



## **LARGE BANK**

### **PUBLIC DISCLOSURE**

September 30, 2012

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

HSBC Bank USA, N.A.  
Charter Number: 24522

1800 Tysons Boulevard  
McLean, VA 22102

Office of the Comptroller of the Currency

Large Bank Supervision  
400 7<sup>th</sup> Street, SW  
Washington, DC 20219-0001

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

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>2</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>3</b>
<b>DESCRIPTION OF INSTITUTION.....</b>	<b>7</b>
<b>SCOPE OF THE EVALUATION.....</b>	<b>8</b>
<b>FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....</b>	<b>12</b>
<b>PRIMARY RATING AREAS.....</b>	<b>13</b>
NEW YORK-NEW JERSEY-LONG ISLAND MULTISTATE .....	14
STATE OF NEW YORK .....	22
STATE OF CALIFORNIA .....	29
STATE OF FLORIDA .....	35
 <b>OTHER RATING AREAS.....</b>	 <b>42</b>
DISTRICT OF COLUMBIA MULTISTATE AREA .....	43
STATE OF WASHINGTON .....	46
STATE OF CONNECTICUT .....	49
PHILADELPHIA-WILMINGTON MULTISTATE AREA .....	52
STATE OF OREGON .....	55
 <b>APPENDIX A: SCOPE OF EXAMINATION .....</b>	 <b>A-1</b>
<b>APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS .....</b>	<b>B-1</b>
<b>APPENDIX C: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>C-1</b>
<b>APPENDIX D: TABLES OF PERFORMANCE DATA .....</b>	<b>D-1</b>

## Overall CRA Rating

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

The following table indicates the performance level of **HSBC Bank USA, N.A.** with respect to the Lending, Investment, and Service Tests:

Performance Levels	HSBC Bank USA, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- HSBC Bank USA, N.A.'s lending performance is excellent. Excellent lending activity in most of the bank's primary rating areas, excellent distribution of loans among geographies of different income levels, and good distribution of loans among borrowers of different income levels resulted in the rating. Product innovation and flexibility was given positive consideration and community development (CD) lending was given positive consideration in some full-scope AAs.
- The bank's excellent performance under the investment test is supported by an excellent level of community development investments, including prior evaluation periods, which are responsive to the AA needs.
- Performance under the service test is good. After giving consideration to branches located in middle- and upper-income geographies that are located within a mile of low- or moderate-income geographies, the bank's branches are accessible to geographies and individuals of different income levels. HSBC Bank USA, N.A. provides a relatively high level of community development services in most of its AAs that are responsive to the needs of the bank's AAs.

## 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 (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet 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 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 (MD):** 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 (MSA):** 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

HSBC Bank USA, N.A. (HBUS) is an interstate bank headquartered in McLean, Virginia with primary operational locations in New York City (NYC) and Buffalo, New York. HBUS operates a branch network within New York, New Jersey, California, Florida, Connecticut, the District of Columbia, Virginia, Maryland, Pennsylvania, and Washington. The bank also operates single branches in Delaware and Oregon.

As of June 30, 2011, HBUS had total assets of \$195.1 billion, total deposits of \$138.7 billion and net tier 1 capital of \$15.9 billion. For analysis purposes, we considered only domestic deposits and excluded \$11 billion attributed to the bank's Payments and Cash Management (PCM) department. These deposits are housed in the bank's Delaware branch and spread across the country. The bank is the principal subsidiary of HSBC USA Inc., an indirectly-held, wholly-owned subsidiary of HSBC North America Holdings Inc., the holding company for all of HSBC's U.S. and Canadian businesses. The ultimate parent, HSBC Holdings Plc, (HSBC) based in London, is ranked as one of the world's largest banking and financial service organizations, with \$2.7 trillion in assets.

The predecessor bank to HBUS, Marine Midland, was founded in Buffalo, New York in 1850 to finance the shipping trade along the Great Lakes. HSBC acquired 51 percent of the bank in 1980 and the remaining 49 percent in 1987. On December 31, 1999, HSBC acquired Republic National Bank of New York and merged it into HSBC Bank USA. This acquisition significantly increased the bank's presence in New York State, especially New York City, and enhanced the bank's global and private banking activities. The name change to HSBC Bank USA in 1999 was the result of a worldwide re-branding campaign to strengthen recognition of HSBC as a customer-oriented financial service organization.

HBUS provides a full range of banking products and services to individuals, corporations, institutions, and governments, through its personal financial services, private banking, commercial banking and corporate investment banking segments.

During and subsequent to the evaluation period several strategic and structural changes took place within the organization; HSBC Mortgage Corporation (HMC), previously an operating subsidiary of HBUS, was merged into and became a department within the bank. Additionally, several mortgage affiliates through common ownership were closed or sold and discontinued originating mortgage loans. The bank discontinued several other channels of mortgage loans, including broker originated loans. Lastly, the bank divested its retail branch network within the Upstate NY, Connecticut, and New Jersey markets through the sale of 195 branches, which was completed in July 2012. This resulted in HBUS effectively exiting the New York State market, with the exception of NYC and greatly reducing its Connecticut presence. There are no financial or legal impediments that would impact the bank's ability to meet its CRA obligation.

At the previous CRA evaluation dated October 5, 2009, HBUS was rated outstanding.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This evaluation considered HBUS's HMDA-reportable loans (home purchase and home refinance) and small loans to businesses for the calendar years 2009, 2010, and 2011. The majority of the loans that would qualify for home improvement were originated under home equity lines of credit within HMC, which at the bank's option, are non-HMDA reportable. Therefore, home improvement lending was not evaluated, except in the New York-Wayne-White Plains MD and Buffalo MSA, where a sufficient volume of loans were originated. CD lending was evaluated for the period beginning September 1, 2009 and ending September 30, 2012. CD investments were evaluated for the period beginning October 1, 2009 and ending September 30, 2012, and retail and CD services were evaluated from October 1, 2009 to December 31, 2011.

HBUS's volume of small loans to farms was insignificant, which precludes any meaningful analysis and conclusion. Small loans to farms are not part of the bank's strategic focus. Accordingly, this product was not evaluated, nor included in our analysis. Small loans to farms data is presented in the tables in Appendix D for informational purposes.

### Data Integrity

Prior to the start of this evaluation, we tested the accuracy of the bank's CRA lending data. We also reviewed the appropriateness of CD activities provided for consideration in our evaluation. This included the testing of CD loans, investments, and services for accuracy. While minor errors were noted, it did not affect our conclusions.

### Selection of Areas for Full-Scope Review

We completed a full-scope review in one assessment area in each state in which HBUS has an office. The area selected was typically the MSA that contained the largest percentage of HBUS deposits and loans within that state. Refer to the "Description of Institution's Operations" section under each State Rating for details regarding how the areas were selected. We completed a full-scope review in every multistate metropolitan area (MMA) in which the bank has branches in more than one state as required by the regulation.

### Ratings

The bank's overall rating is a blend of the MMA ratings and state ratings. Four primary rating areas carried the greatest weight in our conclusions. These areas represented the bank's most significant markets in terms of deposit concentrations. In order of significance, these areas were New York-Northern NJ-Long Island MMA and the states of New York, California, and Florida. These four areas contain 94 percent of the bank's adjusted domestic deposits.

The MMA ratings and state ratings are based primarily on those areas that received full-scope reviews, but the bank's performance in areas receiving limited-scope reviews is also considered. Refer to the "Description of Institution's Operations" section under each state and

MMA rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Community Contacts**

OCC District Community Affairs Officers updated or completed contacts specifically related to this evaluation in key assessment areas during 2011. Additionally, we reviewed information from contacts made during 2009 and 2010 with community groups, local government leaders, realtors, or business leaders within the bank's various assessment areas. These interviews were made with low-income housing specialists, community action groups, small business development organizations, and social service groups. Relevant comments were included as appropriate in our performance context considerations. Information from community contacts for the Primary Rating Areas is summarized, as needed, in the Community Profiles found in Appendix C.

## **Other Information**

*Assessment Areas (AAs)* – We determined that all AAs consisted of whole geographies and met the requirements of the regulation. The areas reasonably reflected the different trade areas that the bank's branches could service and did not arbitrarily exclude any low- or moderate-income areas.

*Lending Gap Analysis* - We reviewed summary reports and maps and analyzed HBUS's home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps in any of the areas under review.

*Inside/Outside Ratio* – We considered the volume of loans made inside HBUS's AAs a positive factor in our evaluation of lending performance. We analyzed the volume of bank loan originations and purchases within the bank's AAs versus those made outside the bank's AAs at the bank level. Our conclusions in this area were based solely on bank originations and purchases and did not include any affiliate data.

At the bank level, 56 percent of all mortgage (67 percent home purchase and 49 percent of refinancing) and 74 percent of small business loans were made within HBUS's AAs. Early in the evaluation period, the bank purchased over 10,000 home mortgage loans without regard to the bank's footprint to enhance income. Excluding the purchased loans, the bank originated 87 percent of all mortgage loans within the bank's AAs. Overall, we considered this performance to be good.

## **Lending Test**

For the various loan products considered under the Lending Test, home mortgages and small business loans generally received equal weighting in developing our conclusions. We have identified those markets where a significantly different weighting was applied. Overall, within the mortgage loan category, home purchase lending was given slightly greater weight given the proportion of loans made during the evaluation period. While a few of the bank's smaller markets made a sufficient number of small farm and home improvement loans to analyze, the substantial majority had very few. The same applies to multifamily lending. As a result, we did

not analyze small farm, home improvement, or multifamily products. In markets where the bank did originate these loans, information is provided in the tables in Appendix D.

We gave equal weighting to the geographic and borrower distribution components of the Lending Test. The volume of CD loans and the degree of responsiveness of those loans to the needs in the community were considered positively in the lending evaluation. The lack of CD lending had a neutral impact on the Lending Test ratings. In situations where the bank's CD lending positively impacted the rating, it is described in the conclusions for the rating area.

In our analysis of the distribution of loans to geographies with different income levels, we gave greater consideration to the bank's performance in moderate-income tracts if there were a limited number of owner-occupied housing units or businesses in the low-income tracts. For borrower distribution, we considered the impact that poverty levels had on the demand for mortgages from low-income individuals and the affordability of housing in some markets.

In most markets, we did not analyze or draw conclusions on a particular loan product if less than fifty loans were made during the evaluation period. Generally, we found that analysis on fewer than fifty loans did not provide meaningful conclusions.

*Flexible Loan Programs* – The bank's flexible products include four residential mortgage products; Community Works, Home 97, State of New York Mortgage Agency (SONYMA), and Federal Housing Administration (FHA). In those areas where these programs had positive impact, it is noted within the Lending Test of the respective AA.

### Investment Test

Equal consideration was given to the volume of investments and grants made during the current evaluation period and those made in prior evaluation periods that remain outstanding. We also evaluated how responsive the investments were to identified CD needs. Investments made in HBUS's broader regional areas that include the bank's AAs were also considered.

### Service Test

Primary consideration was given to HBUS's performance in delivering retail products and services to geographies and individuals of different income levels through the bank's distribution of branches. We focused on branches in low- and moderate-income geographies, but also considered branches in middle- and upper-income areas that are one mile or less in proximity to low- and moderate-income areas.

Where HBUS opened or closed branches within an assessment area, the overall impact of the changes was evaluated. If no branches were opened or closed in an assessment area, we did not include that performance element in our analysis. We evaluated the range of services and products offered by all of the bank's branches. Services and products offered at branches are consistent throughout the branch network. We specifically focused on any differences in branch hours and services in low- and moderate-income geographies compared to those in middle- or upper-income geographies.

HBUS has multiple alternative delivery systems which have proven effective in helping to provide retail banking services in the AA. The bank tracked the level of usage of these

alternative delivery systems by the income level of the geography where the customer resides allowing us to determine their effectiveness. Alternative delivery systems include HSBC Direct which offers three on-line savings products including a savings account with no fees or minimum balance and an on-line electronic payment account with no fees or minimum balance. Other alternative delivery systems include telephone banking and internet banking as well as a Bank-At-Work Program and remote deposit capture for business customers. The bank also offers free mobile banking through several smartphone platforms.

The bank's record of providing CD services was evaluated in AAs that received full-scope reviews. Our primary consideration in these reviews was the responsiveness to the needs of the community. Services that reflected ongoing relationships with organizations involved in CD received the most consideration in our analysis.

## **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 AA 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.

## **PRIMARY RATING AREAS**

**New York-New Jersey-Long Island Multistate**

**State of New York**

**State of California**

**State of Florida**

## New York-Northern NJ-Long Island, NY-NJ Multistate Metropolitan Area (MMA)

<b>CRA rating for the MMA<sup>1</sup>:</b>	Outstanding
<b>The lending test is rated:</b>	Outstanding
<b>The investment test is rated:</b>	Outstanding
<b>The service test is rated:</b>	High Satisfactory

The major factors that support this rating include:

- Excellent lending activity in the AA.
- Excellent geographic distribution of loans.
- Good distribution of loans by borrower income.
- CD lending was given positive consideration on the Lending Test.
- Product innovation and flexibility were given positive consideration on the Lending Test.
- An excellent level of CD investments.
- After giving consideration to branches located in middle- and upper-income geographies that are located within a mile of low- or moderate-income geographies, the bank's branches are accessible to geographies and individuals of different income levels.
- HBUS is a leader in providing CD services that are responsive to the needs of the bank's AAs.

### Description of Institution's Operations in New York- Northern NJ- Long Island MMA

HBUS's operations in the New York-Northern NJ-Long Island MMA consist of four metropolitan divisions (MD): New York-Wayne-White Plains (excluding Passaic County); Edison (Middlesex County); Nassau-Suffolk; and Newark-Union (Essex, Morris, and Union Counties). As of June 30, 2011, HBUS deposits in the MMA totaled \$58 billion, representing 66 percent of the bank's adjusted domestic deposits. In terms of deposit market share, HSBC ranks 5<sup>th</sup> with a 5.3 percent share compared to 33.2 percent for JPMorgan Chase, the largest financial institution in the MMA. There are 239 FDIC insured depository institutions in the geographic area, providing strong competition for the bank. Within the MMA, HBUS operates 214 branches.

---

<sup>1</sup> This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

In evaluating the MMA, we conducted a full-scope analysis of the New York-Wayne-White Plains MD as this area contains the largest number of loans, deposits, and branches. Limited-scope analyses were conducted for the Edison, Nassau-Suffolk, and Newark-Union MDs.

In evaluating the bank's performance, we considered the significant affordability barriers that exist in the metropolitan NYC housing market. Although the economic downturn has impacted the market, home prices still remain fairly strong. In the 4<sup>th</sup> quarter of 2011, the median home price in the New York-Wayne-White Plains MD was \$443 thousand. Additionally, small loans to businesses received significantly greater weight based on the proportion of loan originations.

Refer to the market profile for the New York-Wayne-White Plains MD in Appendix C for detailed demographics and other performance context information.

## **LENDING TEST**

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

The bank's performance under the Lending Test in New York-Northern NJ-Long Island MMA is rated outstanding. Based on full-scope reviews, the bank's performance in the New York-Wayne-White Plains MD is excellent.

### **Lending Activity**

Refer to Table 1 Lending Volume in the New York-NJ-Long Island MMA section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity in the AA is excellent. HBUS ranks 5<sup>th</sup> in deposits with a 6 percent market share. In overall HMDA lending, the bank ranks 6<sup>th</sup> with a 3 percent market share. For home purchase, the bank ranked 5<sup>th</sup> with a 6 percent market share and for home refinancing, the bank ranked 8<sup>th</sup> with a 2 percent market share.

The lending market shares are skewed when compared to the deposit market shares based on the number of lenders and depository institutions. In this AA, there is strong competition for home mortgage lending. There are nearly 600 lenders, many without a depository presence. There are 172 depository institutions in the AA.

For small loans to businesses, HBUS ranks 5<sup>th</sup> with a 4 percent market share by number of loans and 2<sup>nd</sup> with a 12.4 percent market share by dollar amount, slightly behind Capital One Financial. The four lenders ahead of HBUS by number of loans are primarily nationwide credit card issuers and have a combined market share of 79 percent. Their individual market shares range from 6 percent to 40 percent.

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

The overall geographic distribution of loans is excellent. This is based on excellent distribution of home mortgage loans and small loans to businesses.

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

Refer to Tables 2, 3, 4, and 5 in the New York-NJ-Long Island MMA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is excellent. The geographic distribution of home purchase loans and home refinance loans is excellent. Although we did not place significant weight on home improvement lending, the geographic distribution of these loans was also excellent.

For both home mortgage loan products, the bank's portion of loans in low- and moderate-income geographies exceeds or significantly exceeds the portion of owner-occupied units in those geographies. For home purchase and home refinance loans, the bank's market share in low-income geographies is below the bank's overall market share. In moderate-income geographies, the bank's market share is near to the bank's overall market share for home purchase loans and exceeds the bank's overall market for home refinance loans.

### ***Small Loans to Businesses***

Refer to Table 6 in the New York-Northern NJ-Long Island MMA section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is excellent.

HBUS's portion of small loans to businesses made in low-income geographies approximates and in moderate-income geographies is near to the percentage of businesses that are within those geographies. In both low- and moderate-income geographies, the bank's market share exceeded its overall market share.

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

The overall distribution of loans by income level is good. This is based on adequate distribution of home mortgage lending and good distribution of small loans to businesses.

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

Refer to Tables 8, 9, and 10 in the New York-Northern NJ-Long Island MMA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of home mortgage loans is adequate, given the high cost of housing and poverty level in the New York-Wayne-White Plains MD. Despite the real estate and

economic downturn impacting the U.S. during the evaluation period, recent economic data shows that the median sales price of existing single-family homes in this AA remained strong and averaged \$443 thousand. Coupled with a poverty level of 17 percent of the households in the AA and a higher than average unemployment rate, homeownership remains very difficult for most low- and moderate-income borrowers. The updated median family income for the AA indicates that a low-income individual earns no more than \$34 thousand a year and a moderate-income borrower earns no more than \$54 thousand a year.

The distribution of home purchase loans is adequate and home refinance is poor. The percentage of home purchase and home refinance loans to low-income borrowers was substantially below the percentage of low-income families. The percentage of home purchase loans to moderate-income borrowers was below and the percentage of home refinance loans was well below the percentage of moderate-income families. For both home products, the bank's market shares to both low- and moderate-income borrowers exceeded its overall market share.

### ***Small Loans to Businesses***

Refer to Table 11 in the New York-Northern NJ-Long Island MMA section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The percentage of small loans to small businesses (businesses with gross annual revenue of \$1 million or less) is near to the percentage of small businesses. Based on 2011 peer data, the bank's market share to businesses with revenue of \$1 million or less substantially exceeded its overall market share.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the New York-Northern NJ-Long Island MMA section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multifamily loans that also qualify as community development loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as community development loans. Table 5 does not separately list community development loans, however.

The Lending Test received positive consideration in the New York-Northern New Jersey-Long Island MMA based on the level of CD lending. Within the New York-Wayne-White Plains MD, HBUS originated 113 loans totaling \$462 million. This volume represents 7.9 percent of allocated tier 1 capital. Measured in dollars, 87 percent of these efforts provided CD services, 12 percent were for affordable housing, and one percent was for economic development.

### **Product Innovation and Flexibility**

HBUS's use of flexible loan products was given positive consideration on its Lending Test performance. During the evaluation period, the bank originated 84 Community Works loans and 50 FHA loans totaling \$41.8 million in the New York-Wayne-White Plains MD.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Nassau-Suffolk AA is not inconsistent with the bank's overall outstanding performance under the Lending Test in the New York-Northern NJ-Long Island MMA. In the Edison and Newark-Union AAs, the bank's performance is weaker than the bank's overall performance in the MMA, but is still considered adequate. Weaker geographic and borrower distributions were the primary factors. Weaker performance in these AAs did not have a negative impact on the overall lending performance in the MMA. Refer to the Tables 1 through 13 in the New York-Northern NJ-Long Island MMA section of Appendix D for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in the New York-Northern NJ-Long Island MMA is rated outstanding. Based on full-scope review, the bank's performance in the New York-Wayne-White Plains MD is excellent.

Refer to Table 14 in the New York-Northern NJ-Long Island, NY MMA section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

HBUS originated 370 investments in the AA totaling \$437.1 million. This dollar volume is over twice that of current period investments at the prior CRA evaluation. Additionally, the bank had 49 investments totaling \$154.6 million that were originated in the prior period which remain outstanding, and nearly \$51.9 million in seven unfunded commitments. The combined current and prior period investment dollar volume represents 10.1 percent of allocated tier 1 capital for the AA.

The bank's responsiveness to the CD needs in the AA is excellent. A substantial majority of the dollar volume of the bank's investment transactions was focused on affordable housing, a primary credit need in the AA. These investments include funding for LIHTC projects, mortgage-backed securities comprised solely of mortgages to low- and moderate-income borrowers in the AA, deposits in community development credit unions, and grants to organizations with a mission of developing and fostering affordable housing. HBUS also made investments and grants in the AA that benefited other CD needs including community service and economic development initiatives.

One example of the bank's investment responsiveness is a \$50 million investment in Manhattan Plaza. This investment helped to preserve 1,688 units of affordable housing in the Hell's Kitchen area of Manhattan. Tenants' rents are subsidized by HUD's Section 8 and New York's Mitchell-Lama programs.

