tracts. In the Los Angeles-Long Beach-Glendale MD, 11 percent of the bank's branches are located in LMI census tracts. Additionally, 18 middle- and upper-income branches in the AAs have at least 33 percent or more LMI family population. We considered that overall, 28 branches representing 36 percent of the branch network serves the LMI family

population. According to the bank's original CRA Plan, the percentage of branches located in LMI census tracts falls short of the 15 percent projection; however, it is important to note that OneWest is serving a larger portion of the LMI population due to the large percentage of LMI families residing in the various census tracts.

Specific to Los Angeles-Long Beach-Glendale MD, OneWest has one branch in a low-income census tract and five branches in a moderate-income census tract. In percentages, 2 percent of Los Angeles branches are located in a low-income census tract and 9 percent of Los Angeles branches are located in a moderate-income census tract.

Additionally, 10 middle- and upper-income branches in the Los Angeles-Long Beach-Glendale MD have at least 33 percent or more LMI family population. Overall, of the 53 OneWest branches located in the Los Angeles-Long Beach-Glendale MD, 16 branches representing 30 percent of the branch network in the Los Angeles-Long Beach-Glendale MD network serve the LMI family population.

OneWest inherited the branch footprint of the three failed banks. Due to the subsequent decision to close several branches in middle- or upper-income census tracts, the percentage of branches in LMI census tracts actually increased for OneWest.

ATMs, telephone banking, and online banking supplement the bank's branch network and serve alternative delivery systems to increase accessibility of banking services, including to LMI persons and geographies. From March 2009 through September 2011, the bank had 48,069 online banking subscribers.

The bank's closing and opening of branches in the AA did not adversely affect the accessibility of branches, particularly in the LMI geographies. During the evaluation period, OneWest consolidated three branches and relocated one branch, all within the upper-income census tracts. Branch consolidations and relocations are not considered closures.

## **Community Development Services**

OneWest provided a relatively high level of CD services that are responsive to a variety of CD needs in the full-scope AA during the evaluation period. The board and management have developed relationships to ensure continued innovative and sustainable CD services. The bank provided CD services totaling 1,231 hours to five organizations including: Junior Achievement (JA), Venice Family Clinic (VFC), Museum of Contemporary Arts (MOCA), Los Angeles County Economic Development Corporation (LAEDC), and Boys and Girls Club of Pasadena (Club). Technical and financial assistance provided included fundraising, financial education, and service on various boards of directors with organizations whose primary focus is providing assistance to LMI individuals.

### **Junior Achievement (JA)**

Starting in 2010, JA of Southern California partnered with OneWest to develop the "Steps to Success Initiative." The "Steps to Success Initiative" is an outreach program for kindergarten through senior high school students located in East Los Angeles. The program focuses on LMI and at-risk students and is dedicated to educating young people about business, economics, and free enterprise through age appropriate curricula. Through tracking of the

program, JA discovered that after the inaugural year, student responses reflect greater aptitude and skill in dealing with financial concepts, higher confidence in dealing with financial instruments, and increased desire to stay in school and obtain a higher education.

### **The UCLA Health System/Venice Family Clinic partnership (VFC)**

One member of senior management serves on the board of the VFC, the principal provider of free primary health care services to underserved individuals in Los Angeles County. The VFC serves more than 24,400 individuals annually, of which 97 percent are low-income and nearly three-quarters are uninsured. OneWest investments are used to support LMI patients, who are not covered by private health insurance or qualify for Medi-Cal or Medicare coverage.

### **The Museum of Contemporary Art (MOCA)**

A member of OneWest executive management serves on the MOCA board of directors. They provide financial expertise and assist the organization with fundraising, budgeting, and governance. MOCA's art education outreach program is called the Contemporary Art Start (CAS). CAS strives to fill the gap created by continued cuts in the public school education curriculum for art education. The program comprises a comprehensive curriculum of art education, interactive classroom learning experiences, professional development for teachers, and multiple museum visits for students and their families throughout the year of enrollment. In 2010-2011, CAS served nearly 6,000 elementary, middle, and high school students and their families from underserved areas of Los Angeles. Approximately 75.0 percent of participating CAS students are from low-income families who qualify for Title I public free meal programs due to financial need.

