



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

May 20, 2013

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

BofI Federal Bank  
Charter Number: 716456

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San Diego, CA 92122

Office of the Comptroller of the Currency

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

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## Overall CRA Rating

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

The following table indicates the performance level of BofI Federal Bank with respect to the Lending, Investment, and Service Tests:

Performance Levels	BofI Federal Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	
Low Satisfactory	X		X
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- BofI's lending activity in its assessment area (AA) is adequate.
- The portion of BofI's loans made inside its AA is reasonable considering the Bank's business focus as an internet bank.
- Geographic distribution of the Bank's home mortgage loans in the San Diego AA and peer areas outside the AA is adequate.
- Borrower distribution of the Bank's home mortgage loans in the San Diego AA is poor. In peer areas outside the AA, the borrower distribution is very poor.
- BofI provided a high level of community development (CD) loans, which contributes positively to the Lending Test rating.
- The Bank provided a good level of qualified investments in the San Diego AA.
- The Bank's branch and alternate delivery systems provide reasonable accessibility to low- and moderate-income (LMI) individuals. BofI also provided an adequate level of CD services.

## 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 metropolitan area (MA)/AA.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Metropolitan Statistical Area (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 MA. 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 MA, the institution will receive a rating for the multi-state MA.

**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 Report (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 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

Bofl Federal Bank (Bofl or Bank) is a non-traditional savings bank headquartered in La Jolla, California. Bofl is a wholly owned subsidiary of Bofl Holding Company. The Bank operates one branch and one ATM in La Jolla. The Bank has no affiliates outside of the holding company, which is located at the same address as the Bank.

Bofl focuses on serving customers' banking needs primarily through the internet. The Bank markets its products using the following brand names: Bofl Federal Bank – Business, Bank of Internet USA, Bofl Advisor, Apartment Bank, UFB Direct, Annuitants Federal Bank, ASA Banking Center, SAF Banking Center, WTA Banking Center, Huntin' is Good! Banking Center, Anglin' is Good! Banking Center, Golden Key Banking Center, NetBank, and Bank X.

Since the previous CRA examination, Bofl's total assets increased significantly from \$1.2 billion as of December 31, 2008, to almost \$2.9 billion as of December 31, 2012. The increase in the Bank's assets is primarily attributable to an increase in multi-family loans. As of December 31, 2012, the Bank reported Net Tier One Capital of \$245.8 million.

Bofl is primarily a residential mortgage lender, but does originate a small number of commercial loans. The ratio of net loans to total assets is 78 percent. Slightly over eight percent of the Bank's assets consist of investments; the remaining three percent represents other assets. Of the Bank's loans, 55 percent represents 1-4 family residential loans; 37 percent is multi-family loans; two percent is non-farm non-residential loans; five percent is commercial loans; and one percent is consumer loans.

There are no legal, financial or other factors that impede the Bank's ability to help meet the credit needs of its AA.

The last CRA examination was performed July 7, 2009. At that time, the Bank was evaluated as an Intermediate Small Bank and received a rating of "Satisfactory."

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This performance evaluation assesses the Bank's performance under the Lending, Investment, and Service Tests. In evaluating Bofl's lending performance, we reviewed the Bank's residential mortgage loans subject to filing under HMDA. We also reviewed the Bank's CD loans. The Bank did not originate any reportable small business or small farm loans during the review period. Our evaluation of the Bank's performance under the Investment Test included a review of investments, grants, and donations that meet the definition of CD investments. The Service Test evaluation is based on branch operations, alternate delivery systems, loan/deposit products and services, and CD services provided in Bofl's AA. The review period for HMDA loans is January 1, 2009, through December 31, 2011. The review period for CD loans, investments, and services is July 8, 2009, through May 20, 2013.

### Data Integrity

Prior to this CRA evaluation, we tested the accuracy of Bofl's publicly filed information on home mortgage loans. The data we reviewed was collected and reported by the Bank over the evaluation period. The testing indicated no substantive inaccuracies in the data. Therefore, we concluded that the home mortgage loan data could be relied upon for this examination. Additionally, CD loans, investments, and services made or rendered during the evaluation period were reviewed to determine their eligibility for consideration. We included in this examination all activities found to meet the definition of CD.