The bank also made 16 investments and grants totaling \$1.2 million to organizations and funds surrounding the MMA that have the potential to benefit the AAs or the greater regional area in the current evaluation period.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Edison MD and the Nassau-Suffolk MD is not inconsistent with the bank's overall outstanding performance in the New York-Northern NJ-Long Island MMA. The bank's performance in the Newark-Union MD is weaker than its overall performance in the multistate area and is considered adequate. This is due to a lower level of investments. Refer to the Table 14 in the New York-Northern NJ-Long Island MMA section of Appendix D for the facts and data that support these conclusions.

## SERVICE TEST

The bank's performance under the Service Test in the New York-Northern NJ-Long Island MMA is rated high satisfactory. Based on a full-scope review, the bank's performance in the New York-White Plains-Wayne MD is good.

## Conclusions for Areas Receiving Full-Scope Reviews

### Retail Banking Services

Refer to Table 15 in the New York-Northern NJ-Long Island MMA section of Appendix D for facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Delivery systems are accessible to geographies and individuals of different income levels, after considering the proximity of branches in several middle- and upper-income geographies to low- and moderate-income geographies. HBUS has 156 branches in New York-Wayne-White Plains MD. With the exception of one branch in a low-income geography, all have at least one automatic teller machine (ATM). The bank also operates 12 off-site ATMs located primarily at colleges and retail stores. One of the college ATM's is in a moderate-income geography.

The distribution of branches in low-income geographies is significantly below the percentage of the population residing in those geographies. The distribution of branches in moderate-income geographies is somewhat below the percentage of the population residing in those geographies. However, branches located in middle- and upper-income geographies are convenient to multiple low- and moderate-income geographies providing accessibility to the residents and businesses located in those geographies. Of 39 branches located in middle-income geographies, ten are located less than one mile from 27 low-income geographies and 24 are located less than one mile from 133 moderate-income geographies. This occurs primarily in the outer boroughs of NYC. Of 78 branches located in upper-income geographies, 13 are located less than one mile from 22 low-income geographies and 32 moderate-income geographies. This occurs primarily in Manhattan, where geographies are generally small and easily accessible. Several upper-income branches are within a city block of a low- or moderate-income geography.

HSUS's record of opening and closing branches in the AA has generally not adversely affected accessibility of its delivery systems, particularly in low- and moderate-income geographies and

to low- and moderate-income individuals. During the evaluation period, eleven branches were closed; two in moderate-income geographies, one in a middle-income geography, and eight in upper-income geographies. One branch opened in an upper-income geography.

Office hours throughout the AA do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and individuals. Many branches offer extended hours one day per week and some offer Saturday hours, including branches in low- and moderate-income geographies. None of the branches offer Sunday hours.

## **Community Development Services**

HBUS is a leader in providing CD services that are responsive to critical AA needs. The bank provided over 5,000 hours of service to 63 entities in the AA that meet the definition of CD. The majority of these services were related to affordable housing and economic development.

Of significant importance is the bank's participation in the Federal Home Loan Bank of New York's (FHLB NY) community development programs. As a member of the FHLB NY, HBUS can provide local non-profits with access to the Affordable Housing Program (AHP), including the First Home Club. AHP activities are highly responsive to AA needs. Affordable housing is a critical need in the AA and in the current economic environment, funding sources for non-profits have declined, making AHP funding even more important.

The AHP provides grant funds for affordable housing development projects, both rental and ownership. Applications for funding must be sponsored by a member bank and all activities related to disposition of funds and monitoring of the project are the responsibility of the sponsoring bank.

Another segment of the AHP program is the First Home Club. Under this program a low- and moderate-income person opens an Individual Development Account (IDA) for the purpose of buying a home. Accounts are opened and monitored at HBUS and the bank provides the required homebuyer education. During the evaluation period, HBUS employees provided over 1,800 hours of technical assistance and homebuyer training for non-profit affordable housing organizations participating in the First Home Club.

In addition to the AHP activities discussed above, officers and employees provided almost 2,000 hours of CD service to organizations operating directly in the AA whose mission meets the definition of community development. A large majority of the time went to organizations that support affordable housing, the most pressing need in the AA. Employees use their financial expertise by serving on the board of directors or advisory committees as well as acting as treasurers, budget and finance committee members, and loan committee members.

HSBC has also developed Your Money Counts™, a financial education resource that has been structured to meet personal finance research, education, and training needs. The workshop curriculum helps those who want to broaden their knowledge about money and credit management, as well as homeownership. Topics include developing and living within a budget, understanding how to use financial institutions, the basics of using credit and understanding a credit report, and strategies for building wealth and owning a home. Workshop attendees are encouraged to take control of their financial situations and are

provided tools to help them build better futures. The Your Money Counts™, curriculum provides flexibility to meet the specific needs of the audience because it is designed in modules that can be presented singly or as part of a series of topics. The materials also integrate the bank's financial education website, YourMoneyCounts.com, to provide a way for consumers to access additional educational materials and tools easily.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Nassau-Suffolk MD is stronger than its overall high satisfactory rating in the multistate. The bank's performance in the Edison and Newark-Union MDs is weaker than the bank's overall performance in the MMA due to the weaker distribution of branches in low- and moderate-income geographies. The performance in the limited-scope MDs did not impact the multistate rating under the Service Test. Refer to Table 15 in the New York-Northern NJ-Long Island MMA section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of New York

**CRA Rating for New York:** Outstanding

**The lending test is rated:** Outstanding

**The investment test is rated:** Outstanding

**The service test is rated:** Outstanding

The major factors that support this rating include:

- Excellent lending activity in the AA.
- Good geographic distribution of loans.
- Excellent distribution of loans by borrower income.
- A significant level of CD lending was originated.
- Product innovation and flexibility were given positive consideration for the Lending Test.
- Excellent level of CD investments that was responsive to the needs of the AA.
- The bank's branches are readily accessible to geographies and individuals of different income levels given the level of branches located in low-and moderate-income geographies and the proximity of other branches to low-and moderate-income geographies.
- HBUS is a leader in providing CD services that are responsive to the needs of the bank's AAs.

### Description of Institution's Operations in New York

During most of the evaluation period, the state of New York accounted for a significant majority of HBUS's operations. An HSBC corporate strategic initiative that concluded in July 2012 resulted in the sale of the retail branches located here with HBUS exiting the New York State market (with the exception of NYC). As of June 30, 2011, statewide deposits (excluding the portion in the MMA) of \$14 billion represented 16 percent of the bank's adjusted domestic deposits. When aggregating all of the New York AAs (excluding the multistate MD), HBUS ranks 3<sup>rd</sup> in deposit market share at 11.3 percent. M&T Bank and Key Bank with 15.7 and 11.3 percent rank 1<sup>st</sup> and 2<sup>nd</sup>, respectively. HBUS operates in several metropolitan and non-metropolitan areas within the state. Demographic and economic factors vary significantly between the different AAs.

Refer to the market profile for the state of New York in Appendix C for detailed demographics and other performance context information for the Buffalo AA that received a full-scope review.

## Scope of Evaluation in New York

We conducted a full-scope review of the Buffalo AA as this area contains the largest number of loans, deposits, and branches. Limited-scope reviews were conducted for the Albany, Binghamton, Elmira, Ithaca, Kingston, Poughkeepsie, Rochester, Syracuse, Utica, and non-metropolitan AAs.

In each AA, home mortgage and small loans to businesses were evaluated. Mortgage lending received slightly more weight based on the volume of lending. HBUS's volume of multifamily and small loans to farms was insignificant, which precludes any meaningful analysis or conclusion. Multifamily and farm lending are not a focus of the bank's lending strategy. Therefore, these products were not evaluated, nor included in our analysis. Statistics are provided in the tables in Appendix D for informational purposes.

Our evaluation also took into consideration the AA's high level of poverty (12 percent of households), especially within the city of Buffalo, where 12 of 90 census tracts have a poverty level exceeding 40 percent. Additionally, we also considered the age of the housing stock (over two thirds of units built before 1940) and the high level (16 percent) of vacant units.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in New York is rated outstanding. Based on a full-scope review, the bank's performance in the Buffalo MA is excellent.

### Lending Activity

Refer to Table 1 Lending Volume in the state of New York section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity in the AA is excellent. HBUS ranks 2<sup>nd</sup> in deposits with a 20 percent market share and 3<sup>rd</sup> in HMDA lending with a 10 percent market share. The bank ranked 3<sup>rd</sup> in home purchase and 4<sup>th</sup> in home refinancing. Although the deposit market share is greater than its overall lending market share, the lending market share is skewed due to the high number of competitive lending institutions. There are 235 mortgage lenders compared to only 18 depository institutions. For small loans to businesses, HBUS ranks 2<sup>nd</sup> with 17 percent market share by number of loans and 1<sup>st</sup> with 26 percent market share by dollar of loans. By number of loans, a major credit card lender ranks higher with an 18 percent market share.

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

The overall geographic distribution of loans is good. This is based on adequate distribution of home mortgage loans and excellent distribution of small loans to businesses.

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

Refer to Tables 2, 3, 4, and 5 in the state of New York section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The geographic distribution of home mortgage loans is adequate. The geographic distribution of home purchase loans is good and home refinance loans is poor. Although we did not analyze home improvement lending for the Lending Test, the geographic distribution of home improvement lending was considered good, given the volume of loans originated in this AA.

For both home mortgage loan products, the bank's portion of loans in low-income geographies is significantly below the portion of owner-occupied units in those geographies. In moderate-income geographies, the percentage of home purchase loans is near to the percentage of owner-occupied units. For home refinance loans, the percentage of loans in moderate-income geographies is significantly below the percentage of owner-occupied units. For both home mortgage products, the bank's market share in moderate-income geographies exceeds the bank's overall market share. In low-income geographies, the bank's market share is below the bank's overall market share for home purchase loans and exceeds the bank's overall market for home refinance loans.

### ***Small Loans to Businesses***

Refer to Table 6 in the state of New York section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is excellent.

HBUS's portion of small loans to businesses in low- income geographies equals and in moderate-income geographies exceeded the percentage of businesses that are within those geographies. In both low- and moderate-income geographies, the bank's market share equaled or exceeded its overall market share.

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

The overall distribution of loans by income level is excellent. This is based on excellent distribution of home mortgage lending and good distribution of small loans to businesses.

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

Refer to Tables 8, 9 and 10 in the state of New York section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of both home mortgage products is excellent. The percentage of home purchase and home refinance loans to moderate-income borrowers exceeded the percentage of moderate-income families. The percentage of home purchase loans to low-income borrowers was below and for home refinance loans was near to the percentage of low-income

families. The bank's market share to both low- and moderate-income borrowers exceeded the bank's overall market share for both home mortgage products.

### ***Small Loans to Businesses***

Refer to Table 11 in the state of New York section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The percentage of small loans to small businesses (businesses with gross annual revenue of \$1 million or less) was below the percentage of small businesses. Based on 2011 peer data, the bank's market share to businesses with revenue of \$1 million or less exceeded its overall market share.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the state of New York section of Appendix D for the facts and data used to evaluate the bank's level of community development 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 multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The bank originated a significant level of CD lending in the Buffalo-Niagara Falls MSA. HBUS originated 19 loans totaling \$76 million. The current volume represents nearly 13 percent of allocated Tier 1 capital. Measured in dollars, 67 percent of these efforts were for economic development, 32 percent provided for CD services, and 1 percent was for affordable housing.

### **Product Innovation and Flexibility**

HBUS's product flexibility was given positive consideration for the Lending Test conclusions. In addition to the Community Works, Home 97 and SONYMA loans, HBUS originated 3,034 FHA loans in the Buffalo-Niagara Falls MSA. In aggregate, 43 percent of all mortgage lending in the AA was a result of flexible loan products.

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

Based on limited-scope reviews, the bank's performance under the Lending Test in the Albany, Binghamton, Rochester, Syracuse, and the Non-MSA AAs is not inconsistent with the bank's overall outstanding performance under the Lending Test in New York. In the Elmira, Ithaca, Poughkeepsie, and Utica AAs the bank's performance is weaker than the bank's overall performance in the state and considered good. In the Kingston AA the bank's performance is weaker and considered adequate. Weaker geographic and borrower distributions were the primary factors. Weaker performance in these AAs did not have a negative impact on the overall lending performance in New York. Refer to the Tables 1 through 13 in the state of New York section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in New York is rated outstanding. Based on a full-scope review, the bank's performance in the Buffalo AA is excellent.

Refer to Table 14 in the state of New York section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

HBUS originated 111 investments in the AA totaling \$47.2 million. Additionally, the bank had seven investments totaling \$30.4 million that were originated in the prior period which remain outstanding, and \$232 thousand in one unfunded commitment. The combined current and prior period investment dollar volume represents 13.1 percent of allocated tier 1 capital for the AA.

The bank's responsiveness to the CD needs in the AA is excellent. A substantial majority of the dollar volume of the bank's investment transactions was focused on affordable housing, a primary credit need in the AA. These investments include funding for LIHTC projects, mortgage-backed securities comprised solely of mortgages to low- and moderate-income borrowers in the Buffalo AA, and grants to organizations with a mission of developing and fostering affordable housing.

One example of the bank's investment responsiveness is a \$13.9 million investment in the Center Court II project in Niagara Falls. The bank's LIHTC along with other funding sources helped to revitalize this community and bring 215 new affordable housing units to the area.

The bank also made 34 investments and grants totaling \$359 thousand to organizations and funds throughout the state of New York that have the potential to benefit the AAs or the greater regional area in the current evaluation period.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the Binghamton, Ithaca, Poughkeepsie, and Non-MSA AAs is not inconsistent with the bank's overall outstanding performance in New York. The bank's performance in the Albany, Rochester, and Syracuse AAs is weaker than its overall performance in the state, due to a lower level of investments. In the Albany AA this performance is considered good, and in the Rochester and Syracuse AAs it is considered adequate. In the Utica, Elmira and Kingston AAs, the bank's performance is weaker than the overall performance in the state. It is considered poor in Utica and very poor in Elmira and Kingston. This weaker performance is due to a much lower level of investment activity in relation to the respective presence of the bank in these AAs. These three areas combined account for less than 6 percent of the bank's total deposits in the state. Performance in these AAs was not significant enough to impact the overall rating for New York. Refer to Table 14 in the state of New York section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

The bank's performance under the Service Test in New York is rated outstanding. Based on a full-scope review, the bank's performance in the Buffalo AA is excellent.

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

#### **Retail Banking Services**

Refer to Table 15 in the state of New York section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Delivery systems are readily accessible to geographies and individuals of different income levels. HBUS has 60 branches in the Buffalo AA. All branch locations have at least one ATM. The bank also operates nine off-site ATMs located at an arena, airport, universities, and a hospital.

The percentage of branches in low-income geographies exceeds the percentage of population residing in those geographies. The percentage of branches in moderate-income geographies is somewhat below the percentage of population residing in those geographies.

HBUS's record of opening and closing branches in the Buffalo AA has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income. No branches were opened during this evaluation period. Two branches were closed, one in a low-income geography and the other in a moderate-income geography, due to several robberies and concern for employee safety.

Office hours throughout the AA do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and individuals. Branch hours are tailored to the needs of the specific market in which they are located.

#### **Community Development Services**

HBUS is a leader in providing CD services in the Buffalo AA that are responsive to critical AA needs. During the evaluation period, the bank provided over 3,800 hours of service to 30 entities in the AA that meet the definition of Community Development, with the majority being related to economic development and affordable housing services.

Significant service are offered through the bank's participation in the FHLBNY AHP and First Home Club discussed previously under the new York-Northern NJ- Long Island MMA. Please refer to that section of the PE for additional details. Affordable housing is a critical need in the AA and in the current economic environment, funding sources for non-profits have declined, making AHP funding even more important. HBUS also offers Your Money Counts™, previously discussed, in this market.

In addition to the above, bank employees are also active participants in Housing Opportunities Made Equal (HOME). HOME provides advocacy, legal and training support to families and

individuals that have encountered difficulties in obtaining housing in the neighborhood of choice without discrimination. Most of HOME's clients are low income, many on Section 8 housing subsidies.

HSBC offices adopt local low-income schools to provide students with a wide range of services, preparing them for higher education, adult life or the workforce. Volunteer activities include mentoring, career counseling, consulting and job shadowing opportunities. During the period, the bank provided over 1,700 hours to Junior Achievement.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Albany, Binghamton, Elmira, Ithaca, Rochester and Syracuse AAs is not inconsistent with the overall outstanding rating in New York. Performance in Kingston, Non-MSA, Poughkeepsie, and Utica-Rome AA's is weaker than the bank's overall performance in the state due to the weaker distribution of branches in low- and moderate-income geographies. The weaker performance in these AAs did not impact the state rating under the Service Test. Refer to Table 15 in the state of New York section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of California

<b>CRA Rating for California<sup>2</sup>:</b>	Satisfactory
<b>The lending test is rated:</b>	Low Satisfactory
<b>The investment test is rated:</b>	Outstanding
<b>The service test is rated:</b>	High Satisfactory

The major factors that support this rating include:

- Good lending activity in the AA.
- Excellent geographic distribution of loans.
- Very poor distribution of loans by borrower income.
- CD lending had a neutral impact on the Lending Test.
- Product innovation and flexibility were given positive consideration on the Lending Test.
- Excellent level of CD investments, including prior period investments and the continuing impact of these investments.
- After giving consideration to branches located in middle- and upper-income geographies that are located within a mile of low- or moderate-income geographies, the bank's branches are accessible to geographies and individuals of different income levels.
- HBUS provided an adequate level of CD services that are responsive to the needs of the bank's AAs.

### Description of Institution's Operations in California

HBUS operates 37 branches in six AAs in California; 18 are located in the Los Angeles AA, six are located in the San Francisco AA, five are located in the San Jose AA, three each in the San Diego and Oakland AAs, and two in the Santa Ana AA. As of June 30, 2011, statewide deposits of \$6.3 billion represented 7.2 percent of the bank's adjusted domestic deposits. Within the state, HBUS ranks 16<sup>th</sup> out of 224 depository institutions with less than 1 percent market share.

---

<sup>2</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

We considered the significant affordability barriers that exist in the California housing market. Although housing prices have declined dramatically, Los Angeles remains one of the most expensive housing markets in the country. As of December 2011, the median home sales price was \$308 thousand down from \$540 thousand in 2007. This decline can be seen from two perspectives. For some, homes are marginally more affordable. For those who bought during the run-up in values (2002 to 2006), many homeowners are “underwater”, owing more than their home is worth. Additionally, California has also been impacted hard by the mortgage crisis and economic recession. The unemployment rate at year end 2011 was well above the national rate.

Refer to the market profile for the state of California in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in California**

We conducted a full-scope review of the Los Angeles AA as this area contains the largest number of loans, deposits, and branches. Limited-scope reviews were conducted for the Oakland, San Diego, San Francisco, San Jose, and Santa Ana AAs. Home mortgage lending received substantially greater weight given the proportion of loan originations.

## **LENDING TEST**

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

The bank’s performance under the Lending Test in California is rated low satisfactory. Based on a full-scope review, the bank’s performance in the Los Angeles AA is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in the state of California section of Appendix D for the facts and data used to evaluate the bank’s lending activity.

Lending activity is good, given the competition within the AA. During the evaluation period, approximately 65 percent of the loans originated in the Los Angeles AA were for home mortgage and 35 percent were to businesses. HBUS ranks 13<sup>th</sup> with a 1.3 percent deposit market share and 32<sup>nd</sup> in home mortgage loans with a 0.45 percent market share. For both home purchase and home refinance lending, the bank has minimal market shares. The competition for home mortgage lending is extremely high as demonstrated by the 736 lenders in the bank’s AA, many without a depository presence. By comparison, there are 126 depository institutions in the AA. In small loans to business lending, the bank has a very minimal market share in both number and dollar of loans. This is a very competitive market with 158 business lenders.

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

The overall geographic distribution of loans is excellent. This is based on excellent distribution of home mortgage loans and good distribution of small loans to businesses.

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

Refer to Tables 2, 3, 4, and 5 in the state of California section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The geographic distribution of home purchase and home refinance mortgage loans is excellent. For home purchase and home refinance, the percentage of lending in both low- and moderate-income geographies either exceeded or significantly exceeded the percentage of owner-occupied units in those geographies. The bank's market shares in both low- and moderate-income geographies are too small for a meaningful analysis.

### ***Small Loans to Businesses***

Refer to Table 6 in the state of California section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is good.

In low-income geographies, HBUS's portion of small loans to businesses approximates the percentage of businesses in those geographies. HBUS's portion of small loans to businesses in moderate-income geographies was below the percentage of businesses that are within those geographies. The bank's market shares in both low- and moderate-income geographies are too small for a meaningful analysis.

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

The overall distribution of loans by income level is very poor. This is based on very poor distribution of home mortgage loans and adequate distribution of small loans to businesses.

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

Refer to Tables 8, 9 and 10 in the state of California section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Previously mentioned is a significant performance context issue relating to affordable housing in California. The cost of housing in California remains among the highest in the country. As such, this presents severe challenges for a financial institution to lend to either low- or moderate-income borrowers so that demographic parity (the proportion of a lender's loans made to low- or moderate-income borrowers versus the percentage of such borrowers in that AA) is attained. Accordingly, our analysis and final conclusions for the Los Angeles AA are tempered to reflect this performance context.