### **Los Angeles Economic Development Corporation (LAEDC)**

One member of senior management serves on the board of directors of the LAEDC. The LAEDC's Business Assistance and Development program (BAP) uses Layoff Aversion grants from various Workforce Investment Boards (WIBs) across Los Angeles County. The BAP partners with the WIBs to reach out to small-and medium-sized "at risk" businesses to assess their needs and identify resources to help sustain businesses and avert layoffs during this harsh economic time. This innovative new program is putting thousands of workers back into productive positions in L.A. County companies with the help of \$150 million in Federal Stimulus funds. BAP's layoff aversion efforts include the Transitional Subsidized Employment (TSP) Program which is funded through the American Recovery and Reinvestment Act. TSP is a county-wide opportunity through which any business, nonprofit, or public agency based in L.A. County can benefit from the federal stimulus package by taking on entry-level labor with no out-of-pocket cost.

### **Boys and Girls Club of Pasadena (Club)**

One member of senior management services on the board of directors of the Club. The Club promotes the health, education, social, vocational, and character development of boys and girls, ages 6 through 18. The Club's goal is to improve the lives of children by helping them build self-assurance and develop leadership skills while reinforcing positive values. Eighty percent of the participating students come from LMI households. The median income for a Club family of four is \$25,000. The 2009 median income for Pasadena is \$61,298 and LMI

totals \$30,500. The programs offered include swimming, athletics, homework assistance, reading clubs, technology centers, field trips, arts and crafts, teen centers, and private music lessons.

### **HAMP**

The bank also provides education to customers who are seeking homeowner preservation solutions and alternatives to foreclosure through government advocated loan modification programs like HAMP. The requirements of HAMP and similar loan modification programs are targeted toward assisting borrowers who have insufficient income to maintain payments on their mortgages. The loan principal balances must be less than \$729,750 with payments greater than 31 percent of the borrower's gross income, and thus, the majority of modified loans involve borrowers below the median income group. Customers needing mortgage payment assistance may access OneWest's website to view educational videos about current HAMP activities, alternate programs, and how to apply for payment help. As noted above, through flexible and innovative modification programs, OneWest modified over 15, 000 loans to assist borrowers with insufficient income to support their mortgage obligations.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the service test in the Santa Ana-Anaheim-Irvine MD, Riverside-San Bernardino-Ontario MSA, Oxnard-Thousand Oaks-Ventura MSA, and San Diego-Carlsbad-San Marcos MSA represent adequate responsiveness to CD needs and are weaker than the bank's overall performance but did not have a negative impact on the overall rating given the bank's overall business strategy and status as a de novo. Management has concentrated on building an infrastructure for CRA during this review period and will expand CD services within these specific geographies with additional time.

Refer to Table 15 in appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 3/19/09 to 9/30/11 Investment and Service Tests and CD Loans: 3/19/09 to 9/30/11	
<b>Financial Institution</b>		<b>Products Reviewed</b>
OneWest Bank, FSB (OneWest or bank) Pasadena, California		Home Mortgage Disclosure Act Loans
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Financial Freedom Acquisition LLC (Financial Freedom)	Wholly Owned Subsidiary	Home Mortgage Disclosure Act Loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Los Angeles-Long Beach-Glendale MD Oxnard-Thousand Oaks-Ventura MSA Riverside-San Bernardino-Ontario MSA San Diego-Carlsbad-San Marcos MSA Santa Ana-Anaheim-Irvine MD	Full-Scope Limited-Scope Limited-Scope Limited-Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### State of California