### Selection of Areas for Full-Scope Review

We performed a full-scope review of Bofl's only AA, the San Diego MSA. We also assessed the Bank's performance in peer areas (those areas having the highest number of loans and deposits) throughout the United States.

### Ratings

Bofl is a non-traditional bank that gathers deposits and offers loans throughout the United States. Consequently, the ratings are based on the Bank's CRA performance in the San Diego MSA, as well as performance in areas outside the AA where the Bank has originated or purchased a substantial portion of its loans and/or gathered a substantial portion of its deposits. We identified six states (Arizona, California, Colorado, Florida, Texas, and Washington) where Bofl has the highest number of loans and/or deposits.

The Lending Test rating was based solely on the Bank's lending performance for home mortgage loans, since Bofl did not originate any small business loans subject to reporting during the review period. We placed the most weight on home refinance loans because they represent 82 percent of the Bank's HMDA loans originated between 2009 and 2011. But we also placed significant weight on home purchase loans because community groups indicate this is a primary need in the AA. We placed the least weight on multi-family loans since they represent only six percent of the reportable HMDA loans originated or purchased in the AA during the review period. Finally, we placed slightly more weight on borrower distribution. We

did not consider home improvement lending in the Bank's AA or in peer areas since the Bank made only one home improvement loan in its AA and four in its peer areas during the review period. Distribution of home mortgage loans by product type in the peer areas is similar to that in the AA. Home purchase loans represent 15 percent; home refinance loans represent 67 percent; and multi-family loans represent 18 percent.

## **Community Contacts**

We contacted one community group and reviewed two community contacts that were recently performed in the AA. One CD organization focuses on expanding housing and real estate investments, increasing family income, and stimulating economic development. Another organization focuses on providing services primarily to LMI individuals. The third focuses on providing services to LMI youth. The organizations stated that there is a need for affordable home purchase loans to LMI individuals and support for CD services. One contact noted that various nonprofit organizations provide services in a myriad of languages to meet community development needs. However, the contact said that funding for many community-based organizations has been impacted by the current economic environment. This contact further stated that banks have been unable or unwilling to step up to provide support at sufficient levels to enable the organizations to provide services at historical levels.

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

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

During this examination cycle, the OCC's examiners did not identify evidence of discriminatory or other illegal credit practices with regard to those statutes over which the OCC continues to have primary supervisory and enforcement authority as this institution's prudential regulator.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The Bank's performance under the lending test is rated "Low Satisfactory."

### Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the Bank's performance in the San Diego MSA (San Diego AA) is adequate.

### Lending Activity

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the Bank's lending activity in the San Diego MSA.

The Bank's lending activity in its AA is adequate. During the evaluation period, the Bank originated 439 HMDA loans in the San Diego AA totaling \$195 million. In addition, the bank originated 37 CD loans, some of which are included as multi-family loans in the HMDA data noted above. HMDA loans represents almost six percent of the total loans the Bank originated throughout the United States during the review period. Of all HMDA loans reported in the AA during the review period, home purchase loans represented 12 percent; home refinance loans represented 82 percent; and multi-family loans represented six percent. As noted above, home improvement loans are not a significant product for BofI. The 2011 Peer Mortgage Data indicates the Bank has a negligible market share for home purchase and home refinance loans. However, the Bank competes with numerous large institutions who dominate the market for home mortgage loans. On the other hand, BofI ranks sixth and has an excellent market share of 4.53 percent for multi-family loans in the San Diego AA.

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

Overall, the geographic distribution of the Bank's home mortgage loans in the San Diego AA is adequate. The distribution of home purchase loans is very poor, the distribution of home refinance loans is adequate, and the distribution of multi-family loans is excellent.

### *Home Mortgage Loans*

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

### Conclusions for San Diego AA

The geographic distribution of home purchase loans in LMI geographies in the San Diego AA is very poor. The Bank did not originate any home purchase loans in low-income CTs and the portion of the Bank's loans in moderate-income CTs was significantly below both the aggregate and the demographic comparator, demonstrating very poor performance.

The geographic distribution for home refinance loans in LMI geographies in the San Diego AA is adequate. The portion of the Bank's loans made in low-income CTs is above the aggregate, which is excellent. The portion of these loans is below the demographic comparator, but it is adequate. The portion of home refinance loans in moderate-income CTs is well below the aggregate, and it is poor. It is significantly below the demographic comparator, which is very poor.