The distribution of loans of both mortgage products is very poor. HBUS's portion of home purchase and home refinance loans to low-and moderate-income borrowers is significantly lower than the percentage of families in those categories. The bank's market shares are too small for meaningful analysis.

### ***Small Loans to Businesses***

Refer to Table 11 in the state of California section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of small loans to businesses of different sizes is adequate, given the competition in the AA.

HBUS's portion of small loans to small businesses (businesses with gross annual revenue of \$1 million or less) was below the percentage of small businesses. As noted earlier, there are 158 lenders making small loans to businesses in this AA. Additionally, economic reports suggest that 93% of small businesses operate from a single location and a significant majority of these businesses are home based businesses that do not seek traditional bank financing to support business growth. The bank's market share to businesses with revenue of \$1 million or less is too small for a meaningful analysis.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the state of California section of Appendix D for the facts and data used to evaluate the bank's level of community development 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 multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

CD lending had a neutral impact for the Lending Test in the Los Angeles AA. HBUS originated seven loans totaling \$20 million. The current volume represents 5.4 percent of allocated Tier1 capital. Measured in dollars, 98 percent of these efforts were for affordable housing and 2 percent were for economic development. As noted earlier, affordable housing is a critical need in California.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the Lending Test conclusions for the Los Angeles AA. During the evaluation period, HBUS originated 183 loans, primarily under the Community Works program, totaling almost \$51 million.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Oakland and San Francisco AA is stronger than the overall low satisfactory performance under the lending test in California. Stronger performance is a result of stronger geographic and borrower distributions. In the San Diego, San Jose, and Santa Ana AAs, performance is weaker than the bank's overall performance in the state and considered poor. Weaker performance is a result of weaker geographic and borrower distributions. Refer to the Tables 1 through 13 in the state of California section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in California is rated outstanding. Based on a full-scope review, the bank's performance in the Los Angeles AA is excellent.

Refer to Table 14 in the state of California section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

HBUS originated 83 investments in the AA totaling \$20.2 million. This dollar volume is nearly twice that of current period investments at the prior CRA evaluation. Additionally, the bank had nine investments totaling \$7.7 million that were originated in the prior period which remain outstanding. The combined current and prior period investment dollar volume represents 7.6 percent of allocated tier1 capital for the AA.

The bank's responsiveness to the CD needs in the AA is excellent. A substantial majority of the dollar volume of the bank's investment transactions was focused on affordable housing, a primary credit need in the AA. These investments include funding for LIHTC projects, mortgage-backed securities comprised solely of mortgages to low- and moderate-income borrowers in the Los Angeles AA, and grants to organizations with a mission of developing and fostering affordable housing.

One example of the bank's investment responsiveness is a \$5.9 million LIHTC investment in the North Hollywood Senior Villas project, which will help to construct 48 units of affordable rental housing for low-income and homeless seniors.

The bank also made 12 investments and grants totaling \$601 thousand to organizations and funds throughout the state of California that have the potential to benefit the AAs or the greater regional area in the current evaluation period. Additionally, nine investments from prior evaluation periods with a balance of \$16.2 million remain outstanding.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the Oakland, San Diego, San Francisco, and Santa Ana AAs is not inconsistent with the bank's overall outstanding performance in California. The bank's performance in the San Jose AA is weaker than its overall performance in the state and considered good. This is due to a lower level of investments. Refer to Table 14 in the state of California section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

The bank's performance under the Service Test in California is rated high satisfactory. Based on the full-scope review, the bank's performance in the Los Angeles AA is good.

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

### **Retail Banking Services**

Refer to Table 15 in the state of California section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Delivery systems are accessible to geographies and individuals of different income levels, considering the proximity of certain branches to low- and multiple moderate-income geographies. The percentage of branches in low-income geographies exceeds the percentage of population residing in those geographies. The percentage of branches in moderate-income geographies is below the percentage of population residing in those geographies. However, five branches located in middle-and upper-income geographies are convenient to multiple moderate-income geographies providing accessibility to the residents and businesses of those geographies. Four branches in middle-income geographies are located near 17 moderate-income geographies and one low-income geography. Eleven moderate-income geographies are less than one miles from the middle-income geographies. Also, one upper-income geography is approximately one mile from a moderate-income geography.

HBUS's record of opening branches in the Los Angeles AA has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. No branches were closed during the evaluation period. Three branches were opened, one in a middle-income geography and two in the upper-income geographies.

Branch hours throughout the AA do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and individuals. Branches are open weekdays from 9:00 AM to 5:00 or 6:00 PM, and some branches offer an additional hour of service on Friday evenings. The bank does not offer weekend hours at any branch locations.

### **Community Development Services**

HBUS provided an adequate level of CD services during the evaluation period. Officers and employees reported almost 800 hours of CD service to nine organizations whose mission meets the definition of community development. The majority of these were focused on economic development and community services.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the San Diego and San Francisco AA is not inconsistent with the bank's overall high satisfactory performance in California. Performance in the Oakland, San Jose, and Santa Ana AAs is weaker than the bank's overall performance and considered adequate due to the weaker distribution of branches in low- and moderate-income geographies or limited number of branches in the AA. The weaker performance did not impact the state's rating under the Service Test. Refer to Table 15 in the state of California section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Florida

<b>CRA Rating for Florida<sup>3</sup>:</b>	Outstanding
<b>The lending test is rated:</b>	Outstanding
<b>The investment test is rated:</b>	Outstanding
<b>The service test is rated:</b>	High Satisfactory

The major factors that support this rating include:

- Excellent lending activity in the AA.
- Excellent geographic distribution of loans.
- Poor distribution of loans by borrower income.
- CD lending had a significantly positive impact on the Lending Test and elevated the overall Lending Test rating to excellent.
- Product innovation and flexibility had a positive impact on the Lending Test.
- Excellent level of CD investments.
- The bank's branches are accessible to geographies and individuals of different income levels demonstrated by the level of branches located in low- and moderate-income geographies. Access to banking services was also enhanced by the proximity of other branches near to low- and moderate-income geographies.
- A relatively high level of CD services that are responsive to the needs of the bank's AA.

### Description of Institution's Operations in Florida

HBUS's operations in Florida are limited to the state's southeast coast, encompassing Miami-Dade, Broward, and Palm Beach Counties. The bank's three AAs consist of the following MDs: Miami, Fort Lauderdale, and West Palm Beach.

Within the state, HBUS operates 18 full-service branches. Statewide deposits total \$4.2 billion and account for 4.8 percent of the bank's adjusted domestic deposits. HBUS ranks 9<sup>th</sup> among 112 institutions for deposits with a 2.7 percent market share. Wells Fargo Bank and Bank of

---

<sup>3</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

America, each with a substantially larger branch network, have a combined market share of 32 percent and rank 1<sup>st</sup> and 2<sup>nd</sup>, respectively.

Housing affordability is a critical issue. In the Miami AA, as in much of the state of Florida, affordability is impacted by more than sales price. After several major hurricanes, home operating costs also contribute to the affordability crisis. Florida homeowners are paying more for property insurance, utilities, municipal taxes and special assessments to pay for hurricane recovery costs.

The contraction of the U.S. economy has impacted Florida's economy equally in both job losses and the housing market. Unemployment remains high and the state continues to rank among the top three in the country in number of foreclosure filings. Additionally, a large number of homes with negative equity impacted overall lending activity during the evaluation period, not just for HBUS, but for all lenders in the bank's AAs.

Refer to the market profile for the state of Florida in Appendix C for detailed demographics and other performance context information for the Miami AA that received a full-scope review.

## **Scope of Evaluation in Florida**

We conducted a full-scope review of the Miami AA and limited-scope reviews of the Fort Lauderdale and West Palm Beach AAs. The state rating is based primarily on the performance in the Miami AA. The Miami AA represents the bank's largest concentration of loans, deposits, and branches in the state. Home mortgage lending received slightly greater weight based on the proportion of loan originations. Additionally, home purchase lending received substantially greater weight than home refinance lending.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Florida is rated outstanding. Based on a full-scope review, the bank's performance in the Miami is excellent.

### **Lending Activity**

Refer to Table 1 Lending Volume in the state of Florida section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity in the AA is excellent. HBUS ranks 9<sup>th</sup> in deposit market share in this AA with nearly 4 percent of the deposit base. The bank ranks 9<sup>th</sup> in overall home mortgage lending with a 2.3 percent market share. For home purchase, the bank ranks 8<sup>th</sup> with a 3 percent market share and 15<sup>th</sup> for home refinance with a 1.1 percent market share. The competition for home mortgage lending is extremely high as demonstrated by the 406 lenders in the bank's AA, many without a depository presence.

In small loans to business lending, HBUS ranks 12<sup>th</sup> in number and 15<sup>th</sup> in amount of loans with 0.67 percent and 2.2 percent market shares, respectively. Seventy percent of the number of small loans to businesses was made by four nationwide credit card lenders. Their individual market shares ranged from 6.9 percent to 41.6 percent.

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

The overall geographic distribution of loans is excellent. This is based on excellent distribution of both home mortgage loans and small loans to businesses.

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

Refer to Tables 2, 3, 4, and 5 in the state of Florida section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The geographic distribution of home mortgage loans is excellent for all loan types. The percentage of lending in both low- and moderate-income geographies either equaled, exceeded, or significantly exceeded the percentage of owner-occupied units in those geographies. The market share in low- and moderate-income geographies exceeded or substantially exceeded the bank's overall market share for all loan types.

#### ***Small Loans to Businesses***

Refer to Table 6 in the state of Florida section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is excellent. The portion of small loans to businesses made in low-income geographies exceeded the percentage of businesses that are within those geographies. The portion of small loans to businesses in moderate-income geographies was near to the percentage of businesses that are within those geographies. HBUS's small loans to businesses market share is too small to provide a meaningful analysis.

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

The overall distribution of loans by income level of the borrower is poor. The distribution of home mortgage loans is poor and small loans to businesses is adequate.

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

Refer to Tables 8, 9 and 10 in the state of Florida section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Overall, the bank's distribution of both home loan products by income level of the borrower is poor, given performance context.

The distribution of all home mortgage loans is poor. For each mortgage loan product, the percentage of loans to low- and moderate-income borrowers is substantially below the percentage of such families. The bank's market share for home purchase loans to both low- and moderate-income borrowers is significantly below the bank's overall market share. The bank's market share for home refinance loans is too small for a meaningful analysis.

During the evaluation period, performance context issues made it difficult to provide home mortgage loans to both low- and moderate-income borrowers in the AA.

Starting in 2006, housing prices began to fall drastically throughout the AA as a result of the housing and economic crisis. As prices declined, homes were more affordable but the availability of subsidies that were still needed, particularly by low-income borrowers, was reduced. Additionally, the AA's high poverty and unemployment rates, which increased during the evaluation period, further limited the ability of many low-income families and some moderate-income families to become homeowners, even if subsidy programs were timely and readily available. High property taxes and homeowner's insurance costs also contribute to the inability of low-income and many moderate-income borrowers to become homeowners. Also, many lower priced homes were quickly purchased for cash by investors further limiting the number of affordable homes available to low- and moderate-income buyers.

It is also noted that the demand for refinance loans by low-income families is generally very limited. Many families have taken advantage of various subsidy programs and special mortgage products that have very low interest rates that would not make it necessary for them to refinance for a lower interest rate. Also, some special programs do not allow for refinancing.

### ***Small Loans to Businesses***

Refer to Table 11 in the state of Florida section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The bank's distribution of small loans to businesses is adequate. The percentage of loans to businesses with revenues of \$1 million or less is below the percentage of such businesses. The bank's market share is too small to provide a meaningful analysis.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Florida section of Appendix D for the facts and data used to evaluate the bank's level of community development 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 multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

CD lending had a significantly positive impact for the Lending Test in the Miami AA. HBUS originated 17 loans totaling \$67 million. The current volume represents over 18 percent of allocated Tier1 capital. Measured in dollars, 82 percent of these efforts were for economic development and 18 percent were for affordable housing.

## **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the Lending Test conclusions for the Miami AA. During the evaluation period, HBUS originated 183 flexible loans under the Community Works and FHA programs totaling \$17.4 million.

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

Based on limited-scope reviews, the bank's performance under the Lending Test in the Fort Lauderdale and West Palm Beach AAs is weaker than the bank's overall performance in the state and considered good and adequate, respectively. Weaker performance is a result of weaker geographic and borrower distributions. Performance in the limited scope areas did not have an impact on the overall rating. Refer to the Tables 1 through 13 in the state of Florida section of Appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in Florida is rated outstanding. Based on full-scope review, the bank's performance in the Miami AA is excellent.

Refer to Table 14 in the state of Florida section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

HBUS originated 62 investments in the AA totaling \$23.3 million. This dollar volume is nearly twice that of current period investments at the prior CRA evaluation. Additionally, the bank had five investments totaling \$6.7 million that were originated in the prior period which remain outstanding, and \$5.2 million in two unfunded commitments. The combined current and prior period investment dollar volume represents 8.2 percent of allocated tier1 capital for the AA.

The bank's responsiveness to the CD needs in the AA is excellent. A substantial majority of the dollar volume of the bank's investment transactions was focused on affordable housing, a primary credit need in the AA. These investments include funding for LIHTC projects, mortgage-backed securities comprised solely of mortgages to low- and moderate-income borrowers in the Miami AA, and grants to organizations with a mission of developing and fostering affordable housing.

One example of the bank's investment responsiveness is a \$2.8 million investment in a single property affordable housing project. The bank's LIHTC will help to rehabilitate the property so that affordable subsidized housing to over 100 LMI families is maintained.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the Fort Lauderdale AA is not inconsistent with the bank's overall outstanding performance in Florida. The bank's performance in the West Palm Beach AA is weaker than its overall performance in

the state and considered good. This is due to a lower level of investments. Refer to Table 14 in the state of Florida section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

The bank's performance under the Service Test in Florida is rated high satisfactory. Based on the full-scope review, the bank's performance in the Miami AA is good.

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

#### **Retail Banking Services**

Refer to Table 15 in the state of Florida section of Appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Delivery systems are accessible to geographies and individuals of different income levels when considering the proximity of certain branches to low- and moderate-income geographies. The percentage of branches in low-income geographies exceeds the percentage of population residing in those geographies. There are no branches in moderate-income geographies. However, some branches located in middle- and upper-income geographies are convenient to low-income geographies and multiple moderate-income geographies providing accessibility to the residents of those geographies. One branch located in a middle-income geography is located less than a half mile from two moderate-income geographies and less than one mile from another moderate-income geography. Two branches in upper-income geographies are located less than a quarter mile from two moderate-income geographies and less than a mile from four different moderate-income geographies. No branches were opened during the evaluation period in the Miami AA. One branch was closed in an upper-income geography.

Office hours offered throughout the full-scope AA do not vary in a way that inconveniences certain portions of the AAs. Branches are generally open weekdays from 9:00 AM to 4:00 PM, with an additional hour of service on Friday evenings.

#### **Community Development Services**

HBUS provided a relatively high level of CD services during the evaluation period that are responsive to AA needs. Most of the over 200 hours provided to ten organizations were to groups that provide community services to low- and moderate-income individuals. The remainder was mainly focused on neighborhood revitalization.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Fort Lauderdale and West Palm Beach AAs is weaker than the bank's overall high satisfactory performance and is considered adequate due to the weaker distribution of branches in low-

and moderate-income geographies. The weaker performance did not impact the state's rating under the Service Test.

## **OTHER RATING AREAS**

- District of Columbia Multistate
- State of Washington
- State of Connecticut
- Philadelphia-Wilmington Multistate
- State of Oregon

## District of Columbia Multistate Metropolitan Area (MMA)

**CRA Rating for District of Columbia MMA<sup>4</sup>:** Satisfactory

<b>The lending test is rated:</b>	High Satisfactory
<b>The investment test is rated:</b>	Outstanding
<b>The service test is rated:</b>	Low Satisfactory

The major factors that support this rating include:

- Good lending activity in the AA.
- Excellent geographic distribution of loans.
- Adequate distribution of loans by borrower income.
- CD lending had a significantly positive impact on the Lending Test.
- Product innovation and flexibility had positive consideration on the Lending Test.
- Excellent level of CD investments.
- Branches are reasonably accessible to geographies and individuals of different income levels in the AA after considering the proximity of near to branches in middle- and upper-income geographies.
- HBUS provided a relatively high level of CD services that are responsive to the needs of the bank's AAs, given the limited staffing resources.

### Description of Institution's Operations in District of Columbia MMA

HBUS's operations in the District of Columbia (DC) MMA consist of two MDs: Washington-Arlington-Alexandria MD (DC in its entirety and Arlington, Fairfax, and Alexandria Counties and Falls Church and Fairfax Cities) and the Bethesda-Rockville MD (Montgomery County only). As of June 30, 2011, HBUS deposits in the MMA totaled \$3.2 billion, representing 3.6 percent of the bank's adjusted domestic deposits.

HBUS opened its first branch in Washington, DC in December 2004 at the request of the U.S. Department of State to provide banking services to the DC diplomatic corps after two other banks exited the market. Since the prior evaluation, the branches that were housed in two

---

<sup>4</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

embassies were converted to loan/deposit production offices and are no longer considered branches for CRA evaluation.

In evaluating the MMA, we conducted a full-scope analysis of the DC-Arlington-Alexandria MD as this area contains the largest number of loans, deposits, and branches. A limited-scope analysis was conducted for the Bethesda-Rockville MD. Home mortgage lending received substantially greater weight than small loans to businesses based on the proportion of loan originations.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in the DCMMA is rated high satisfactory. Performance in the full-scope DC AA is rated outstanding. Performance in the limited-scope AA negatively impacted performance in the multistate.

**Lending Activity** - HBUS's lending activity is good given the business strategy and customer base within the AA. Mortgage lending accounted for 86 percent of loan originations during the evaluation period. Overall, the bank ranks 33<sup>rd</sup> in home mortgage lending with 0.52% market share compared to 9<sup>th</sup> in deposits with 2.94% market share. This is also a very competitive market with 557 mortgage lenders, many without a depository presence. There are 58 depository institutions.

**Distribution of Loans by Income Level of the Geography** - The geographic distribution of loans is excellent. We noted excellent distribution among all home mortgage products and poor distribution among small loans to businesses.

**Distribution of Loans by Income Level of the Borrower** - The distribution of loans by income level of borrower is adequate. We noted good distribution for home purchase loans, adequate distribution of home refinance loans, and poor distribution of small business loans.

**Community Development Lending** - CD lending had a significantly positive impact on the bank's lending performance. HBUS originated two CD loans totaling \$31 million. Measured in dollars, 92 percent were for economic development and stabilization/revitalization of LMI geographies and 8 percent supported affordable housing.

**Product Innovation and Flexibility** – HBUS's use of flexible loan programs had a positive impact on its Lending Test performance. During the evaluation period, the bank originated 48 flexible loans totaling \$12.8 million.

### Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Lending Test in the Bethesda-Rockville AA is weaker than the bank's overall high satisfactory performance under the Lending Test in the DC MMA and considered adequate. Weaker performance is a result of weaker geographic and borrower distributions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in the DC MMA area is rated outstanding. Based on a full-scope review, performance in the DC AA is excellent.

HBUS originated 60 investments in the AA totaling \$16.0 million. Additionally, the bank had four investments totaling \$1.7 million that were originated in the prior period which remain outstanding, and \$232 thousand in one unfunded commitment. The combined current and prior period investment dollar volume represents 5.5 percent of allocated tier1 capital for the AA.

### Conclusions for Area Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Investment Test in the Bethesda AA is not inconsistent with the bank's overall outstanding performance in the MMA.

## SERVICE TEST

The bank's performance under the Service Test in the DCMMA is rated low satisfactory. Performance in the DC AA is adequate.

### Conclusions for Areas Receiving Full-Scope Reviews

**Retail Banking Services** – Delivery systems are reasonably accessible to geographies and individuals of different income levels. One branch is located on Connecticut Avenue in the business/government section of the District in a geography that has no income designation. This branch is located less than a half mile from a moderate-income geography and less than one mile from a low-income geography and four other moderate-income geographies. This proximity provides accessibility to the residents of those geographies. HBUS's record of opening and closing branches in the DC AA has improved accessibility of its delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals. Two branches opened during the evaluation period, one in a moderate-income geography and the other in a middle-income geography. No branches were closed.

**Community Development Services** - Given the bank's resources in the AA, HBUS provided a relatively high level of CD services during the evaluation period that are responsive to AA needs. Bank personnel provided over 500 hours of service to 22 community organizations, including those focused on economic development, community services, and neighborhood revitalization.

### Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Service Test in the Bethesda AA is not inconsistent with the bank's overall high satisfactory performance in the DC MMA. Refer to Table 15 in the DC MMA section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Washington

**CRA Rating for Washington<sup>5</sup>:** Satisfactory

**The lending test is rated:** Low Satisfactory

**The investment test is rated:** Outstanding

**The service test is rated:** Low Satisfactory

The major factors that support this rating include:

- Good lending activity in the AA.
- Excellent geographic distribution of loans.
- Poor distribution of loans by borrower income.
- CD lending had a neutral impact on its performance under the Lending Test.
- Excellent level of CD investments.
- The bank's branches are reasonably accessible to geographies and individuals of different income levels.
- HBUS provided few CD services that are responsive to the needs of the bank's AA.