### Los Angeles-Long Beach-Glendale MSA (Los Angeles)

Demographic Information for Full-Scope Area: (Name of MA or Nonmetropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2,054	8.71	28.29	27.99	34.23	0.78
Population by Geography	9,519,338	8.00	29.44	30.88	31.58	0.10
Owner-Occupied Housing by Geography	1,499,694	1.91	15.46	31.30	51.33	0.00
Businesses by Geography	869,503	7.94	21.05	26.58	43.63	0.80
Farms by Geography	6,632	3.97	15.59	31.60	48.40	0.44
Family Distribution by Income Level	2,154,311	23.87	16.49	17.40	42.24	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	869,463	13.65	41.46	28.95	15.94	0.00
Median Family Income	= \$53,036					
HUD Adjusted Median Family Income for 2011	= \$63,000					
Households Below the Poverty Level	= 15.0%					
				Median Housing Value	= \$240,248	
				Unemployment Rate	= 11.9%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2011 HUD updated MFI.

The Los Angeles-Long Beach-Glendale MSA is the bank’s largest AA and is comprised of Los Angeles County. The AA has 2,054 census tracts which includes 179 (8.71 percent) low-income tracts and 581 (28.29 percent) moderate-income tracts. The updated median family income for 2011 is \$63,000. However, 311,000 families (15 percent) living in the County have an income below the poverty level. Though the housing market is beginning to show modest signs of improvement; many people in Los Angeles County continue to have problems with maintaining property ownership. The Los Angeles County Assessor’s Office reported a total of 31,700 foreclosures for 2010, a 13 percent decline from the previous year.

Los Angeles County is located in southern California and borders 70 miles of coast on the Pacific Ocean. The county contains most of the major cities encompassing the Greater Los Angeles Area, and is the most prominent of the five counties that make up that area. There are 88 incorporated cities in Los Angeles County and many unincorporated areas. The northern half of the county is lesser populated desert inland; while the southern half is heavily urbanized. The most populous cities are Los Angeles (3,792,621), Long Beach (462,257), and Glendale (191,719), according to the US Census Bureau 2010 Population Estimate.

Los Angeles County is the most populous county in the United States. The US Census Bureau lists a population of 9,818,605 persons for 2010 living in the County, which also houses over a quarter of the population of California.

The County's transportation infrastructure is impressive and boasts an extensive freeway network. Los Angeles International Airport (LAX) is the primary commercial airport for the county; however, there are also several other commercial airports which include: Long Beach Municipal Airport, Bob Hope Airport, and the LA/Palmdale Regional Airport. Los Angeles is also a major freight railroad transportation center, largely due to the large volumes of freight moving in and out of the county's port facilities. The ports are connected to the downtown rail yards and to the main lines of Union Pacific and Burlington Northern Santa Fe headed east via a freight rail corridor known as the Alameda Corridor. Amtrak, Los Angeles Metro Rail, and Metrolink provide passenger rail service. In addition, the county has two main sea ports, the Port of Los Angeles and the Port of Long Beach. Together, they handle over a quarter of all container traffic entering the United States, making the complex the largest and most important port in the country, and the third-largest port in the world by shipping volume.

Los Angeles County is commonly associated with the entertainment industry; all six major film studios, which include: Paramount Pictures, 20<sup>th</sup> Century Fox, Sony, Warner Bros., Universal Pictures, and Walt Disney Studios, are located within the county. Beyond motion picture and television program production, other major industries of Los Angeles County are international trade supported by the Port of Los Angeles and the Port of Long Beach, music recording and production, aerospace, and professional services such as law and medicine.

Major employers in Los Angeles County include Kroger Co., the County of Los Angeles, the Los Angeles County Unified School District, and the City of Los Angeles. According to the Los Angeles Area Chamber of Commerce, the aftermath of the Great Recession still has a significant impact on the Los Angeles AA. While indicators of economic activity did improve in 2010, there is still a long way to go to return to pre-recession levels. The construction sector did see a small improvement in 2010. The value of both residential and non-residential construction rose from their 2009 lows. But of course there remains a significant difference between current and pre-recession building activity, particularly on the residential side. On the employment side, job growth moved into positive territory for the first time since 2007. However, the employment deficit created during the recession remains substantial. The Bureau of Labor Statistics shows the 2010 unemployment rate in the County was 11.9 percent, an increase of 1.0 percent over the 2009 rate of 10.9 percent.

At June 30, 2011, OneWest held a 4.72 percent market share of the dollar amount of deposits; ranking 7<sup>th</sup> among 126 FDIC insured financial institutions in the full scope AA. During the same period, the bank achieved a 0.23 percent market share by number of HMDA loans, ranking 54<sup>th</sup> among 740 reporting lenders. The bank is ranked 37<sup>th</sup> with a 0.31 percent market share in home refinance loans. There is strong competition for residential mortgage loans in the bank's markets. In OneWest's Los Angeles AA, Bank of America, Wells Fargo, JPMorgan Chase, and Citigroup are dominant home mortgage lenders.



## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As 12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area. This table contained no data and thus was not included.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area. This table contained no data and thus was not included.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available. This table contained no data and thus was not included.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available. This table contained no data and thus was not included.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area. This table contained no data and thus was not included.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME												
Geography: CALIFORNIA												
Evaluation Period: MARCH 19, 2009 TO SEPTEMBER 30, 2011												
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Los Angeles-Long Beach-Glendale MD	51.49	9,093	4,520,090	0	0	0	0	8	18,544	9,101	4,538,634	76.33
<b>Limited Review:</b>												
Oxnard-Thousand Oaks-Ventura MSA	3.69	652	316,730	0	0	0	0	0	0	652	316,730	3.08
Riverside-San Bernardino-Ontario MSA	17.08	3,016	1,048,682	0	0	0	0	3	5,435	3,019	1,054,117	4.22
San Diego-Carlsbad-San Marcos MSA	13.82	2,441	1,488,850	0	0	0	0	0	0	2,441	1,488,850	6.22
Santa Ana-Anaheim-Irvine MD	13.92	2,458	1,340,065	0	0	0	0	0	0	2,458	1,340,065	10.14

\* Loan Data as of September 30, 2011. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from March 19, 2009 to September 30, 2011.

\*\*\* Deposit Data as of June 30, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: CALIFORNIA					Evaluation Period: MARCH 19, 2009 TO SEPTEMBER 30, 2011							
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total **	% Owner Occ Units ***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Los Angeles-Long Beach-Glendale MD	2,080	46.82	1.91	3.89	15.46	20.43	31.30	30.34	51.33	45.34	3.57	18.93	33.86	43.65
<b>Limited Review:</b>														
Oxnard-Thousand Oaks-Ventura MSA	150	3.38	1.20	0.67	15.46	21.33	46.06	37.33	37.29	40.67	1.24	21.19	46.48	31.09
Riverside-San Bernardino-Ontario MSA	987	22.21	1.49	1.42	21.74	20.47	43.33	47.21	33.44	30.90	0.99	19.14	47.83	32.03
San Diego-Carlsbad-San Marcos MSA	624	14.04	2.30	4.97	14.03	14.42	41.01	34.62	42.66	45.99	3.89	13.67	40.19	42.24
Santa Ana-Anaheim-Irvine MD	602	13.55	1.25	2.99	19.56	23.09	33.56	28.90	45.63	45.02	1.24	22.13	32.65	43.98

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: CALIFORNIA				Evaluation Period: MARCH 19, 2009 TO SEPTEMBER 30, 2011								
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ ***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Los Angeles-Long Beach-Glendale MD	73	67.59	1.91	1.37	15.46	6.85	31.30	26.03	51.33	65.75	1.54	11.54	27.18	59.74
<b>Limited Review:</b>														
Oxnard-Thousand Oaks-Ventura MSA	7	6.48	1.20	0.00	15.46	0.00	46.06	42.86	37.29	57.14	0.15	10.23	39.70	49.92
Riverside-San Bernardino-Ontario MSA	7	6.48	1.49	0.00	21.74	28.57	43.33	42.86	33.44	28.57	0.79	14.05	38.00	47.16
San Diego-Carlsbad-San Marcos MSA	2	1.85	2.30	0.00	14.03	50.00	41.01	0.00	42.66	50.00	2.10	10.38	34.48	53.04
Santa Ana-Anaheim-Irvine MD	19	17.59	1.25	0.00	19.56	10.53	33.56	31.58	45.63	57.89	0.49	13.05	30.77	55.70