### Description of Institution's Operations in Washington

HBUS's single AA consists of King County, which encompasses the city of Seattle. The bank continues to have a limited presence here, operating four branches. As of June 30, 2011, HBUS had \$646 million in domestic deposits ranking 12<sup>th</sup> among 54 insured depository institutions in the AA. The deposits represent less than one percent of the bank's adjusted domestic deposits. The strategic focus of HBUS in this AA is commercial middle market business. Home mortgage lending consisted of 92 percent of loan originations in the AA and received substantially greater weight in our evaluation.

### LENDING TEST

The bank's performance under the Lending Test in the state of Washington is rated low satisfactory. Performance in the Seattle AA is adequate.

---

<sup>5</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

**Lending Activity** - Lending activity is good, given the bank's middle market focus and strong competition in the AA. Mortgage lending accounted for 92 percent of loan originations in the AA during the evaluation period. Overall, the bank ranked 19<sup>th</sup> in home mortgage lending with a 0.99 percent market share compared to ranking 12<sup>th</sup> in deposits with a 1.21 percent market share. There are 448 mortgage lenders and only 54 depository institutions. The bank ranked similarly for home purchase and home refinance loans market shares.

**Distribution of Loans by Income Level of the Geography** - The distribution of loans to geographies of different income levels is excellent. We noted excellent distributions of home mortgage loans and good distribution of small loans to businesses.

**Distribution of Loans by Income Level of the Borrower** - The distribution of loans by income level of borrower is poor, given the high cost of housing, poverty level in the AA, and the percentage of loans for which income was obtained. The bank purchased nearly 80 percent of all mortgage loans in the AA.

**Community Development Lending** - CD lending had a neutral impact on lending performance in the Seattle AA. The bank originated five CD loans for \$3.8 that targeted affordable housing and economic development.

## INVESTMENT TEST

The bank's performance under the Investment Test in the state of Washington is outstanding. Performance in the Seattle AA is excellent.

HBUS originated 13 investments in the AA totaling \$3.4 million. This dollar volume is nearly twice that of current period investments at the prior CRA evaluation. Additionally, the bank had five investments totaling \$2.4 million that were originated in the prior period which remain outstanding. The combined current and prior period investment dollar volume represents 7.8 percent of allocated tier1 capital. A substantial majority of the dollar volume of the bank's investment transactions was focused on affordable housing, a primary credit need in the AA.

## SERVICE TEST

The bank's performance under the Service Test in the state of Washington is low satisfactory. Performance in the Seattle AA is adequate.

**Retail Banking Services** - Delivery systems are reasonably accessible to geographies and individuals of different income levels. HBUS operates four branches in the Seattle AA. There are no branches in the low-income geographies. The percentage of branches in moderate-income geographies exceeds the percentage of population residing in those geographies. HBUS's record of opening and closings branches has not affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and individuals. One branch was opened in a middle-income geography and one branch was closed in an upper-income geography.

**Community Development Services** - HBUS provided few CD services during the evaluation period. A total of 40 hours to three organizations were reported with the majority being affordable housing related. The reminder was focused on economic development and community services.

## State Rating

### State of Connecticut

<b>CRA Rating for Connecticut<sup>6</sup>:</b>	Outstanding
<b>The lending test is rated:</b>	Outstanding
<b>The investment test is rated:</b>	Outstanding
<b>The service test is rated:</b>	Low Satisfactory

The major factors that support this rating include:

- Good lending activity in the AA.
- Excellent geographic distribution of loans.
- Adequate distribution of loans by borrower income.
- CD lending had a significantly positive impact on the Lending Test and elevated the overall Lending Test rating to excellent.
- Product innovation and flexibility had a positive impact on the Lending Test.
- Excellent level of CD investments.
- The bank's branches are reasonably accessible to geographies and individuals of different income levels.
- HBUS provided an adequate level of CD services that are responsive to the needs of the bank's AA.

### Description of Institution's Operations in Connecticut

HSBC's single AA consists of the Bridgeport MSA that encompasses Fairfield County in its entirety. The bank operates 10 branches. As of June 30, 2011, deposits of \$606 million account for less than 1 percent of the bank's adjusted domestic deposits. The branches were acquired by HBUS with the merger of an affiliate bank in late 2009. Subsequent to the evaluation period, the bank sold seven branches as part of its retail branch strategic initiative.

---

<sup>6</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## LENDING TEST

The bank's performance under the Lending Test in the state of Connecticut is rated outstanding. Performance in the Bridgeport MSA is excellent.

**Lending Activity** - Lending activity is good, given the bank's limited presence and competition. Mortgage lending accounted for 68 percent of loan originations in the AA during the evaluation period. Overall, the bank ranked 27<sup>th</sup> in mortgage lending with a 0.68 percent market share and 12<sup>th</sup> in deposits with a 1.89 percent market share. These are 410 mortgage lenders and 32 depository institutions in this AA.

**Distribution of Loans by Income Level of the Geography** - The geographic distribution of loans is excellent. This is supported by excellent distribution of home purchase loans, good distribution of home refinance loans, and excellent distribution of small loans to businesses.

**Distribution of Loans by Income Level of the Borrower** - The distribution of loans to borrowers of different income levels and businesses of different sizes is adequate. The distribution of all lending products is adequate. Housing affordability was taken into consideration when reaching our conclusion on mortgage lending. Competition and the level of credit card lenders in the Bridgeport MSA were also taken into consideration.

**Community Development Lending** - CD lending had a significantly positive impact on lending performance in the Bridgeport AA. The bank originated four CD loans for \$7.2 million that primarily targeted community services for LMI individuals.

**Product Innovation and Flexibility** – HBUS's use of flexible loan programs had a positive impact on its Lending Test performance. During the evaluation period, the bank originated 50 flexible loans totaling \$13 million.

## INVESTMENT TEST

The bank's performance under the Investment Test in the state of Connecticut is rated outstanding. Performance in the Bridgeport AA is excellent.

HBUS originated 31 investments in the AA totaling \$7.4 million. Additionally, the bank had \$232 thousand in one unfunded commitment. This dollar volume represents 10.6 percent of allocated tier 1 capital for the AA. A substantial majority of the dollar volume of the bank's investment transactions was focused on affordable housing, a primary credit need in the AA. These investments include mortgage-backed securities comprised solely of mortgages to low- and moderate-income borrowers in the Bridgeport AA and grants to organizations with a mission of developing and fostering affordable housing.

## SERVICE TEST

The bank's performance under the Service Test in the state of Connecticut is rated low satisfactory. Performance in the Bridgeport AA is adequate.

**Retail Banking Services** - Delivery systems are reasonably accessible to geographies and individuals of different income levels. HBUS operates 10 branches in the Bridgeport MSA. There are no branches in the low-income geographies. The percentage of branches in moderate-income geographies is lower than the percentage of population residing in those geographies. HBUS's record of opening and closing branches in the AA has not affected the accessibility of its delivery systems. There were no branch openings during the evaluation period and one branch closed in an upper-income geography. Branch hours do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and individuals.

**Community Development Services** - HBUS provided an adequate level of CD services to the AA. Officers and employees provided almost 170 hours of service to seven organizations whose mission meets the definition of CD, with the majority focused on affordable housing and economic development.

## Philadelphia-Wilmington MMA Rating

### Philadelphia-Wilmington MMA

**CRA Rating for Philadelphia-Wilmington Multistate<sup>7</sup>:** Outstanding

<b>The lending test is rated:</b>	Outstanding
<b>The investment test is rated:</b>	Outstanding
<b>The service test is rated:</b>	Outstanding

The major factors that support this rating include:

- Excellent lending activity in the AA.
- Good geographic distribution of loans.
- Good distribution of loans by borrower income.
- CD lending had a significantly positive impact on the Lending Test.
- Product innovation and flexibility had a positive impact on the Lending Test.
- Excellent level of CD investments.
- The bank's branches are readily accessible to geographies and individuals of different income levels.
- HBUS provided an adequate level of CD services that are responsive to the needs of the bank's AAs.

### Description of Institution's Operations in Philadelphia-Wilmington MMA

HBUS operations within this multistate consists of two MDs: Philadelphia (Philadelphia county) in Pennsylvania and Wilmington (New Castle county) in Delaware. As of June 30, 2011, HBUS deposits in the MMA, after adjusting for the bank's Payment and Cash Management department, totaled \$562 million and represented less than 1 percent of the bank's adjusted domestic deposits. Within the MMA, the bank operates three branches. The Philadelphia MD was selected for a full-scope review based on the volume of deposits and loans in the MMA. Additionally, mortgage lending received substantially greater weight based on the proportion of loan originations.

---

<sup>7</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## LENDING TEST

The bank's performance under the Lending Test in the Philadelphia-Wilmington MMA is rated outstanding. Performance in the Philadelphia AA is excellent.

### Conclusions for Areas Receiving Full-Scope Reviews

**Lending Activity** – Lending activity is excellent, given the bank's limited presence and competition. The bank ranked 14<sup>th</sup> in overall home mortgage lending with a 1.41 percent market share and ranked 11<sup>th</sup> in deposits with a 1.02 percent market share. Overall, there are 414 mortgage lenders in this AA compared to 47 depository institutions. Mortgage lending accounted for 85 percent of loan originations in the AA during the evaluation period.

**Distribution of Loans by Income Level of the Geography** - The distribution of loans to geographies of different income levels is good. This is supported by good distributions of all lending products. We did not identify any geographic gaps in lending.

**Distribution of Loans by Income Level of the Borrower** - The distribution of loans by income level of borrowers is good. We noted excellent distribution of home purchase loans, good distribution of home refinance loans, and adequate distribution of small loans to businesses.

**Community Development Lending** - CD lending had a significantly positive impact on lending performance. HBUS originated three CD loans totaling \$6.6 million. The largest loan was to a non-profit community development financial institution (CDFI).

**Product Innovation and Flexibility** – HBUS's use of flexible loan programs was given positive consideration on its Lending Test performance. During the evaluation period, the bank originated 18 flexible loans totaling \$2.8 million.

### Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Lending Test in the Wilmington DE MD is not inconsistent with the bank's overall outstanding performance under the Lending Test in Philadelphia-Wilmington MMA. Refer to the Tables 1 through 13 in the Philadelphia-Wilmington MMA section of Appendix D for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in the Philadelphia-Wilmington MMA is rated outstanding. Performance in the Philadelphia AA is excellent.

HBUS originated 25 investments in the AA totaling \$2.7 million. Additionally, the bank had 10 investments totaling \$4.6 million that were originated in the prior period which remain

outstanding, and \$232 thousand in one unfunded commitment. This dollar volume represents 12.4 percent of allocated tier 1 capital.

A substantial majority of the dollar volume of the bank's investment transactions was focused on affordable housing, a primary credit need in the AA.

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

Based on a limited-scope review, the bank's performance under the Investment Test in the Wilmington AA is not inconsistent with the bank's overall outstanding performance in the MMA. Refer to Table 14 in the Philadelphia-Wilmington MMA section of Appendix D for the facts and data that support these conclusions.

## **SERVICE TEST**

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

The bank's performance under the Service Test in the Philadelphia-Wilmington MMA is rated outstanding. Performance in the Philadelphia AA is excellent.

**Retail Banking Services** - Delivery systems are readily accessible to geographies and individuals of different income levels. In the Philadelphia AA the bank has two branches, one located in a low-income geography and one in a moderate-income geography. In both instances, the percentage of branches located in those geographies exceeds the percentage of population residing in them. There is one branch in the Wilmington AA, located in a low-income geography. All three branches have deposit taking ATMs. No branches were opened or closed during the evaluation period.

**Community Development Services** - HBUS provided an adequate level of CD services to the AA. Officers and employees provided over 280 hours of CD services to five organizations whose mission meets the definition of CD. The majority of these were focused on economic development and community services.

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

Based on a limited-scope review, the bank's performance under the Service Test in the Wilmington AA is not inconsistent with the bank's overall outstanding performance in the Philadelphia-Wilmington MMA. Refer to Table 15 in the Philadelphia-Wilmington MMA section of Appendix D for the facts and data that support these conclusions.

## State Rating

### State of Oregon

<b>CRA Rating for Oregon<sup>8</sup>:</b>	Satisfactory
<b>The lending test is rated:</b>	High Satisfactory
<b>The investment test is rated:</b>	Outstanding
<b>The service test is rated:</b>	Low Satisfactory

The major factors that support this rating include:

- Good lending activity, given the bank's business strategy and focus in the AA.
- Excellent geographic distribution of loans.
- CD lending had positive impact on the Lending Test.
- Excellent level of CD investments.
- The bank's branch is reasonably accessible to geographies and individuals of different income levels.
- HBUS provided a relatively high level of CD services that are responsive to the needs of the bank's AAs.

### Description of Institution's Operations in Oregon

HBUS's single AA consists of Multnomah County within the Portland MSA. The bank has a very limited presence in Oregon, operating one branch located on the 16<sup>th</sup> floor of a high rise office building in downtown Portland. The branch was acquired from HSBC Canada in December 2002. The business focus of the branch is commercial middle- market companies and does not provide traditional retail banking services. With \$110 million in deposits, the bank ranks 16<sup>th</sup> among 31 insured institutions in the AA. These deposits represent a very minimal portion of the bank's adjusted domestic deposits.

### LENDING TEST

The bank's performance under the Lending Test in the state of Oregon is rated high satisfactory. The bank's performance in the Portland AA is good.

---

<sup>8</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

**Lending Activity** - Lending activity is good, given the branch's limited presence, middle-market focus, mortgage lending and deposit market shares, and competition. The bank ranked 29<sup>th</sup> in overall mortgage lending with a 0.58 percent market share compared to 16<sup>th</sup> in deposits with a 0.45 percent market share. There are 341 mortgage lenders and 31 depository institutions in this AA.

**Distribution of Loans by Income Level of the Geography** - The distribution of loans to geographies of different income levels is excellent. This is supported by excellent distributions of home purchase and home refinance loans. During the evaluation period, the bank's volume of small loans to businesses was insignificant to allow for meaningful analysis or conclusion.

**Distribution of Loans by Income Level of the Borrower** - No conclusion is made on the distribution of loans by borrower income. The substantial majority of home mortgage lending in the Portland AA consisted of purchased loans, for which borrower income is not reported for HMDA. The volume of loans for which income was reported was insignificant to allow for a meaningful analysis or conclusion. During the evaluation period, the bank's volume of small loans to businesses was insignificant to allow for a meaningful analysis or conclusion.

**Community Development Lending** - HBUS's level of CD lending had a positive impact upon its performance under the Lending Test in the Portland AA. The bank renewed a \$1 million line of credit to a CDFI to fund various CD qualified projects in the AA.

## INVESTMENT TEST

The bank's performance under the Investment Test in the state of Oregon is rated outstanding. Performance in the Portland AA is excellent.

HBUS originated nine investments in the AA totaling \$848 thousand. Additionally, the bank had three investments totaling \$1.1 million that were originated in the prior period which remain outstanding. This combined dollar volume represents 15.3 percent of allocated tier one capital for the AA. A substantial majority of the dollar volume of the bank's investment transactions was focused on affordable housing, a primary credit need in the AA.

## SERVICE TEST

The bank's performance under the Service Test is rated low satisfactory. The bank's performance in the Portland AA is adequate.

**Retail Banking Services** - The branch in the Portland AA is reasonably accessible to geographies and individuals of different income levels. The bank has one full-service branch which is located in an upper-income geography. No branches were opened or closed during the evaluation period.

**Community Development Services** - HBUS provided a relatively high level of CD services to the AA. Officers and employees provided almost 160 hours of CD services to three organizations. The majority of these were focused on affordable housing with the remainder on community services and economic development.

## 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 and nonmetropolitan 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>	<b>Lending Test (excludes CD loans):</b> 01/01/2009 to 12./31/2011 <b>Investment Test :</b> 10/01/2009 to 09/30/2012 <b>Service Test:</b> 10/01/2009 to 12/31/2011 <b>CD Loans:</b> 09/01/2009 to 09/30/2012	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
HSBC Bank USA, N.A. (HBUS)	Home purchase, home refinance, small loans to businesses, CD loans and investments	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
HSBC Mortgage Corporation USA (HMCU)	Bank Operating Subsidiary (prior to merger into bank)	Home purchase and home refinance mortgage loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>New York-New Jersey-Long Island Multistate MA</b> NYC-Wayne White Plains MD  Newark-Union, Nassau-Suffolk MDs  <b>New York</b> Buffalo-Niagara MA  Albany, Binghamton, Elmira, Ithaca, Kingston, Non MA, Poughkeepsie, Rochester, Syracuse, Utica  <b>California</b> Los Angeles MD  Oakland, San Francisco, San Jose, Santa Ana  <b>Florida</b> Miami MD  Fort Lauderdale, West Palm Beach MDs	Full-scope  Limited-scopes  Full-scope  Limited-scopes  Full-scope  Limited-scopes  Full-scope  Limited-scopes	

<b>District of Columbia</b> DC-VA MD	Full-scope	
Bethesda AA	Limited-scope	
<b>Connecticut</b> Bridgeport AA	Full-scope	
<b>Washington State</b> Seattle	Full-scope	
<b>Philadelphia PA-Wilmington DE</b> <b>MMA</b>		
Philadelphia County, PA AA	Full-scope	
New Castle County, DE AA	Limited-scope	
<b>Oregon</b> Portland	Full-scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

<b>RATINGS      HSBC Bank USA, N.A.</b>				
<b>Overall Bank:</b>	<b>Lending Test Rating*</b>	<b>Investment Test Rating</b>	<b>Service Test Rating</b>	<b>Overall Bank/State/Multistate Rating</b>
HSBC Bank USA, NA	Outstanding	Outstanding	High Satisfactory	Outstanding
<b>Multistate Metropolitan Area or State:</b>				
NY-NJ-LI Multistate	Outstanding	Outstanding	High Satisfactory	Outstanding
New York	Outstanding	Outstanding	Outstanding	Outstanding
California	Low Satisfactory	Outstanding	High Satisfactory	Satisfactory
Florida	Outstanding	Outstanding	High Satisfactory	Outstanding
DC-VA-MD Multistate	High Satisfactory	Outstanding	Low Satisfactory	Satisfactory
Washington	Low Satisfactory	Outstanding	Low Satisfactory	Satisfactory
Connecticut	Outstanding	Outstanding	Low Satisfactory	Outstanding
PA-DE Multistate	Outstanding	Outstanding	Outstanding	Outstanding
Oregon	High Satisfactory	Outstanding	Low Satisfactory	Satisfactory

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

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

### New York-Northern New Jersey-Long Island Multistate Metropolitan Area

### New York-White Plains-Wayne Multistate MD

Demographic Information for Full-scope Area: New York-Wayne-White Plains MD						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2921	11.64	24.58	28.48	33.07	2.23
Population by Geography	11,296,377	12.39	26.06	26.15	35.24	0.16
Owner-Occupied Housing by Geography	1,592,309	2.00	11.78	26.47	59.75	0.00
Business by Geography	1,089,046	6.65	18.35	22.15	51.85	1.01
Farms by Geography	7,556	2.50	8.22	18.09	70.91	0.28
Family Distribution by Income Level	2,705,548	25.76	15.40	16.77	42.07	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	1,113,466	22.20	36.69	25.23	15.87	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		49,461 67,400 17%		Median Housing Value Unemployment Rate (Dec. 2011)		\$442,600 8.2%

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2011 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors-4th Quarter 2011

The AA consists of the New York-White Plains-Wayne MD in its entirety and includes the counties that comprise the five boroughs of New York City (New York, Kings, Queens, Bronx, and Richmond Counties) and Putnam, Rockland, and Westchester counties. The AA also includes Bergen, Hudson, and Passaic Counties in Northern New Jersey. The 2011 HUD adjusted median family income for the AA is approximately \$67 thousand; however, there are significant disparities in the income levels throughout the counties which comprise the AA. New York County (Manhattan) is among the richest counties in the U.S. while the poverty level of the assessment area (17 percent) is quite high. Within Bronx and Kings counties, areas have over 20 percent poverty rates.

HBUS has \$51.2 billion in deposits in this AA representing more than half of the bank's deposits. The bank operates 156 branches. As of June 30, 2011 the bank ranked 5<sup>th</sup> in deposit market share with 6 percent well behind the market leader JPMorgan Chase with a 38.8 percent market share; Bank of New York Mellon with a 10.8 percent; and Bank of America with a 9 percent market share.

New York City, consisting of Bronx, Kings, New York, Queens, and Richmond Counties, is the most significant economic contributor to the AA. New York City is home to a diversified mix of businesses, with many national and international corporations headquartered there. Historically, the downtown area has been dominated by the financial services industry. Industries operating in the midtown area include advertising, publishing, and garment

production. The retail sector is a major employer along with health and social care. In addition, tourism continues to be one of New York City's most vital industries with more than 40 million tourists visiting the city annually. Some of the AA's largest employers are New York Presbyterian Healthcare Systems, Citigroup, JPMorgan Chase, Verizon, and Federated Department Stores.

The New York City economy has struggled following the recession that began in late 2008. The unemployment rate for the greater MSA has more than doubled since 2006 and as of December 2011 was at 8.2 percent, with even greater levels within metro New York City, at 9.5 percent. Wall Street is a significant contributor to employment in the area and suffered significant layoffs following the financial crisis which have yet to rebound.

Housing prices have continued to decline. The median single family housing value for the assessment area in 2011 was approximately \$443 thousand and is a decline from \$450 thousand in 2010 and \$494 thousand in 2008. Despite the significant drop in housing values, the high cost of living associated with this area continues to make home ownership difficult, especially for low- and moderate-income populations. Over 41 percent of the families in the MD are low- or moderate-income. Additionally, as noted earlier, approximately 17 percent of the population is below the poverty level. Of the approximately 1.5 million owner-occupied housing units, just 2 percent are in low-income census tracts.

The opportunities for community development participation within the AA are broad. There are numerous community development and governmental organizations representing affordable housing, economic development, and services to low- and moderate-income families. Through their contacts and experience in the market, HBUS has identified the critical needs within the AA to be the lack of affordable housing for purchase or rent and the lack of leadership in the provision of financial education and counseling, non-profit capacity building, and small business development.

During this evaluation, we met with representatives from two community-based affordable housing organizations operating in the assessment area. In addition, OCC representatives met with various community development organizations during the evaluation period. The contacts were with organizations supporting affordable housing, economic development, small business development, and services targeted toward low- and moderate-income families. These organizations confirmed the community needs identified by the bank, and added the need for additional grants, affordable multifamily housing financed through tax credits, and assistance for special-needs populations.

## State of New York

## Buffalo-Niagara MSA

Demographic Information for Full Scope Area: Buffalo-Niagara Falls						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	302	10.60	20.86	45.36	19.54	3.64
Population by Geography	1,170,111	8.78	16.45	47.62	26.35	0.81
Owner-Occupied Housing by Geography	310,174	4.34	13.17	51.87	30.61	0.00
Business by Geography	91,535	8.26	12.42	46.20	31.51	1.61
Farms by Geography	1,990	1.96	4.82	59.80	32.91	0.50
Family Distribution by Income Level	303,215	20.37	18.07	22.08	39.48	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	116,550	15.99	24.51	45.47	14.03	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		49,149 65,300 12%	Median Housing Value Unemployment Rate (Dec. 2011)		113,000 7.9%	

(\* ) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2011 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors-4th Quarter 2011

The Buffalo AA is comprised of the entire Buffalo MSA, which includes Erie and Niagara counties. The AA complies with the CRA regulation and does not arbitrarily exclude low- and moderate-income areas.

The deposit market is concentrated with three financial institutions holding 74 percent of the total market share in the AA. As of June 30, 2011, HBUS was ranked 2<sup>nd</sup> of 18 FDIC insured depository institutions with offices in the AA with a 20 percent market share. Manufacturers & Traders Trust Co. ranked 1<sup>st</sup> at 39 percent.

The Buffalo economy is currently in recession as the metro area is losing jobs in nearly every industry. The unemployment rate has risen to 7.9 percent. Major employers include the University of Buffalo, Kaleida Health, Seneca Niagara Casino and Hotel and HBUS. The largest employment sectors are education and health services, professional and business services and retail trade. The Niagara Falls area and casinos provide tourism attractions; however, both are expected to suffer due to unfavorable economic conditions.

The AA has a low cost of living and a high level of housing affordability, however, high poverty levels, especially within the city of Buffalo, negatively impact lending in the AA. The median housing value is \$119 thousand. The infrastructure is aging, with over 67 percent of the units built before 1940.

Financial institutions have ample community development opportunities particularly, for lending and investments through partnerships with various affordable housing agencies and developers, community service organizations, availability of LIHTC projects as well as other

investment opportunities. However, the market remains challenging due to various local economic and political factors.

Contacts with community-based organizations indicated there are significant credit and community development needs in the MSA including:

- Home rehabilitation loans.
- Loan programs to help revitalize struggling business districts.
- Loans for smaller affordable housing projects.
- Emergency repair loans as well as weatherization.
- Down payment assistance for home buyers.
- Products to serve the unbanked.
- Small business entrepreneur education programs.

## State of California

### Los Angeles-Long Beach-Glendale MA

Demographic Information for Full Scope Area: Los Angeles-Long Beach-Glendale MA						
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
Business by Geography	1,035,293	6.47	18.72	26.40	47.64	0.78
Farms by Geography	8,187	3.09	15.57	30.85	49.93	0.55
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		46,509	Median Housing Value		\$307,700	
HUD Adjusted Median Family Income for 2011		64,000	Unemployment Rate (Dec. 2011)		10.6%	
Households Below Poverty Level		15%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2011 HUD updated MFI, Bureau of Labor Statistics, and National Association of Realtors-4th Quarter 2011

The Los Angeles-Long Beach-Glendale MD is comprised of Los Angeles County, a diverse urban area that includes more than 80 cities and a number of unincorporated areas. It is the most populous county in the state with more than 9.9 million residents, a 400,000 increase since 2009. Contractions in aerospace manufacturing and weak overall employment growth are delaying Los Angeles' transition from recovery to expansion. The housing market is cooling, with house prices and sales falling following the end of federal and state housing supports. While a reduction in defense and civilian contracts has resulted in the loss of jobs in the area, planned aerospace sales to foreign countries will help to offset the impact. Public infrastructure construction has a more positive outlook with construction plans for more than 15 miles of light rail and other transportation infrastructure projects such as high speed rail service, scheduled over the next 10 years. The outlook for commercial construction will be slower to improve; however, a \$1 billion hotel and office complex and a National Football League stadium are among the projects being considered in downtown Los Angeles.

Competition is strong in Los Angeles County. There are 126 financial institutions operating 1,765 offices in the county. HBUS has \$3.2 billion in deposits distributed among eighteen offices. According to the FDIC's June 30, 2011 Summary of Deposits report, Bank of America is ranked first with 20 percent market share, followed by Wells Fargo Bank, N.A., Union Bank, N.A., and JP Morgan Chase Bank, N.A. with 14.8 percent, 10.9 percent, and 8.8 percent market shares, respectively.

According to the U.S. Bureau of Labor Statistics, the unemployment rate declined slightly from 11.7 percent in December 2010 to 10.7 percent in December 2011. The local unemployment rate is similar to the 12.3 percent and 10.9 percent unemployment rate for

the state of California during the same time periods, but higher than the national unemployment rates of 9.1 percent and 8.3 percent for the same periods.

Los Angeles and Long Beach are home to the two busiest shipping ports in the country, and are considered a gateway to Pacific Rim business interests. In addition to the trade sectors, leading business sectors include government, the motion picture and video industries, restaurants, and other tourism-related businesses. Major employers include the University of California - Los Angeles, Kaiser Permanente, Northrop Grumman, and Boeing. The AA has several federal and state designations aimed at stimulating economic development including an Empowerment Zone and several Enterprise Zones. Over \$17 billion in tax incentives are tied to the designations.

Although affordability continues to be a significant issue, housing values in the region continue to decline. According to the National Association of Realtors, the median housing price in the Los Angeles MSA was \$334 thousand in 2009 and \$308 thousand in 2011, thus increasing affordability. According to the California Association of Realtors, the Housing Affordability Index for December 2011 indicates that 48 percent of the households in the AA can afford to purchase a median priced home. The AA has been heavily impacted by foreclosures, especially in the northwestern area of the county in the Palmdale and Lancaster communities where high amounts of new housing development took place in the early years of the decade. The foreclosures have exacerbated the need for residential rental units, resulting in long waiting lists for affordable rentals. The Los Angeles Housing Authority reports waiting lists for subsidized properties with more than 1,000 names.

A review of community contacts indicated that the following are identified needs within the community:

- Affordable housing
- Multi-family housing that can accommodate large families
- Small business financing including micro loans
- Financial services; particularly branches in the unbanked and under-banked communities in the AA
- Foreclosure prevention counseling
- Job training/work force development
- Basic literacy and education skills

Opportunities in the Los Angeles area for financial institutions to help meet community credit and community development needs are abundant. Some of these opportunities include the following:

- Participate in community based loan funds
- Support community development services through community development organizations
- Loan, investment, and service opportunities through local CDFIs and CDCs
- Support businesses through loans and investments in the areas targeted for economic development

## State of Florida

### Miami-Miami Beach-Kendall MA

Demographic Information for Full Scope Area: Miami-Miami Beach-Kendall MA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	347	7.78	28.53	32.85	29.97	0.86
Population by Geography	2,253,362	4.89	28.61	35.68	30.79	0.02
Owner-Occupied Housing by Geography	449,333	1.69	19.82	36.99	41.51	0.00
Business by Geography	454,418	3.98	19.56	32.37	43.51	0.59
Farms by Geography	5,069	2.39	18.13	35.10	44.19	0.20
Family Distribution by Income Level	552,484	23.00	16.98	18.53	41.50	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	220,856	8.31	40.20	35.41	16.08	0.00
Median Family Income		40,266	Median Housing Value	\$181,100		
HUD Adjusted Median Family Income for 2011		51,900	Unemployment Rate (Dec. 2011)	10.2%		
Households Below Poverty Level		18%				

The AA consists of Miami-Dade County. Incorporated municipalities include Miami, Miami-Beach, North Miami Beach, Coral Gables, Homestead, South Miami, and Kendall. Miami-Dade County is a densely populated urban center with the greatest concentration of low- and moderate-income geographies found in Miami. Miami is a very high cost area in which to live compared to most other areas of Florida. Housing is very difficult to afford for low- and moderate-income individuals without large subsidies. Miami-Dade County, particularly the city of Miami, has been severely impacted by the housing crisis. The state of Florida consistently ranks among the top five states in the nation for the number of home foreclosures. The high foreclosure rate puts additional stress on the affordable rental market and the stability of communities. There is a federally designated Enterprise Zone that targets economic development with the goal of stimulating and retaining jobs. There are 20 areas designated as Targeted Urban Areas ("TAU") that are the focus for the Urban Economic Revitalization Plan for Miami-Dade County.

As of June 30, 2011, HBUS deposits in the MA comprised approximately 3.2 percent of the total deposits of the bank. Competition is strong with 70 institutions operating 660 offices within Miami-Dade County. HBUS operates nine offices within the AA and has the ninth highest market share of deposits with 3.8 percent market share. Major competitors include Wells Fargo Bank, N.A., Bank of America, N.A., and Citibank, N.A., with market shares of 12.8 percent, 11.5 percent, and 9.6 percent, respectively.

Local economic conditions are weak. In Miami-Dade County, housing starts declined to the lowest level in a decade, but have started to rebound. Construction and construction-related jobs drove the local economy and their decline led to high unemployment rates and the closing of many small businesses. According to Moody's Analysis, at the peak in 2005, 9,922 single-family housing permits were issued. In 2009 the number was 624, rising to 1,027 in 2010 and approximately 1,900 in 2011. The decline in jobs, particularly construction and

construction-related jobs drove the county's unemployment rate to 12.4 percent as of December 31, 2010. As of December 31, 2011 the rate was 10.2 percent. These rates are higher than the state of Florida overall, which reported unemployment rates of 10.9 percent and 9.7 percent, respectively for the same time periods. This indicates a need for activities that support job creation, job placement and job training programs, and community services for low- and moderate-income persons and families.

Opportunities for community development lending, investments, and services in Miami-Dade County are good. Opportunities exist to finance the purchase and/or rehabilitation of multi-family housing units that provide affordable rental housing in low- and moderate-income geographies, but they have declined from previous levels because of the volume of condominium conversions during the height of the housing boom. Statewide affordable housing entities are continuing to construct affordable rental housing as are some local developers. They are either financed directly or through loan funds that rely on the participation of a group of local banks. There is a federally designated Empowerment Zone that targets economic development with the goal of revitalizing the area by stimulating and retaining jobs, and there are areas designated as Enterprise Zones which share the same goal.

The impact of the mortgage crisis caused some community development organizations to change their focus from new construction to acquiring foreclosed properties, rehabilitating them, and then making them available for rent or for sale to low- and moderate-income persons or families. Some of these activities are being funded through grants from the Neighborhood Stabilization Program (NSP) offered by the Department of Housing and Urban Development (HUD) which were awarded to Miami-Dade County and the city of Miami. Banking activities related to the NSP are given positive consideration under community development.

Community development investment options are available. Mortgage-backed securities backed by mortgages to low- and moderate-income borrowers are an option either directly or through loan funds that make investments in mortgage-backed securities. Low Income Housing Tax Credits remain available. Miami-Dade County, the State and the Region have CDFIs and private equity organizations which need support for their community development activities. Opportunities exist to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing and community services for low- and moderate-income persons, particularly in the areas of job training and job placement, as noted by a community contact made for another CRA examination in the same assessment area. However, the extent of these activities has been impacted by the financial condition of some area banks.

Opportunities exist to provide financial literacy training in schools and in cooperation with local community organizations. This training could include homeownership, credit, foreclosure counseling, and information on general banking services to assist the un-banked population.

## Appendix D: Tables of Performance Data

---

### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated 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/assessment area; (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. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

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

- Table 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, if applicable, 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.
- 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.
- 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.
- 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.

**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.

**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**

<b>LENDING VOLUME</b>												
<b>Geography: NY-NJ-LI MULTISTATE</b>												
<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>												
MA/Assessment Area:	% 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>												
New York-Wayne-White Plains	76.86	14,121	5,129,807	26,018	2,092,014	4	310	113	461,133	40,256	7,683,264	43.59
<b>Limited Review:</b>												
Edison	1.21	406	109,064	226	17,831	0	0	1	284	633	127,179	2.53
Nassau-Suffolk	18.27	2,897	999,306	6,648	596,005	0	0	34	81,704	9,579	1,677,015	39.42
Newark-Union	3.66	1,355	455,817	554	52,889	1	100	3	12,716	1,913	521,522	14.47

\* Loan Data as of 12/31/2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is October 9, 2009 to September 30, 2012

\*\*\* Deposit Data as of June 20, 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: NY-NJ-LI MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
New York-Wayne-White Plains	7,960	77.80	2.09	2.95	11.90	18.57	26.79	26.86	59.23	51.62	4.60	2.61	4.11	4.76	4.77
<b>Limited Review:</b>															
Edison	153	1.50	0.62	0.65	10.82	6.54	63.87	50.98	24.68	41.83	0.53	0.00	0.12	0.51	0.76
Nassau-Suffolk	1,621	15.84	0.22	0.43	12.21	11.23	66.17	62.37	21.40	25.97	2.31	5.77	1.45	2.20	3.35
Newark-Union	498	4.87	3.82	12.45	13.82	27.31	32.75	15.46	49.61	44.78	0.72	0.48	0.57	0.37	1.04

\* Based on 2010 Peer Mortgage Data: US: US.

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

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: NY-NJ-LI MULTISTATE				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
New York-Wayne-White Plains	90	49.45	2.09	2.22	11.90	11.11	26.79	24.44	59.23	62.22	0.24	0.00	0.64	0.65	0.05	
<b>Limited Review:</b>																
Edison	2	1.10	0.62	0.00	10.82	0.00	63.87	50.00	24.68	50.00	0.00	0.00	0.00	0.00	0.00	
Nassau-Suffolk	84	46.15	0.22	0.00	12.21	17.86	66.17	58.33	21.40	23.81	0.52	0.00	0.32	0.43	0.98	
Newark-Union	6	3.30	3.82	33.33	13.82	0.00	32.75	0.00	49.61	66.67	0.00	0.00	0.00	0.00	0.00	

\* Based on 2010 Peer Mortgage Data: US.

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NY-NJ-LI MULTISTATE				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
New York-Wayne-White Plains	6,016	72.45	2.09	4.42	11.90	25.13	26.79	17.74	59.23	52.71	1.78	1.44	2.37	1.94	1.68	
<b>Limited Review:</b>																
Edison	251	3.02	0.62	0.00	10.82	2.39	63.87	54.98	24.68	42.63	0.39	0.00	0.33	0.39	0.38	
Nassau-Suffolk	1,186	14.28	0.22	0.42	12.21	11.64	66.17	66.44	21.40	21.50	0.74	2.08	0.65	0.74	0.74	
Newark-Union	851	10.25	3.82	7.87	13.82	22.68	32.75	13.87	49.61	55.58	0.46	0.35	0.25	0.24	0.58	

\*Based on 2010 Peer Mortgage Data: US.

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

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

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY			Geography: NY-NJ-LI MULTISTATE				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total*	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
New York-Wayne-White Plains	20	76.92	17.78	5.00	29.28	30.00	21.07	30.00	31.87	35.00	0.09	0.00	0.30	0.00	0.00	
<b>Limited Review:</b>																
Edison	0	0.00	5.04	0.00	17.70	0.00	64.32	0.00	12.95	0.00	0.00	0.00	0.00	0.00	0.00	
Nassau-Suffolk	6	23.08	3.51	0.00	27.94	33.33	58.07	66.67	10.49	0.00	0.00	0.00	0.00	0.00	0.00	
Newark-Union	0	0.00	26.54	0.00	34.26	0.00	24.43	0.00	14.77	0.00	0.00	0.00	0.00	0.00	0.00	

\*Based on 2010 Peer Mortgage Data: US.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: NY-NJ-LI MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
New York-Wayne-White Plains	25,665	77.56	6.70	6.58	18.35	17.22	22.18	20.90	51.73	55.29	3.48	4.52	3.95	3.36	3.36
<b>Limited Review:</b>															
Edison	226	0.68	2.41	3.54	11.74	7.52	58.91	64.16	26.64	24.78	0.60	0.95	0.43	0.72	0.42
Nassau-Suffolk	6,647	20.09	0.58	0.33	12.84	12.49	62.87	62.81	23.70	24.37	2.81	2.50	3.35	2.92	2.53
Newark-Union	554	1.67	10.36	6.86	17.80	9.93	30.06	25.81	41.79	57.40	0.44	0.70	0.38	0.41	0.46

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2011.

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS			Geography: NY-NJ-LI MULTISTATE				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms** *	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
<b>Full Review:</b>																
New York-Wayne-White Plains	3	75.00	2.67	0.00	8.27	0.00	18.26	100.00	70.49	0.00	0.66	0.00	0.00	3.45	0.00	
<b>Limited Review:</b>																
Edison	0	0.00	0.72	0.00	6.87	0.00	62.29	0.00	30.12	0.00	0.00	0.00	0.00	0.00	0.00	
Nassau-Suffolk	0	0.00	0.34	0.00	17.96	0.00	65.40	0.00	16.29	0.00	0.00	0.00	0.00	0.00	0.00	
Newark-Union	1	25.00	1.87	0.00	8.18	0.00	33.76	0.00	56.19	100.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2011.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: NY-NJ-LI MULTISTATE							Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families***	% BANK Loans***	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
New York-Wayne-White Plains	7,987	77.85	26.08	1.05	15.39	10.56	16.69	26.18	41.84	62.21	4.26	5.54	6.25	4.92	3.83
<b>Limited Review:</b>															
Edison	153	1.49	18.33	5.88	18.72	21.32	24.01	36.03	38.95	36.76	0.53	0.00	0.45	0.66	0.60
Nassau-Suffolk	1,621	15.80	18.03	5.81	18.61	27.20	24.19	25.71	39.18	41.29	2.24	2.33	2.36	1.81	2.53
Newark-Union	498	4.85	23.67	2.38	16.72	12.24	19.69	24.49	39.92	60.88	0.65	0.31	0.38	0.48	0.94

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 15.1% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: NY-NJ-LI MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families***	% BANK Loans***	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
New York-Wayne-White Plains	90	49.45	26.08	2.74	15.39	12.33	16.69	30.14	41.84	54.79	0.22	0.00	0.32	0.33	0.19
<b>Limited Review:</b>															
Edison	2	1.10	18.33	50.00	18.72	0.00	24.01	50.00	38.95	0.00	0.00	0.00	0.00	0.00	0.00
Nassau-Suffolk	84	46.15	18.03	14.89	18.61	25.53	24.19	25.53	39.18	34.04	0.49	0.00	0.42	0.51	0.66
Newark-Union	6	3.30	23.67	16.67	16.72	50.00	19.69	33.33	39.92	0.00	0.00	0.00	0.00	0.00	0.00

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 29.7% of loans originated and purchased by Bank.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: NY-NJ-LI MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
New York-Wayne-White Plains	6,024	72.47	26.08	1.12	15.39	6.73	16.69	21.58	41.84	70.56	1.75	1.87	2.00	2.41	1.60
<b>Limited Review:</b>															
Edison	251	3.02	18.33	6.67	18.72	12.86	24.01	30.00	38.95	50.48	0.41	0.38	0.45	0.32	0.47
Nassau-Suffolk	1,186	14.27	18.03	8.14	18.61	23.95	24.19	29.82	39.18	38.08	0.73	1.15	0.98	0.77	0.56
Newark-Union	851	10.24	23.67	0.92	16.72	9.06	19.69	16.64	39.92	73.38	0.48	0.34	0.24	0.31	0.59

\*Based on 2010 Peer Mortgage Data: US.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage 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 29.5% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

<b>Borrower Distribution: SMALL LOANS TO BUSINESSES</b>		<b>Geography: NY-NJ-LI MULTISTATE</b>			<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
New York-Wayne-White Plains	26,018	77.79	65.94	61.73	87.97	7.02	5.01	3.48	6.43
<b>Limited Review:</b>									
Edison	226	0.68	65.69	42.92	86.73	7.08	6.19	0.60	0.49
Nassau-Suffolk	6,648	19.88	70.83	65.33	84.57	9.46	5.97	2.81	5.68
Newark-Union	554	1.66	67.58	52.71	83.94	7.58	8.48	0.44	0.59

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.91% of small loans to businesses originated and purchased by the Bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

<b>Borrower Distribution: SMALL LOANS TO FARMS</b>					<b>Geography: NY-NJ-LI MULTISTATE</b>			<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>	
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
New York-Wayne-White Plains	4	80.00	96.37	0.00	75.00	25.00	0.00	0.66	0.00
<b>Limited Review:</b>									
Edison	0	0.00	95.54	0.00	0.00	0.00	0.00	0.00	0.00
Nassau-Suffolk	0	0.00	96.73	0.00	0.00	0.00	0.00	0.00	0.00
Newark-Union	1	20.00	95.93	0.00	100.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2011).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: NY-NJ-LI MULTISTATE			Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011				
MA/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>									
New York-Wayne-White Plains	49	154,595	370	437,089	419	591,684	93.47	7	51,945
<b>Limited Review:</b>									
Edison	1	89	7	2,060	8	2,149	.34	0	0
Nassau-Suffolk	5	10,685	34	20,932	39	31,617	5.00	0	0
Newark-Union	2	1,454	45	4,902	47	6,356	1.00	0	0

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

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

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

<b>DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS</b>																	
<b>Geography: NY-NJ-LI MULTISTATE</b>																	
<b>Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011</b>																	
MA/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>																	
New York-Wayne-White Plains	43.59	156 *	72.90	3.21	19.87	25.00	50.00	1	11	0	-2	-1	-7	12.73	26.04	26.21	34.85
<b>Limited Review:</b>																	
Edison	2.53	4	1.87	0.00	0.00	100.00	0.00	0	0	0	0	0	0	2.24	16.08	60.95	20.29
Nassau-Suffolk	39.42	44	20.56	0.00	15.91	59.09	25.00	0	1	0	0	-1	0	0.76	16.02	64.36	18.86
Newark-Union	14.47	10	4.67	0.00	10.00	30.00	60.00	0	0	0	0	0	0	12.85	24.47	28.20	34.48

\* Three branches (2.05%) are located in geographies that do not have an income designation.