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: CALIFORNIA				Evaluation Period: MARCH 19, 2009 TO SEPTEMBER 30, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total **	% Owner Occ Units ***	% BANK Loans ****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Los Angeles-Long Beach-Glendale MD	5,123	47.53	1.91	3.59	15.46	18.76	31.30	29.32	51.33	48.33	0.80	8.45	24.28	66.47
<b>Limited Review:</b>														
Oxnard-Thousand Oaks-Ventura MSA	463	4.30	1.20	1.73	15.46	16.63	46.06	43.20	37.29	38.44	0.50	7.65	41.23	50.62
Riverside-San Bernardino-Ontario MSA	1,967	18.25	1.49	1.32	21.74	16.57	43.33	42.45	33.44	39.65	0.27	9.61	36.56	53.56
San Diego-Carlsbad-San Marcos MSA	1,539	14.28	2.30	4.03	14.03	14.42	41.01	38.73	42.66	42.82	1.19	7.24	31.83	59.74
Santa Ana-Anaheim-Irvine MD	1,687	15.65	1.25	2.07	19.56	20.69	33.56	31.12	45.63	46.12	0.42	12.23	29.61	57.75

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY														Geography: CALIFORNIA				Evaluation Period: MARCH 19, 2009 TO SEPTEMBER 30, 2011			
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income										
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp							
<b>Full Review:</b>																					
Los Angeles-Long Beach-Glendale MD	1,805	77.94	12.96	8.59	31.74	33.30	28.34	28.03	26.96	30.08	12.39	35.88	29.37	22.36							
<b>Limited Review:</b>																					
Oxnard-Thousand Oaks-Ventura MSA	32	1.38	3.57	3.13	34.60	50.00	47.43	37.50	14.41	9.38	5.56	63.89	27.78	2.78							
Riverside-San Bernardino-Ontario MSA	54	2.33	7.73	18.52	38.68	44.44	37.84	29.63	15.76	7.41	8.77	43.86	38.60	8.77							
San Diego-Carlsbad-San Marcos MSA	276	11.92	11.77	23.19	32.61	28.99	37.33	33.33	18.29	14.49	18.61	39.91	33.86	7.62							
Santa Ana-Anaheim-Irvine MD	149	6.43	6.27	12.75	41.07	62.42	33.61	16.11	19.05	8.72	9.88	57.56	24.42	8.14							

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multi family housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.



Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: CALIFORNIA					Evaluation Period: MARCH 19, 2009 TO SEPTEMBER 30, 2011							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>1</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Los Angeles-Long Beach-Glendale MD	2,084	46.85	23.87	0.00	16.49	6.52	17.40	13.04	42.24	80.43	3.12	14.38	27.06	55.44
<b>Limited Review:</b>														
Oxnard-Thousand Oaks-Ventura MSA	150	3.37	19.55	0.00	18.43	28.57	22.09	28.57	39.92	42.86	5.27	22.69	29.68	42.37
Riverside-San Bernardino-Ontario MSA	987	22.19	21.73	0.00	17.48	0.00	20.23	0.00	40.56	100.00	10.24	24.83	28.58	36.36
San Diego-Carlsbad-San Marcos MSA	624	14.03	21.02	0.00	17.91	0.00	20.09	0.00	40.98	100.00	3.61	17.87	27.66	50.86
Santa Ana-Anaheim-Irvine MD	603	13.56	20.69	0.00	17.97	0.00	20.68	50.00	40.65	50.00	4.47	19.13	28.24	48.15