Table 1. Lending Volume

LENDING VOLUME		Geography: NEW YORK						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
MA/Assessment Area:	% 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>												
Buffalo-Niagara Falls	41.34	7,900	871,492	7,412	566,785	18	1,064	19	76,115	15,349	1,515,456	36.14
<b>Limited Review:</b>												
Albany	6.28	1,005	165,029	1,323	150,851	0	0	23	46,190	2,351	362,070	9.08
Binghamton	3.10	612	58,197	533	36,560	6	180	3	400	1,154	95,337	2.86
Elmira	1.06	203	18,603	185	9,643	6	150	0	0	394	28,396	1.73
Ithaca	0.63	131	21,779	103	3,876	0	0	0	0	234	25,655	0.97
Kingston	0.37	69	14,602	69	7,082	0	0	0	0	138	21,684	0.50
Non-MSA NY	11.34	2,093	210,087	2,081	142,833	33	1,308	32	17,419	4,239	371,647	12.20
Poughkeepsie	3.57	524	114,646	800	54,158	0	0	0	0	1,324	168,804	4.78
Rochester	22.41	4,599	495,701	3,702	323,445	11	405	22	14,884	8,334	834,435	20.70
Syracuse	6.80	1,052	112,396	1,457	159,081	12	1,356	17	21,215	2,538	294,048	8.23
Utica	3.09	494	49,631	651	36,740	0	0	6	1,850	1,151	88,21	2.82

\* Loan Data as of 12/31/2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is October 9, 2009 to September 30, 2012

\*\*\* Deposit Data as of June 20, 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: NEW YORK						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Buffalo-Niagara Falls	4,598	42.16	4.34	2.00	13.17	11.55	51.87	53.59	30.61	32.86	10.53	15.13	13.26	10.63	9.59
<b>Limited Review:</b>															
Albany	601	5.51	2.90	5.82	10.88	16.14	54.67	53.41	31.55	24.63	1.44	1.69	2.37	1.48	1.08
Binghamton	337	3.09	0.97	2.37	9.07	15.73	61.79	56.08	28.17	25.82	4.37	12.50	6.76	3.88	4.01
Elmira	115	1.05	0.44	0.00	9.73	11.30	63.37	53.91	26.45	34.78	4.80	0.00	1.49	4.63	6.02
Ithaca	68	0.62	0.00	0.00	6.41	8.82	82.16	79.41	11.43	11.76	2.08	0.00	0.00	2.44	1.53
Kingston	30	0.28	0.00	0.00	8.34	3.33	76.90	83.33	14.76	13.33	0.80	0.00	0.65	0.78	1.00
Non-MSA NY	1,129	10.35	0.12	0.53	5.62	7.97	82.93	81.49	11.32	10.01	4.79	40.00	6.81	4.86	3.18
Poughkeepsie	298	2.73	2.07	2.35	8.38	6.71	66.59	66.44	22.96	24.50	1.78	1.42	1.30	1.80	1.96
Rochester	2,767	25.37	3.78	3.04	12.44	19.62	49.42	51.17	34.36	26.17	7.75	13.60	12.69	7.66	5.97
Syracuse	640	5.87	2.62	4.69	11.60	12.81	52.49	49.53	33.28	32.97	2.59	7.32	3.36	2.43	2.39
Utica	322	2.95	3.44	7.76	10.51	13.04	56.56	45.96	29.49	33.23	4.61	18.18	6.70	3.89	4.68

\* Based on 2010 Peer Mortgage Data: US.

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: NEW YORK						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Buffalo-Niagara Falls	90	33.71	4.34	4.44	13.17	8.89	51.87	61.11	30.61	25.56	1.01	0.00	0.50	0.75	1.98
<b>Limited Review:</b>															
Albany	21	7.87	2.90	9.52	10.88	14.29	54.67	57.14	31.55	19.05	0.21	0.00	0.67	0.13	0.22
Binghamton	3	1.12	0.97	0.00	9.07	33.33	61.79	66.67	28.17	0.00	0.00	0.00	0.00	0.00	0.00
Elmira	2	0.75	0.44	0.00	9.73	0.00	63.37	100.00	26.45	0.00	0.00	0.00	0.00	0.00	0.00
Ithaca	1	0.37	0.00	0.00	6.41	0.00	82.16	100.00	11.43	0.00	0.00	0.00	0.00	0.00	0.00
Kingston	3	1.12	0.00	0.00	8.34	0.00	76.90	100.00	14.76	0.00	0.00	0.00	0.00	0.00	0.00
Non-MSA NY	78	29.21	0.12	0.00	5.62	1.28	82.93	89.74	11.32	8.97	0.60	0.00	0.00	0.66	0.40
Poughkeepsie	13	4.87	2.07	0.00	8.38	0.00	66.59	69.23	22.96	30.77	0.35	0.00	0.00	0.00	1.61
Rochester	29	10.86	3.78	3.45	12.44	17.24	49.42	55.17	34.36	24.14	0.22	0.00	0.00	0.23	0.34
Syracuse	15	5.62	2.62	6.67	11.60	20.00	52.49	53.33	33.28	20.00	0.14	0.00	0.00	0.26	0.00
Utica	12	4.49	3.44	0.00	10.51	8.33	56.56	58.33	29.49	33.33	0.16	0.00	0.00	0.00	0.57

\* Based on 2010 Peer Mortgage Data: US.

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NEW YORK				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Buffalo-Niagara Falls	3,210	42.78	4.34	0.75	13.17	6.14	51.87	52.74	30.61	40.37	8.78	6.38	9.98	10.01	7.53	
<b>Limited Review:</b>																
Albany	382	5.09	2.90	1.83	10.88	7.07	54.67	56.28	31.55	34.82	0.74	1.06	1.00	0.82	0.58	
Binghamton	270	3.60	0.97	1.11	9.07	8.52	61.79	54.81	28.17	35.56	3.48	11.11	5.15	3.48	3.11	
Elmira	86	1.15	0.44	0.00	9.73	3.49	63.37	61.63	26.45	34.88	3.25	0.00	3.33	3.55	2.84	
Ithaca	62	0.83	0.00	0.00	6.41	9.68	82.16	72.58	11.43	17.74	1.57	0.00	0.00	1.72	1.43	
Kingston	36	0.48	0.00	0.00	8.34	5.56	76.90	75.00	14.76	19.44	0.35	0.00	2.00	0.20	0.49	
Non-MSA NY	886	11.81	0.12	0.00	5.62	5.30	82.93	85.21	11.32	9.48	3.14	0.00	6.20	3.28	1.61	
Poughkeepsie	213	2.84	2.07	2.35	8.38	6.10	66.59	67.61	22.96	23.94	0.81	2.35	0.70	1.02	0.31	
Rochester	1,801	24.00	3.78	1.83	12.44	8.38	49.42	52.42	34.36	37.37	5.24	5.65	6.95	5.71	4.59	
Syracuse	397	5.29	2.62	2.02	11.60	10.33	52.49	45.09	33.28	42.57	1.50	0.00	2.11	1.63	1.33	
Utica	160	2.13	3.44	0.63	10.51	3.13	56.56	59.38	29.49	36.88	1.82	0.00	0.00	1.91	2.02	

\*Based on 2010 Peer Mortgage Data: US.

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

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: NEW YORK				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total*	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Buffalo-Niagara Falls	2	28.57	18.07	0.00	14.71	0.00	43.80	100.00	23.42	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Albany	1	14.29	19.22	100.00	14.73	0.00	46.50	0.00	19.56	0.00	0.00	0.00	0.00	0.00	0.00	
Binghamton	2	28.57	17.36	0.00	37.04	0.00	30.23	50.00	15.37	50.00	0.00	0.00	0.00	0.00	0.00	
Elmira	0	0.00	24.68	0.00	31.06	0.00	36.68	0.00	7.58	0.00	0.00	0.00	0.00	0.00	0.00	
Ithaca	0	0.00	0.00	0.00	39.70	0.00	42.66	0.00	17.64	0.00	0.00	0.00	0.00	0.00	0.00	
Kingston	0	0.00	0.00	0.00	30.39	0.00	63.99	0.00	5.62	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MSA NY	0	0.00	2.73	0.00	15.77	0.00	74.29	0.00	7.20	0.00	0.00	0.00	0.00	0.00	0.00	
Poughkeepsie	0	0.00	15.63	0.00	20.85	0.00	59.37	0.00	4.16	0.00	0.00	0.00	0.00	0.00	0.00	
Rochester	2	28.57	16.47	50.00	20.27	0.00	41.02	50.00	22.24	0.00	0.00	0.00	0.00	0.00	0.00	
Syracuse	0	0.00	27.53	0.00	23.45	0.00	32.78	0.00	16.24	0.00	0.00	0.00	0.00	0.00	0.00	
Utica	0	0.00	26.85	0.00	27.54	0.00	30.15	0.00	15.45	0.00	0.00	0.00	0.00	0.00	0.00	

\*Based on 2010 Peer Mortgage Data: US.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: NEW YORK						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Buffalo-Niagara Falls	6,132	35.99	8.26	8.30	12.42	13.45	46.20	45.09	31.51	33.15	15.76	15.78	16.12	13.39	12.88
<b>Limited Review:</b>															
Albany	1,323	7.77	10.30	11.94	11.07	13.00	49.58	46.03	29.05	29.02	3.71	6.17	4.12	3.56	3.45
Binghamton	533	3.13	6.55	8.63	13.71	24.58	53.28	33.96	26.45	32.83	6.85	8.96	10.95	5.08	7.44
Elmira	185	1.09	9.82	10.81	14.06	17.30	50.07	43.24	26.02	28.65	7.87	15.94	8.33	6.88	6.98
Ithaca	103	0.60	0.00	0.00	22.51	14.56	65.06	76.70	12.42	8.74	2.28	0.00	0.77	2.87	3.81
Kingston	69	0.41	0.00	0.00	10.70	5.80	74.98	78.26	14.32	15.94	0.93	0.00	1.49	1.05	0.39
Non-MSA NY	2,081	12.22	0.98	1.68	7.89	9.27	80.55	80.06	10.50	8.99	6.12	10.28	7.24	6.60	3.97
Poughkeepsie	800	4.70	7.60	6.50	10.86	10.63	61.92	60.38	19.61	22.50	2.73	2.09	3.75	2.86	2.62
Rochester	3,702	21.73	8.31	7.56	13.97	16.83	45.50	47.03	32.12	28.58	8.72	12.05	11.70	9.08	6.97
Syracuse	1,457	8.55	12.37	17.78	11.98	12.08	47.38	47.98	28.26	22.17	6.19	9.38	6.86	6.57	4.59
Utica	651	3.82	10.53	15.51	13.10	12.75	50.87	27.04	25.49	44.70	6.85	13.12	6.74	4.40	9.25

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2011.

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: NEW YORK				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms** *	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
<b>Full Review:</b>																
Buffalo-Niagara Falls	18	20.93	1.96	0.00	4.82	0.00	59.80	55.56	32.91	44.44	5.45	0.00	0.00	3.49	14.29	
<b>Limited Review:</b>																
Albany	0	0.00	1.51	0.00	6.46	0.00	62.78	0.00	29.24	0.00	0.00	0.00	0.00	0.00	0.00	
Binghamton	6	6.98	0.77	0.00	4.02	0.00	76.97	100.00	18.24	0.00	4.44	0.00	0.00	5.71	0.00	
Elmira	6	6.98	0.49	0.00	7.32	0.00	72.20	0.00	20.00	100.00	33.33	0.00	0.00	0.00	100.00	
Ithaca	0	0.00	0.00	0.00	7.37	0.00	85.25	0.00	7.37	0.00	0.00	0.00	0.00	0.00	0.00	
Kingston	0	0.00	0.00	0.00	5.45	0.00	73.39	0.00	21.16	0.00	0.00	0.00	0.00	0.00	0.00	
Non-MSA NY	33	38.37	0.04	0.00	2.59	0.00	87.60	100.00	9.77	0.00	0.90	0.00	0.00	1.01	0.00	
Poughkeepsie	0	0.00	0.82	0.00	7.34	0.00	65.42	0.00	26.43	0.00	0.00	0.00	0.00	0.00	0.00	
Rochester	11	12.79	1.50	0.00	7.40	0.00	64.70	54.55	26.40	45.45	1.35	0.00	0.00	1.05	4.17	
Syracuse	12	13.95	1.93	0.00	9.02	50.00	50.58	25.00	38.47	25.00	8.00	0.00	25.00	4.00	6.25	
Utica	0	0.00	1.57	0.00	4.55	0.00	72.41	0.00	21.47	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2011.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: NEW YORK						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Buffalo-Niagara Falls	4,598	42.16	20.37	14.14	18.07	34.84	22.08	26.20	39.48	24.82	11.06	13.47	12.57	10.43	9.32
<b>Limited Review:</b>															
Albany	601	5.51	18.97	13.95	18.43	30.06	23.13	27.31	39.47	28.68	1.51	2.96	1.63	1.19	1.27
Binghamton	337	3.09	18.72	14.34	19.02	31.82	23.21	31.82	39.04	22.03	4.53	6.15	5.35	4.59	3.06
Elmira	115	1.05	18.47	11.88	18.72	25.74	23.44	35.64	39.37	26.73	4.87	4.55	4.59	5.53	4.67
Ithaca	68	0.62	19.53	1.54	17.96	23.08	23.38	32.31	39.13	43.08	2.16	0.00	2.09	1.85	2.87
Kingston	30	0.28	19.23	3.70	18.20	14.81	23.74	33.33	38.83	48.15	0.84	0.00	0.00	1.03	1.30
Non-MSA NY	1,129	10.35	18.86	12.39	18.73	26.37	23.24	28.78	39.17	32.46	5.22	10.58	6.77	4.71	3.87
Poughkeepsie	298	2.73	19.14	6.32	18.04	26.02	24.40	35.32	38.41	32.34	1.81	1.52	2.14	1.75	1.69
Rochester	2,767	25.37	20.02	21.56	18.06	35.82	22.56	21.05	39.36	21.56	6.60	10.50	7.60	5.02	5.16
Syracuse	640	5.87	20.49	15.36	17.95	31.81	21.54	25.59	40.02	27.24	2.76	3.49	3.30	2.76	2.09
Utica	322	2.95	19.49	17.01	17.60	33.33	22.45	25.85	40.46	23.81	4.94	7.95	5.54	5.08	3.33

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 19.6% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: NEW YORK						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families ***	% BANK Loans ***	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Buffalo-Niagara Falls	90	33.71	20.37	15.29	18.07	27.06	22.08	29.41	39.48	28.24	0.89	0.52	0.45	1.54	1.05
<b>Limited Review:</b>															
Albany	21	7.87	18.97	0.00	18.43	35.29	23.13	29.41	39.47	35.29	0.22	0.00	0.00	0.28	0.36
Binghamton	3	1.12	18.72	0.00	19.02	66.67	23.21	0.00	39.04	33.33	0.00	0.00	0.00	0.00	0.00
Elmira	2	0.75	18.47	0.00	18.72	50.00	23.44	50.00	39.37	0.00	0.00	0.00	0.00	0.00	0.00
Ithaca	1	0.37	19.53	0.00	17.96	100.00	23.38	0.00	39.13	0.00	0.00	0.00	0.00	0.00	0.00
Kingston	3	1.12	19.23	0.00	18.20	66.67	23.74	33.33	38.83	0.00	0.00	0.00	0.00	0.00	0.00
Non-MSA NY	78	29.21	18.86	6.58	18.73	18.42	23.24	31.58	39.17	43.42	0.62	0.29	0.65	0.78	0.58
Poughkeepsie	13	4.87	19.14	0.00	18.04	25.00	24.40	37.50	38.41	37.50	0.18	0.00	0.00	0.00	0.45
Rochester	29	10.86	20.02	10.71	18.06	21.43	22.56	35.71	39.36	32.14	0.22	0.00	0.14	0.66	0.00
Syracuse	15	5.62	20.49	6.67	17.95	60.00	21.54	13.33	40.02	20.00	0.14	0.00	0.28	0.00	0.20
Utica	12	4.49	19.49	0.00	17.60	33.33	22.45	41.67	40.46	25.00	0.16	0.00	0.00	0.63	0.00

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 6.4% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE				Geography: NEW YORK				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families ***	% BANK Loans ***	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Buffalo-Niagara Falls	3,210	42.78	20.37	8.76	18.07	22.81	22.08	31.43	39.48	36.99	9.52	16.59	11.35	10.39	7.58
<b>Limited Review:</b>															
Albany	382	5.09	18.97	11.15	18.43	20.06	23.13	24.52	39.47	44.27	0.78	1.60	0.68	0.73	0.76
Binghamton	270	3.60	18.72	10.29	19.02	24.69	23.21	29.22	39.04	35.80	3.66	3.23	4.03	4.52	3.04
Elmira	86	1.15	18.47	8.97	18.72	16.67	23.44	28.21	39.37	46.15	3.15	6.52	5.63	3.43	2.00
Ithaca	62	0.83	19.53	4.92	17.96	26.23	23.38	32.79	39.13	36.07	1.63	2.27	2.78	2.68	0.64
Kingston	36	0.48	19.23	0.00	18.20	16.67	23.74	30.00	38.83	53.33	0.40	0.00	0.35	0.41	0.46
Non-MSA NY	886	11.81	18.86	6.17	18.73	17.78	23.24	27.09	39.17	48.97	3.41	7.05	4.05	3.71	2.86
Poughkeepsie	213	2.84	19.14	5.20	18.04	20.81	24.40	31.21	38.41	42.77	0.80	0.94	1.32	0.58	0.73
Rochester	1,801	24.00	20.02	9.24	18.06	27.71	22.56	30.07	39.36	32.97	4.69	3.97	5.82	5.80	3.71
Syracuse	397	5.29	20.49	7.87	17.95	22.74	21.54	29.45	40.02	39.94	1.56	1.54	2.13	1.58	1.34
Utica	160	2.13	19.49	5.41	17.60	21.62	22.45	21.62	40.46	51.35	1.89	0.83	1.36	1.52	2.33

\*Based on 2010 Peer Mortgage Data: US.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage 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 12.8% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES				Geography: NEW YORK		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Buffalo-Niagara Falls	7,412	40.47	64.68	51.28	85.89	7.29	6.83	15.76	23.39
<b>Limited Review:</b>									
Albany	1,323	7.22	66.71	55.71	75.74	11.79	12.47	3.71	6.16
Binghamton	533	2.91	67.01	63.23	88.56	5.07	6.38	6.85	10.87
Elmira	185	1.01	65.34	77.30	92.43	4.32	3.24	7.87	15.53
Ithaca	103	0.56	68.03	51.46	87.38	12.62	0.00	2.28	2.92
Kingston	69	0.38	70.04	52.17	86.96	7.25	5.80	0.93	1.08
Non-MSA NY	2,081	11.36	66.55	61.75	87.75	7.06	5.19	6.12	9.21
Poughkeepsie	800	4.37	68.85	67.75	87.63	7.12	5.25	2.73	5.07
Rochester	3,702	20.21	67.44	62.64	84.68	7.64	7.67	8.72	14.70
Syracuse	1,457	7.95	67.88	57.58	79.34	10.09	10.57	6.19	10.43
Utica	651	3.55	68.73	41.63	87.86	7.99	4.15	6.85	9.95

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 1.88% of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS				Geography: NEW YORK		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Buffalo-Niagara Falls	18	20.93	95.83	94.44	100.00	0.00	0.00	5.45	8.57
<b>Limited Review:</b>									
Albany	0	0.00	97.61	0.00	0.00	0.00	0.00	0.00	0.00
Binghamton	6	6.98	98.45	100.00	100.00	0.00	0.00	4.44	4.88
Elmira	6	6.98	97.07	100.00	100.00	0.00	0.00	33.33	50.00
Ithaca	0	0.00	96.46	0.00	0.00	0.00	0.00	0.00	0.00
Kingston	0	0.00	97.19	0.00	0.00	0.00	0.00	0.00	0.00
Non-MSA NY	33	38.37	97.11	100.00	96.97	3.03	0.00	0.90	1.19
Poughkeepsie	0	0.00	96.52	0.00	0.00	0.00	0.00	0.00	0.00
Rochester	11	12.79	96.05	72.73	100.00	0.00	0.00	1.35	1.43
Syracuse	12	13.95	95.84	100.00	75.00	0.00	25.00	8.00	12.12
Utica	0	0.00	98.12	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2011).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0% of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: NEW YORK				Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011			
MA/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>									
Buffalo-Niagara Falls	7	30,402	111	47,161	118	77,563	56.77	1	232
<b>Limited Review:</b>									
Albany	3	1,526	22	5,892	25	7,418	5.43	0	0
Binghamton	3	5,183	7	656	10	5,839	4.27	0	0
Elmira	0	0	1	5	1	5	.01	0	0
Ithaca	1	3,938	3	11	4	3,949	2.89	0	0
Kingston	0	0	2	8	2	8	.01	0	0
Non-MSA NY	11	12,631	22	2,441	33	15,072	11.03	0	0
Poughkeepsie	3	4,041	12	5,491	15	9,532	6.98	0	0
Rochester	6	8,230	46	4,592	52	12,822	9.38	0	0
Syracuse	1	1,554	17	1,693	18	3,247	2.38	0	0
Utica	0	0	9	810	9	810	.59	0	0
Statewide NY	0	0	34	359	34	359	.26	0	0

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

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

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

<b>DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS</b>																	
<b>Geography: NEW YORK</b>																	
<b>Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011</b>																	
MA/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>																	
Buffalo-Niagara Falls	36.14	60 *	33.33	15.00	11.67	45.00	25.00	0	2	-1	-1	0	0	8.78	16.45	47.62	26.35
<b>Limited Review:</b>																	
Albany	9.08	11	6.11	18.18	27.27	36.37	18.18	0	2	0	-1	0	-1	7.63	14.40	51.06	26.88
Binghamton	2.86	10	5.56	10.00	20.00	40.00	30.00	0	0	0	0	0	0	2.83	14.70	56.37	26.10
Elmira	1.73	3	1.67	33.33	33.33	33.34	0.00	0	0	0	0	0	0	2.98	15.65	57.50	21.84
Ithaca	0.97	3	1.67	0.00	33.33	33.33	33.34	0	0	0	0	0	0	0.00	13.96	67.88	18.15
Kingston	0.50	1	.56	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	11.46	75.10	13.44
Non-MSA NY	12.20	26	14.44	0.00	7.69	88.46	3.85	0	0	0	0	0	0	0.60	8.67	79.69	10.34
Poughkeepsie	4.78	8	4.44	0.00	12.50	75.00	12.50	0	3	0	-1	-2	0	7.18	11.97	62.07	18.75
Rochester	20.70	36	20.00	13.89	13.89	52.78	19.44	0	1	0	0	-1	0	9.26	15.08	46.13	28.85
Syracuse	8.23	17	9.44	17.65	29.41	35.29	17.65	0	1	-1	0	0	0	9.18	15.62	46.25	28.96
Utica	2.82	5	2.78	0.00	20.00	60.00	20.00	0	0	0	0	0	0	7.58	14.97	51.87	25.56

\* Two branches (3.33%) are located in geographies that do not have an income designation.

**Table 1. Lending Volume**

<b>LENDING VOLUME</b>												
<b>Geography: CALIFORNIA</b>												
<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>												
MA/Assessment Area:	% 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	61.13	4,893	2,580,865	2,608	149,432	0	0	7	20,000	7,508	2,750,297	50.78
<b>Limited Review:</b>												
Oakland	7.89	836	354,796	132	9,001	0	0	4	2,567	972	364,769	8.13
San Diego	3.98	436	186,901	52	4,015	0	0	2	917	490	191,833	6.04
San Francisco	9.43	903	705,710	254	17,353	0	0	4	5,033	1,161	728,096	16.94
San Jose	10.30	1,072	669,518	192	9,604	0	0	4	3,267	1,268	682,389	13.75
Santa Ana	7.27	746	422,920	146	8,234	0	0	2	1,417	894	432,571	4.36

\* Loan Data as of 12/31/2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is October 9, 2009 to September 30, 2012

\*\*\* Deposit Data as of June 20, 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: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Los Angeles	2,028	58.77	1.91	5.13	15.46	32.25	31.30	12.57	51.33	50.05	0.78	0.06	0.20	0.30	1.46	
<b>Limited Review:</b>																
Oakland	273	7.91	4.37	5.86	13.50	27.47	44.98	31.14	37.16	35.53	0.74	1.14	1.88	0.34	0.65	
San Diego	209	6.06	2.30	1.44	14.03	4.78	41.01	21.05	42.66	72.73	0.28	0.06	0.02	0.10	0.54	
San Francisco	294	8.52	1.52	2.04	15.01	26.53	46.49	27.89	36.98	43.54	1.10	0.57	1.52	0.70	1.46	
San Jose	299	8.66	1.17	0.00	14.81	8.03	48.40	37.12	35.63	54.85	0.70	0.00	0.18	0.56	1.40	
Santa Ana	348	10.08	1.25	0.00	19.56	7.76	33.56	16.38	45.63	75.86	0.67	0.00	0.15	0.24	1.27	

\* Based on 2010 Peer Mortgage Data: US.

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Los Angeles	68	55.28	1.91	1.47	15.46	10.29	31.30	25.00	51.33	63.24	0.31	0.00	0.00	0.19	0.43
<b>Limited Review:</b>															
Oakland	3	2.44	4.37	0.00	13.50	33.33	44.98	33.33	37.16	33.33	0.00	0.00	0.00	0.00	0.00
San Diego	14	11.38	2.30	0.00	14.03	7.14	41.01	42.86	42.66	50.00	0.00	0.00	0.00	0.00	0.00
San Francisco	8	6.50	1.52	0.00	15.01	25.00	46.49	50.00	36.98	25.00	0.15	0.00	0.00	0.00	0.41
San Jose	10	8.13	1.17	0.00	14.81	20.00	48.40	50.00	35.63	30.00	0.00	0.00	0.00	0.00	0.00
Santa Ana	20	16.26	1.25	0.00	19.56	10.00	33.56	20.00	45.63	70.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data: US.

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Los Angeles	2,793	52.69	1.91	2.97	15.46	33.08	31.30	13.25	51.33	50.70	0.36	0.34	0.17	0.17	0.45	
<b>Limited Review:</b>																
Oakland	560	10.56	4.37	2.86	13.50	21.07	44.98	22.32	37.16	53.75	0.36	1.43	1.53	0.13	0.34	
San Diego	213	4.02	2.30	0.47	14.03	5.16	41.01	23.47	42.66	70.89	0.05	0.00	0.03	0.02	0.07	
San Francisco	594	11.21	1.52	2.02	15.01	13.97	46.49	39.23	36.98	44.78	0.41	0.48	0.36	0.34	0.48	
San Jose	763	14.39	1.17	0.26	14.81	8.13	48.40	30.54	35.63	61.07	0.33	0.19	0.18	0.17	0.53	
Santa Ana	378	7.13	1.25	0.26	19.56	9.52	33.56	21.96	45.63	68.25	0.12	0.00	0.05	0.09	0.15	

\*Based on 2010 Peer Mortgage Data: US.

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

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

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total*	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Los Angeles	4	36.36	12.96	0.00	31.74	25.00	28.34	50.00	26.96	25.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Oakland	0	0.00	16.35	0.00	29.34	0.00	43.18	0.00	11.13	0.00	0.00	0.00	0.00	0.00	0.00	
San Diego	0	0.00	11.77	0.00	32.61	0.00	37.33	0.00	18.29	0.00	0.00	0.00	0.00	0.00	0.00	
San Francisco	7	63.64	20.81	0.00	25.25	28.57	30.49	42.86	23.45	28.57	0.32	0.00	0.00	0.51	0.75	
San Jose	0	0.00	6.98	0.00	25.75	0.00	53.88	0.00	13.39	0.00	0.00	0.00	0.00	0.00	0.00	
Santa Ana	0	0.00	6.27	0.00	41.07	0.00	33.61	0.00	19.05	0.00	0.00	0.00	0.00	0.00	0.00	

\*Based on 2010 Peer Mortgage Data: US.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Los Angeles	2,592	77.01	6.47	6.21	18.72	11.54	26.40	14.70	47.64	67.55	0.46	0.53	0.31	0.28	0.60
<b>Limited Review:</b>															
Oakland	132	3.92	12.15	21.97	17.11	3.03	38.61	39.39	31.95	35.61	0.17	0.35	0.04	0.14	0.20
San Diego	52	1.54	4.29	7.69	18.44	5.77	36.62	32.69	40.60	53.85	0.06	0.17	0.03	0.06	0.06
San Francisco	254	7.55	15.68	27.56	20.41	18.11	34.08	25.98	29.74	28.35	0.20	0.42	0.17	0.14	0.20
San Jose	192	5.70	2.69	0.00	19.82	13.54	44.20	39.58	33.29	46.88	0.20	0.00	0.11	0.21	0.26
Santa Ana	144	4.28	2.38	2.78	25.49	32.64	33.63	50.00	37.70	14.58	0.08	0.00	0.12	0.10	0.03

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2011.

**Table 8. Borrower Distribution of Home Purchase Loans**

<b>Borrower Distribution: HOME PURCHASE</b>		<b>Geography: CALIFORNIA</b>					<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>									
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Los Angeles	2,028	58.77	23.87	0.72	16.49	3.95	17.40	8.94	42.24	86.39	0.54	0.08	0.11	0.12	0.88	
<b>Limited Review:</b>																
Oakland	273	7.91	23.10	8.06	17.78	17.74	21.07	21.51	38.05	52.69	0.35	0.46	0.21	0.21	0.47	
San Diego	209	6.06	21.02	0.51	17.91	4.55	20.09	14.14	40.98	80.81	0.23	0.00	0.09	0.07	0.39	
San Francisco	294	8.52	22.20	2.15	17.98	5.02	20.36	14.34	39.47	78.49	0.83	0.89	0.43	0.64	0.98	
San Jose	299	8.66	20.21	2.82	17.95	7.75	21.63	14.79	40.21	74.65	0.52	0.31	0.18	0.30	0.78	
Santa Ana	348	10.08	20.69	0.30	17.97	7.51	20.68	14.41	40.65	77.78	0.50	0.00	0.22	0.29	0.79	

\* 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 26.9% of loans originated and purchased by bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families ***	% BANK Loans ***	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Los Angeles	68	55.28	23.87	2.94	16.49	11.76	17.40	14.71	42.24	70.59	0.20	0.00	0.00	0.00	0.31
<b>Limited Review:</b>															
Oakland	3	2.44	23.10	100.00	17.78	0.00	21.07	0.00	38.05	0.00	0.00	0.00	0.00	0.00	0.00
San Diego	14	11.38	21.02	0.00	17.91	40.00	20.09	20.00	40.98	40.00	0.00	0.00	0.00	0.00	0.00
San Francisco	8	6.50	22.20	0.00	17.98	20.00	20.36	40.00	39.47	40.00	0.08	0.00	0.00	0.00	0.16
San Jose	10	8.13	20.21	25.00	17.95	25.00	21.63	25.00	40.21	25.00	0.00	0.00	0.00	0.00	0.00
Santa Ana	20	16.26	20.69	14.29	17.97	28.57	20.68	28.57	40.65	28.57	0.00	0.00	0.00	0.00	0.00

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 54.5% of loans originated and purchased by Bank.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share <sup>*</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Los Angeles	2,793	52.69	23.87	0.78	16.49	4.37	17.40	10.50	42.24	84.34	0.29	0.12	0.14	0.15	0.34	
<b>Limited Review:</b>																
Oakland	560	10.56	23.10	3.49	17.78	10.47	21.07	16.46	38.05	69.58	0.24	0.26	0.16	0.13	0.28	
San Diego	213	4.02	21.02	1.00	17.91	8.00	20.09	7.00	40.98	84.00	0.04	0.00	0.04	0.02	0.05	
San Francisco	594	11.21	22.20	1.51	17.98	12.26	20.36	19.81	39.47	66.42	0.34	0.00	0.27	0.34	0.38	
San Jose	763	14.39	20.21	1.01	17.95	6.51	21.63	14.18	40.21	78.29	0.26	0.20	0.13	0.17	0.32	
Santa Ana	378	7.13	20.69	0.80	17.97	6.77	20.68	17.13	40.65	75.30	0.11	0.00	0.06	0.09	0.14	

\*Based on 2010 Peer Mortgage Data: US.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage 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 33.9% of loans originated and purchased by Bank.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: CALIFORNIA		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses ***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Los Angeles	2,608	77.07	67.79	26.69	92.98	2.61	4.41	0.46	0.24
<b>Limited Review:</b>									
Oakland	132	3.90	67.09	54.55	88.64	7.58	3.79	0.17	0.21
San Diego	52	1.54	66.93	30.77	90.38	0.00	9.62	0.06	0.04
San Francisco	254	7.51	65.94	66.54	91.34	5.51	3.15	0.20	0.27
San Jose	192	5.67	66.80	50.00	92.71	2.60	4.69	0.20	0.25
Santa Ana	146	4.31	68.30	39.73	95.21	2.05	2.74	0.08	0.06

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 6.89% of small loans to businesses originated and purchased by the Bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: CALIFORNIA				Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011			
MA/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	9	7,699	83	20,223	92	27,922	39.17	0	0
<b>Limited Review</b>									
Oakland	1	1,759	22	3,372	23	5,131	7.20	0	0
San Diego	0	0	19	3,926	19	3,926	5.51	0	0
San Francisco	3	3,956	27	5,259	30	9,215	12.93	0	0
San Jose	1	899	14	4,059	15	4,958	6.95	0	0
Santa Ana	0	0	13	3,302	13	3,302	4.63	0	0
Statewide CA	9	16,229	12	601	21	16,830	23.61	0	0

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

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

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

<b>DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS</b>																	
<b>Geography: CALIFORNIA</b>																	
<b>Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011</b>																	
MA/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	50.78	18	48.65	11.11	11.11	33.33	44.45	3	0	0	0	+1	+2	8.00	29.44	30.88	31.58
<b>Limited Review:</b>																	
Oakland	8.13	3	8.11	33.33	0.00	33.33	33.34	0	0	0	0	0	0	10.69	21.48	41.34	26.44
San Diego	6.04	3	8.11	0.00	66.67	33.33	0.00	3	0	0	+2	+1	0	7.78	24.46	37.46	30.01
San Francisco	16.94	6	16.22	33.33	16.67	50.00	0.00	1	0	+1	0	0	0	7.46	24.42	42.59	25.53
San Jose	13.75	5	13.51	0.00	0.00	40.00	60.00	2	0	0	0	+1	+1	4.03	22.79	47.69	25.49
Santa Ana	4.36	2	5.40	0.00	50.00	0.00	50.00	0	0	0	0	0	0	4.95	30.96	31.84	32.26

**Table 1. Lending Volume**

LENDING VOLUME		Geography: FLORIDA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
MA/Assessment Area:	% 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>												
Miami	61.36	1,640	518,120	1,141	80,939	0	0	17	66,966	2,798	666,025	75.11
<b>Limited Review:</b>												
Fort Lauderdale	22.73	541	129,153	489	33,026	0	0	1	991	1,031	163,170	15.91
West Palm Beach	15.91	449	130,729	272	23,809	0	0	3	150	724	154,688	8.97

\* Loan Data as of 12/31/2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is October 9, 2009 to September 30, 2012

\*\*\* Deposit Data as of June 20, 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: FLORIDA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Miami	1,224	65.56	1.69	12.75	19.82	19.77	36.99	20.92	41.51	46.57	3.00	8.81	3.32	2.04	3.06
<b>Limited Review:</b>															
Fort Lauderdale	360	19.28	1.16	0.83	23.67	16.94	45.93	32.50	29.24	49.72	0.75	0.37	1.12	0.40	1.02
West Palm Beach	283	15.16	1.53	1.06	24.63	20.14	36.35	34.98	37.50	43.82	0.81	0.47	1.19	0.63	0.83

\* Based on 2010 Peer Mortgage Data: US.

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: FLORIDA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Miami	7	43.75	1.69	0.00	19.82	28.57	36.99	57.14	41.51	14.29	0.22	0.00	1.67	0.00	0.00	
<b>Limited Review:</b>																
Fort Lauderdale	4	25.00	1.16	0.00	23.67	0.00	45.93	25.00	29.24	75.00	0.00	0.00	0.00	0.00	0.00	
West Palm Beach	5	31.25	1.53	0.00	24.63	20.00	36.35	40.00	37.50	40.00	0.22	0.00	0.00	0.00	0.43	

\* Based on 2010 Peer Mortgage Data: US.

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: FLORIDA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Miami	389	53.51	1.69	2.06	19.82	22.11	36.99	20.31	41.51	55.53	1.09	4.12	1.14	0.86	1.14	
<b>Limited Review:</b>																
Fort Lauderdale	177	24.35	1.16	0.56	23.67	14.12	45.93	32.77	29.24	52.54	0.37	1.04	1.14	0.22	0.34	
West Palm Beach	161	22.15	1.53	0.62	24.63	13.04	36.35	27.33	37.50	59.01	0.45	1.82	1.14	0.31	0.43	

\*Based on 2010 Peer Mortgage Data: US.

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

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

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: FLORIDA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Miami	1,134	59.90	3.98	7.32	19.56	19.14	32.37	34.22	43.51	39.33	0.85	1.36	1.25	0.91	0.64
<b>Limited Review:</b>															
Fort Lauderdale	489	25.83	4.01	9.41	19.65	24.34	41.33	43.15	35.01	23.11	0.59	1.57	0.88	0.64	0.31
West Palm Beach	270	14.26	2.78	5.56	19.29	15.56	34.19	34.44	43.62	44.44	0.41	0.56	0.56	0.44	0.32

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2011.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			Geography: FLORIDA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Miami	1,243	65.91	23.00	1.02	16.98	3.17	18.53	4.80	41.50	91.01	2.33	0.53	0.43	0.32	4.03
<b>Limited Review:</b>															
Fort Lauderdale	360	19.09	20.85	1.96	18.17	3.53	20.48	12.94	40.50	81.57	0.50	0.12	0.11	0.21	1.01
West Palm Beach	283	15.01	19.86	6.93	18.56	13.86	20.60	11.88	40.98	67.33	0.53	0.33	0.13	0.27	0.92

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 23.9% of loans originated and purchased by Bank.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: FLORIDA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid
<b>Full Review:</b>																
Miami	7	43.75	23.00	0.00	16.98	0.00	18.53	33.33	41.50	66.67	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Fort Lauderdale	4	25.00	20.85	0.00	18.17	0.00	20.48	0.00	40.50	100.00	0.00	0.00	0.00	0.00	0.00	
West Palm Beach	5	31.25	19.86	25.00	18.56	25.00	20.60	25.00	40.98	25.00	0.23	0.00	1.18	0.00	0.00	

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 43.8% of loans originated and purchased by Bank.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: FLORIDA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid
<b>Full Review:</b>																
Miami	390	53.57	23.00	0.00	16.98	1.76	18.53	5.29	41.50	92.95	0.64	0.00	0.00	0.34	0.80	
<b>Limited Review:</b>																
Fort Lauderdale	177	24.31	20.85	3.92	18.17	6.86	20.48	20.59	40.50	68.63	0.27	0.37	0.23	0.30	0.26	

\*Based on 2010 Peer Mortgage Data: US.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage 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 38.3% of loans originated and purchased by Bank.

West Palm Beach	161	22.12	19.86	2.50	18.56	11.67	20.60	16.67	40.98	69.17	0.37	0.37	0.45	0.26	0.38
-----------------	-----	-------	-------	------	-------	-------	-------	-------	-------	-------	------	------	------	------	------

**Table 11. Borrower Distribution of Small Loans to Businesses**

<b>Borrower Distribution: SMALL LOANS TO BUSINESSES</b>					<b>Geography: FLORIDA</b>			<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*				
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less			
<b>Full Review:</b>												
Miami	1,141	59.99	69.18	50.31	86.59	7.98	5.43	0.85	0.84			
<b>Limited Review:</b>												
Fort Lauderdale	489	25.71	70.49	41.10	88.55	5.52	5.93	0.59	0.34			
West Palm Beach	272	14.30	70.34	36.03	80.51	9.19	10.29	0.41	0.27			

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 18.19% of small loans to businesses originated and purchased by the Bank.