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 98.4% of loans originated and purchased by BANK.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: CALIFORNIA					Evaluation Period: MARCH 19, 2009 TO SEPTEMBER 30, 2011							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>2</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Los Angeles-Long Beach-Glendale MD	73	67.59	23.87	2.90	16.49	13.04	17.40	18.84	42.24	65.22	3.26	10.95	19.47	66.32
<b>Limited Review:</b>														
Oxnard-Thousand Oaks-Ventura MSA	7	6.48	19.55	0.00	18.43	33.33	22.09	16.67	39.92	50.00	6.58	18.81	27.90	46.71
Riverside-San Bernardino-Ontario MSA	7	6.48	21.73	0.00	17.48	0.00	20.23	40.00	40.56	60.00	7.27	17.18	25.63	49.92
San Diego-Carlsbad-San Marcos MSA	2	1.85	21.02	0.00	17.91	0.00	20.09	100.00	40.98	0.00	5.72	13.68	23.31	57.29
Santa Ana-Anaheim-Irvine MD	19	17.59	20.69	6.25	17.97	12.50	20.68	31.25	40.65	50.00	5.58	15.59	28.07	50.77

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 10.2% of loans originated and purchased by BANK.

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: CALIFORNIA					Evaluation Period: MARCH 19, 2009 TO SEPTEMBER 30, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families**	% BANK Loans****	% Families <sup>3</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Los Angeles-Long Beach-Glendale MSA	5,128	47.55	23.87	2.15	16.49	6.82	17.40	15.53	42.24	75.49	2.66	7.65	16.64	73.05
<b>Limited Review:</b>														
Oxnard-Thousand Oaks-Ventura MSA	463	4.29	19.55	5.22	18.43	20.00	22.09	26.09	39.92	48.70	5.06	13.96	25.98	55.00
Riverside-San Bernardino-Ontario MSA	1,968	18.25	21.73	2.08	17.48	9.38	20.23	17.71	40.56	70.83	4.88	12.16	22.24	60.72
San Diego-Carlsbad-San Marcos MSA	1,539	14.27	21.02	2.24	17.91	12.11	20.09	20.63	40.98	65.02	3.50	10.20	20.25	66.05
Santa Ana-Anaheim-Irvine MD	1,687	15.64	20.69	3.30	17.97	9.34	20.68	25.82	40.65	61.54	4.50	12.89	24.83	57.78

\* Based on 2010 Peer Mortgage Data (USPR)

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 81.4% of loans originated and purchased by BANK.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: CALIFORNIA				Evaluation Period: MARCH 19, 2009 TO SEPTEMBER 30, 2011					
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Los Angeles-Long Beach-Glendale MD	0	0	14	69,200	14	69,200	100.00	4	1,800
<b>Limited Review:</b>									
Oxnard-Thousand Oaks-Ventura MSA	0	0	1	4,300	1	4,300	100.00	0	0
Riverside-San Bernardino-Ontario MSA	0	0	1	7,300	1	7,300	100.00	0	0
San Diego-Carlsbad-San Marcos MSA	0	0	1	9,700	1	9,700	100.00	0	0
Santa Ana-Anaheim-Irvine MD	0	0	1	14,900	1	14,900	100.00	1	50
<b>Broader Statewide Area</b>									
With no potential to benefit AA	0	0	3	47,600	3	47,600	100.0	2	27,500

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

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

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: CALIFORNIA				Evaluation Period: MARCH 19, 2009 TO SEPTEMBER 30, 2011									
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Los Angeles-Long Beach-Glendale MD	76.33	53	67.95	1.89	9.43	20.75	67.92	0	0	0	0	0	0	8.00	29.44	30.88	31.58
<b>Limited Review:</b>																	
Oxnard-Thousand Oaks-Ventura MSA	3.08	5	6.41	0.00	0.00	60.00	40.00	0	0	0	0	0	0	3.86	23.98	44.41	27.75
Riverside-San Bernardino-Ontario MSA	4.22	4	5.13	0.00	0.00	50.00	50.00	0	0	0	0	0	0	3.53	28.54	41.16	26.73
San Diego-Carlsbad-San Marcos MSA	6.22	3	3.85	33.33	0.00	0.00	66.67	0	0	0	0	0	0	7.78	24.46	37.46	30.01
Santa Ana-Anaheim-Irvine MD	10.14	13	16.67	0.00	23.08	46.15	30.77	0	0	0	0	0	0	4.95	30.96	31.84	32.26