**Table 14. Qualified Investments**

<b>QUALIFIED INVESTMENTS</b>									
<b>Geography: FLORIDA</b>									
<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>									
MA/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>									
Miami	5	6,719	62	23,325	67	30,044	70.00	2	5,232
<b>Limited Review:</b>									
Fort Lauderdale	1	7,546	8	3,171	9	10,717	24.97	0	0
West Palm Beach	0	0	9	2,045	9	2,045	4.76	0	0
Statewide FL	1	109	1	5	2	114	.27	0	0

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

<b>DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS</b>																	
<b>Geography: FLORIDA</b>																	
<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>																	
MA/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>																	
Miami	75.11	9	50.00	11.11	0.00	22.22	66.67	0	1	0	0	0	-1	4.89	28.61	35.68	30.79
<b>Limited Review:</b>																	
Fort Lauderdale	15.91	4	22.22	25.00	0.00	75.00	0.00	0	0	0	0	0	0	3.57	26.43	43.13	26.88
West Palm Beach	8.97	5	27.78	0.00	0.00	60.00	40.00	0	1	0	0	0	-1	4.21	29.32	33.88	32.37

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

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

**Table 1. Lending Volume**

<b>LENDING VOLUME</b>		<b>Geography: DC MULTISTATE</b>						<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>				
MA/Assessment Area:	% 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>												
DC-VA MMA	74.25	2,145	739,248	361	22,903	0	0	2	30,945	2,508	793,096	88.18
<b>Limited Review:</b>												
Bethesda	25.75	665	255,453	204	11,362	0	0	0	0	869	266,815	11.82

\* Loan Data as of 12/31/2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is October 9, 2009 to September 30, 2012

\*\*\* Deposit Data as of June 20, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

<b>Geographic Distribution: HOME PURCHASE</b>		<b>Geography: DC MULTISTATE</b>						<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
DC-VA MMA	649	81.13	3.73	22.03	14.10	39.91	26.84	8.17	55.33	29.89	0.59	1.64	0.68	0.17	0.64
<b>Limited Review:</b>															
Bethesda	151	18.88	0.38	0.00	14.09	27.15	44.17	31.13	41.36	41.72	0.23	0.00	0.11	0.07	0.53

\* Based on 2010 Peer Mortgage Data: US.

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

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: DC MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
DC-VA MMA	8	53.33	3.73	0.00	14.10	0.00	26.84	12.50	55.33	87.50	0.04	0.00	0.00	0.00	0.08
<b>Limited Review:</b>															
Bethesda	7	46.67	0.38	0.00	14.09	14.29	44.17	71.43	41.36	14.29	0.19	0.00	0.00	0.00	0.40

\* Based on 2010 Peer Mortgage Data: US.

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

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: DC MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
DC-VA MMA	1,488	74.59	3.73	13.44	14.10	32.06	26.84	10.55	55.33	43.95	0.46	1.89	1.12	0.17	0.38
<b>Limited Review:</b>															
Bethesda	507	25.41	0.38	1.58	14.09	19.53	44.17	33.14	41.36	45.76	0.20	0.00	0.16	0.10	0.28

\*Based on 2010 Peer Mortgage Data: US.

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

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

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: DC MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
DC-VA MMA	336	62.22	7.22	3.27	13.50	6.85	24.29	19.35	51.93	70.54	0.41	0.29	0.41	0.35	0.38
<b>Limited Review:</b>															
Bethesda	204	37.78	0.40	1.47	20.50	7.35	40.79	16.67	38.30	74.51	0.51	7.14	0.22	0.19	0.93

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2011.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: DC MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families ***	% BANK Loans ***	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
DC-VA MMA	649	81.13	20.83	4.44	14.98	18.15	18.69	24.44	45.50	52.96	0.32	0.20	0.19	0.29	0.42
<b>Limited Review:</b>															
Bethesda	151	18.88	17.70	5.97	17.89	8.96	22.34	28.36	42.07	56.72	0.18	0.10	0.08	0.14	0.30

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 57.9% of loans originated and purchased by Bank.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: DC MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
DC-VA MMA	8	53.33	20.83	0.00	14.98	28.57	18.69	14.29	45.50	57.14	0.05	0.00	0.30	0.00	0.00
<b>Limited Review:</b>															
Bethesda	7	46.67	17.70	0.00	17.89	0.00	22.34	60.00	42.07	40.00	0.10	0.00	0.00	0.00	0.24

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 20% of loans originated and purchased by Bank.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: DC MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
DC-VA MMA	1,488	74.59	20.83	3.32	14.98	11.14	18.69	20.82	45.50	64.72	0.32	0.16	0.18	0.30	0.36
<b>Limited Review:</b>															
Bethesda	507	25.41	17.70	3.31	17.89	9.50	22.34	21.49	42.07	65.70	0.19	0.05	0.09	0.14	0.26

\*Based on 2010 Peer Mortgage Data: US.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage 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 50.1% of loans originated and purchased by Bank.

**Table 11. Borrower Distribution of Small Loans to Businesses**

<b>Borrower Distribution: SMALL LOANS TO BUSINESSES</b>					<b>Geography: DC MULTISTATE</b>			<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*		
	#	% of Total**	% of Businesses ***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less	
<b>Full Review:</b>										
DC-VA MMA	361	63.89	64.97	42.38	89.47	3.88	6.65	0.41	0.40	
<b>Limited Review:</b>										
Bethesda	204	36.11	67.13	22.55	90.20	5.88	3.92	0.51	0.26	

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 10.62% of small loans to businesses originated and purchased by the Bank.

**Table 14. Qualified Investments**

<b>QUALIFIED INVESTMENTS</b>					<b>Geography: DC MULTISTATE</b>			<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>		
MA/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>										
DC-MD-VA AA	4	1,699	60	16,041	64	17,740	77.14	1	232	
<b>Limited Review:</b>										
Bethesda	0	0	15	5,230	15	5,230	22.75	1	232	
Statewide MD	0	0	1	10	1	10	.04	0	0	
Statewide VA	0	0	2	15	2	15	.07	0	0	

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

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

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

<b>DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS</b>																	
<b>Geography: DC MULTISTATE</b>																	
<b>Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011</b>																	
MA/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>																	
DC-VA MMA	88.18	11 *	78.57	0.00	9.09	27.27	54.55	2	0	0	+1	+1	0	9.99	20.33	25.99	43.39
<b>Limited Review:</b>																	
Bethesda	11.82	3	21.43	0.00	33.33	33.33	33.34	1	0	0	0	0	+1	0.97	23.03	42.00	34.00

\* One branch (9.09%) is located in a NA geography

**Table 1. Lending Volume**

<b>LENDING VOLUME</b>		<b>Geography: PHILADELPHIA MULTISTATE</b>						<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>				
MA/Assessment Area:	% 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>												
Philadelphia	69.71	1,107	192,301	251	17,683	0	0	3	6,600	1,361	216,584	92.22
<b>Limited Review:</b>												
Wilmington MD	30.29	541	99,650	49	1,721	0	0	5	3,900	595	105,271	7.78

\* Loan Data as of 12/31/2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is October 9, 2009 to September 30, 2012

\*\*\* Deposit Data as of June 20, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

<b>Geographic Distribution: HOME PURCHASE</b>		<b>Geography: PHILADELPHIA MULTISTATE</b>						<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Philadelphia	491	82.66	23.30	19.35	43.70	68.43	28.82	11.00	4.18	1.22	0.24	0.28	0.31	0.15	0.16
<b>Limited Review:</b>															
Wilmington MD	103	17.34	1.53	4.85	14.54	40.78	51.24	30.10	32.69	24.27	0.36	0.00	0.31	0.28	0.55

\* Based on 2010 Peer Mortgage Data: US.

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

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: PHILADELPHIA MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Philadelphia	16	64.00	23.30	25.00	43.70	50.00	28.82	25.00	4.18	0.00	0.04	0.16	0.00	0.00	0.00
<b>Limited Review:</b>															
Wilmington MD	9	36.00	1.53	0.00	14.54	0.00	51.24	77.78	32.69	22.22	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data: US.

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

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: PHILADELPHIA MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Philadelphia	600	58.31	23.30	14.50	43.70	66.83	28.82	15.00	4.18	3.67	0.21	0.22	0.42	0.07	0.09
<b>Limited Review:</b>															
Wilmington MD	429	41.69	1.53	0.47	14.54	32.87	51.24	40.56	32.69	26.11	0.66	0.00	1.04	0.68	0.58

\*Based on 2010 Peer Mortgage Data: US.

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

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

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: PHILADELPHIA MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Philadelphia	247	83.45	22.18	42.11	38.36	28.74	25.25	7.69	12.10	21.46	0.70	1.45	0.52	0.18	1.22
<b>Limited Review:</b>															
Wilmington MD	49	16.55	11.34	20.41	13.74	14.29	46.27	34.69	28.56	30.61	0.29	0.89	0.31	0.27	0.20

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2011.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			Geography: PHILADELPHIA MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families ***	% BANK Loans ***	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Philadelphia	491	82.66	38.71	46.15	21.29	21.54	18.78	12.31	21.23	20.00	0.19	0.35	0.17	0.11	0.09
<b>Limited Review:</b>															
Wilmington MD	103	17.34	18.53	11.11	17.33	11.11	23.55	22.22	40.59	55.56	0.03	0.00	0.00	0.00	0.12

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 87.5% of loans originated and purchased by Bank.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: PHILADELPHIA MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Philadelphia	16	64.00	38.71	26.67	21.29	40.00	18.78	26.67	21.23	6.67	0.04	0.00	0.00	0.17	0.00
<b>Limited Review:</b>															
Wilmington MD	9	36.00	18.53	40.00	17.33	0.00	23.55	40.00	40.59	20.00	0.00	0.00	0.00	0.00	0.00

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 20% of loans originated and purchased by Bank.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: PHILADELPHIA MULTISTATE						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Philadelphia	600	58.31	38.71	15.19	21.29	31.65	18.78	21.52	21.23	31.65	0.10	0.00	0.10	0.07	0.15
<b>Limited Review:</b>															
Wilmington MD	429	41.69	18.53	18.75	17.33	28.13	23.55	21.88	40.59	31.25	0.03	0.00	0.00	0.09	0.02

\*Based on 2010 Peer Mortgage Data: US.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage 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 89.2% of loans originated and purchased by Bank.

**Table 11. Borrower Distribution of Small Loans to Businesses**

<b>Borrower Distribution: SMALL LOANS TO BUSINESSES</b>		<b>Geography: PHILADELPHIA MULTISTATE</b>			<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Philadelphia	251	83.67	62.30	52.59	89.64	5.58	4.78	0.70	0.58
<b>Limited Review:</b>									
Wilmington MD	49	16.33	66.23	55.10	93.88	2.04	4.08	0.29	0.28

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 12.67% of small loans to businesses originated and purchased by the Bank.

**Table 14. Qualified Investments**

<b>QUALIFIED INVESTMENTS</b>		<b>Geography: PHILADELPHIA MULTISTATE</b>			<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>				
MA/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>									
Philadelphia PA	10	4,625	25	2,739	35	7,364	10.11	1	232
<b>Limited Review:</b>									
Wilmington DE	0	0	40	6,037	40	6,037	8.29	0	0
Statewide DE	6	16,354	20	43,080	26	59,434	81.60	0	0

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

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

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

<b>DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS</b>																	
Geography: PHILADELPHIA MULTISTATE      Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011																	
MA/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>																	
Philadelphia	92.22	2	66.66	50.00	50.00	0.00	0.00	0	0	0	0	0	0	28.91	41.93	24.90	4.08
<b>Limited Review:</b>																	
Wilmington MD	7.78	1	33.34	100.00	0.00	0.00	0.00	0	0	0	0	0	0	4.17	17.63	50.63	27.58

**Table 1. Lending Volume**

LENDING VOLUME		Geography: CONNECTICUT						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
MA/Assessment Area:	% 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>												
Bridgeport MSA	100.00	961	509,398	456	21,165	0	0	4	7,200	1,421	537,763	100.00

\* Loan Data as of 12/31/2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is October 9, 2009 to September 30, 2012

\*\*\* Deposit Data as of June 20, 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: CONNECTICUT						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bridgeport MSA	248	100.00	3.34	6.05	16.53	22.18	39.53	22.18	40.60	49.60	0.97	1.40	0.40	0.52	1.65

\* Based on 2010 Peer Mortgage Data: US.

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

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: CONNECTICUT						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bridgeport MSA	12	100.00	3.34	0.00	16.53	16.67	39.53	33.33	40.60	50.00	0.37	0.00	0.00	0.00	0.79

\* Based on 2010 Peer Mortgage Data: US.

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

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: CONNECTICUT						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bridgeport MSA	701	100.00	3.34	2.28	16.53	21.54	39.53	22.68	40.60	53.50	0.54	0.38	0.39	0.25	0.77

\*Based on 2010 Peer Mortgage Data: US.

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

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

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: CONNECTICUT						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bridgeport MSA	456	100.00	7.56	6.58	19.04	35.96	33.66	26.75	39.74	30.70	0.98	1.38	2.84	0.55	0.56

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2011.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			Geography: CONNECTICUT						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bridgeport MSA	248	100.00	21.61	2.73	17.25	17.49	19.58	15.30	41.56	64.48	0.75	0.46	0.59	0.37	1.09

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 26.2% of loans originated and purchased by Bank.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: CONNNECTICUT						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bridgeport MSA	12	100.00	21.61	11.11	17.25	11.11	19.58	11.11	41.56	66.67	0.26	0.00	0.00	0.00	0.50

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 25% of loans originated and purchased by Bank.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: CONNECTICUT						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Bridgeport MSA	701	100.00	21.61	2.53	17.25	10.14	19.58	16.18	41.56	71.15	0.46	0.16	0.17	0.37	0.59

\*Based on 2010 Peer Mortgage Data: US.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage 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 26.8% of loans originated and purchased by Bank.

**Table 11. Borrower Distribution of Small Loans to Businesses**

<b>Borrower Distribution: SMALL LOANS TO BUSINESSES</b>					<b>Geography: CONNECTICUT</b>		<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Bridgeport MSA	456	100.00	68.81	44.52	93.20	5.26	1.54	0.98	0.83

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 4.82% of small loans to businesses originated and purchased by the Bank.

**Table 14. Qualified Investments**

<b>QUALIFIED INVESTMENTS</b>					<b>Geography: CONNECTICUT</b>		<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>		
MA/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>									
Bridgeport	0	0	31	7,419	31	7,419	99.93	1	232
Statewide CT	0	0	1	5	1	5	.07	0	0

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

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

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

<b>DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS</b>																	
<b>Geography: CONNECTICUT</b>																	
<b>Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011</b>																	
MA/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>																	
Bridgeport MSA	100.00	10	100.00	0.00	10.00	50.00	40.00	0	1	0	0	0	-1	10.24	22.80	33.16	33.80

**Table 1. Lending Volume**

LENDING VOLUME		Geography: OREGON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
MA/Assessment Area:	% 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>												
Portland MSA	100.00	593	114,718	16	2,562	0	0	1	1,000	610	118,280	100.00

\* Loan Data as of 12/31/2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is October 9, 2009 to September 30, 2012

\*\*\* Deposit Data as of June 20, 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: OREGON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Portland MSA	177	100.00	0.98	3.39	28.80	76.84	47.65	15.82	22.57	3.95	0.01	0.00	0.00	0.02	0.00

\* Based on 2010 Peer Mortgage Data: US.

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

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: OREGON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Portland MSA	3	100.00	0.98	0.00	28.80	33.33	47.65	66.67	22.57	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2010 Peer Mortgage Data: US.

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

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: OREGON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Portland MSA	413	100.00	0.98	2.91	28.80	81.11	47.65	11.38	22.57	4.60	0.00	0.00	0.00	0.01	0.00

\*Based on 2010 Peer Mortgage Data: US.

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

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

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: OREGON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Portland MSA	16	100.00	8.34	12.50	32.41	25.00	35.77	25.00	23.48	37.50	0.06	0.13	0.03	0.03	0.13

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2011.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			Geography: OREGON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families ***	% BANK Loans ***	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Portland MSA	177	100.00	22.16	0.00	20.62	0.00	22.94	0.00	34.28	100.00	0.01	0.00	0.00	0.00	0.03

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 98.9% of loans originated and purchased by Bank.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: OREGON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Portland MSA	3	100.00	22.16	0.00	20.62	66.67	22.94	33.33	34.28	0.00	0.00	0.00	0.00	0.00	0.00

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 0% of loans originated and purchased by Bank.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: OREGON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Portland MSA	413	100.00	22.16	0.00	20.62	10.00	22.94	30.00	34.28	60.00	0.00	0.00	0.00	0.00	0.01

\*Based on 2010 Peer Mortgage Data: US.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage 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 97.6% of loans originated and purchased by Bank.

**Table 11. Borrower Distribution of Small Loans to Businesses**

<b>Borrower Distribution: SMALL LOANS TO BUSINESSES</b>					<b>Geography: OREGON</b>		<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Portland MSA	16	100.00	64.27	37.50	81.25	0.00	18.75	0.06	0.04

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 43.75% of small loans to businesses originated and purchased by the Bank.

**Table 14. Qualified Investments**

<b>QUALIFIED INVESTMENTS</b>					<b>Geography: OREGON</b>		<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>		
MA/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>									
Portland	3	1,098	9	848	12	1,946	100.00	0	0

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

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

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

<b>DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS</b>																	
<b>Geography: OREGON</b>																	
<b>Evaluation Period: OCTOBER 1, 2009 TO DECEMBER 31, 2011</b>																	
MA/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>																	
Portland MSA	100.00	1	100.00	0.00	0.00	0.00	100.00	0	0	0	0	0	0	2.23	36.30	44.22	17.25

**Table 1. Lending Volume**

LENDING VOLUME		Geography: WASHINGTON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
MA/Assessment Area:	% 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>												
Seattle MD - King County	100.00	2,058	605,320	173	14,349	0	0	5	3,750	2,236	623,419	100.00

\* Loan Data as of 12/31/2011. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is October 9, 2009 to September 30, 2012

\*\*\* Deposit Data as of June 20, 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: WASHINGTON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Seattle MD - King County	641	100.00	0.53	2.18	14.33	55.54	53.54	21.53	31.60	20.75	0.55	0.64	1.65	0.18	0.59

\* Based on 2010 Peer Mortgage Data: US.

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

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: WASHINGTON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Seattle MD - King County	5	100.00	0.53	0.00	14.33	0.00	53.54	40.00	31.60	60.00	0.06	0.00	0.00	0.00	0.19

\* Based on 2010 Peer Mortgage Data: US.

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

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: WASHINGTON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Seattle MD - King County	1,412	100.00	0.53	3.26	14.33	50.00	53.54	25.21	31.60	21.53	0.36	2.53	1.60	0.14	0.28

\*Based on 2010 Peer Mortgage Data: US.

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

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

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: <b>SMALL LOANS TO BUSINESSES</b>			Geography: WASHINGTON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Seattle MD - King County	173	100.00	2.33	3.47	20.46	12.14	46.15	34.10	31.06	50.29	0.23	0.38	0.13	0.19	0.31

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet 2011.

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: <b>HOME PURCHASE</b>			Geography: WASHINGTON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total**	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Seattle MD - King County	641	100.00	18.27	0.73	18.00	2.19	23.46	9.49	40.27	87.59	0.20	0.05	0.02	0.03	0.43

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 78.6% of loans originated and purchased by Bank.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: WASHINGTON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Seattle MD - King County	5	100.00	18.27	0.00	18.00	0.00	23.46	25.00	40.27	75.00	0.06	0.00	0.00	0.00	0.14

\*Based on 2010 Peer Mortgage Data: US.

\*\* 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 20% of loans originated and purchased by Bank.

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: WASHINGTON						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	% Families ***	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Seattle MD - King County	1,412	100.00	18.27	3.52	18.00	7.75	23.46	13.73	40.27	75.00	0.16	0.16	0.07	0.10	0.21

\*Based on 2010 Peer Mortgage Data: US.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage 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 79.9% of loans originated and purchased by Bank.

**Table 11. Borrower Distribution of Small Loans to Businesses**

<b>Borrower Distribution: SMALL LOANS TO BUSINESSES</b>				<b>Geography: WASHINGTON</b>		<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>			
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses ***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Seattle MD - King County	173	100.00	67.04	30.06	89.60	1.16	9.25	0.23	0.15

\* Based on 2010 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 4.05% of small loans to businesses originated and purchased by the Bank.

**Table 14. Qualified Investments**

<b>QUALIFIED INVESTMENTS</b>				<b>Geography: WASHINGTON</b>		<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>			
MA/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>									
Seattle MD-King County	5	2,401	13	3,390	18	5,791	100.00	0	0

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

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

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

<b>DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS</b>																	
<b>Geography: WASHINGTON</b>																	
<b>Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011</b>																	
MA/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>																	
Seattle MD - King County	100.00	4	100.00	0.00	25.00	25.00	50.00	1	1	0	0	1	-1	2.10	20.65	50.92	26.33

**Table 14. Qualified Investments**

<b>QUALIFIED INVESTMENTS</b>		<b>Geography: BROADER REGIONAL AREA</b>			<b>Evaluation Period: OCTOBER 1, 2009 TO SEPTEMBER 30, 2012</b>				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Broader Regional Area without Potential to Benefit an AA	0	0	3	1,446	3	1,446	100.00	0	0
Nationwide	0	0	68	9,676	68	9,676	100.00	0	0

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

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