The geographic distribution of multi-family loans in LMI geographies in the San Diego AA is excellent. The percentage of the Bank's loans originated in low-income geographies is significantly above both the aggregate and the demographic comparator, which is excellent. The percentage of the Bank's loans in moderate-income CTs is near the aggregate and well above the demographic comparator, which is also excellent.

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

We reviewed Bofl's lending activity in the San Diego AA. We analyzed reports that listed CTs where the Bank did not make any reportable home mortgage loans in order to identify gaps in the geographic distribution of loans. While our initial evaluation did identify some geographies where the Bank did not make any reportable loans in the three-year evaluation period, in-depth analysis disclosed valid reasons for the absence of lending in those areas. After considering Bofl's size, competition in the AA, and demographic factors, we did not identify any conspicuous gaps in lending.

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

The Bank's inside/outside ratio is reasonable based on its business focus as an internet bank. HMDA data indicates that during the review period, Bofl originated 12 percent of the total number of home mortgage loans in the San Diego AA. In comparison, nine percent of the total number of the Bank's deposits was gathered from individuals and businesses that reside in the San Diego AA.

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

Overall, the distribution of the Bank's home mortgage loans to LMI borrowers in the San Diego AA is poor. The distribution of home purchase loans is very poor; and the distribution of home refinance loans is poor.

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

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the Bank's home mortgage loan originations and purchases.

The distribution of home purchase loans to LMI borrowers in the San Diego AA is very poor. The portion of home purchase loans is significantly below both the aggregate and the demographic comparators for loans to both low- and moderate-income borrowers.

The distribution of home refinance loans to LMI borrowers in the San Diego AA is poor. The portion of home refinance loans to both low- and moderate-income borrowers is below the

aggregate, but it is adequate. However, the percentage of these loans to both income groups is significantly below the demographic comparators and is very poor.

## **Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the Bank's level of CD lending. This table includes all CD loans, including multi-family 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.

Bofl provided a total of \$33.6 million in CD loans, which represents almost 14 percent of Net Tier 1 Capital. These loans primarily helped to provide multi-family housing for LMI individuals and contribute positively to the Bank's overall lending performance.

## **Product Innovation and Flexibility**

During the review period, the Bank did not offer any flexible or innovative loan products.

## **Conclusions for Peer Areas Outside the AA**

Overall, the geographic distribution of the Bank's loans in the peer areas outside the AA is adequate. In Arizona, California, Florida, and Texas, geographic distribution is adequate; in Colorado, it is poor; and in Washington, it is good.

Overall, the borrower distribution of the Bank's loans in peer areas outside the AA is very poor. The borrower distribution is poor in California and Texas. It is very poor in Arizona, Colorado, Florida, and Washington.

### Arizona

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

Overall, the geographic distribution of the Bank's home mortgage loans in LMI geographies in Arizona is adequate. Distribution of home purchase loans is very poor; distribution of home refinance loans is good; and distribution of multi-family loans is adequate.

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

The distribution of home purchase loans in LMI geographies in Arizona is very poor. The Bank did not originate home purchase loans in any low- or moderate-income CTs.

The distribution of home refinance loans in LMI geographies in Arizona is good. The portion of home refinance loans in low-income CTs is significantly above the aggregate and above the demographic comparator, which is excellent. The portion of home refinance loans in moderate-income CTs is below the aggregate, but it is adequate. However, the portion of these loans in moderate-income CTs is well below the demographic comparator, and it is poor.

The distribution of multi-family loans in LMI geographies in Arizona is adequate. The Bank did not originate any multi-family loans in low-income CTs, demonstrating very poor performance. However, the portion of multi-family loans in moderate-income CTs is significantly above both the aggregate and the demographic comparator, which is excellent.

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

Overall, the distribution of the Bank's home mortgage loans to LMI borrowers in Arizona is very poor. As noted below, the distribution of both home purchase and home refinance loans to LMI borrowers is very poor.

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

The distribution of home purchase loans to LMI borrowers in Arizona is very poor. BofI did not originate any home purchase loans to low-income borrowers and the portion of loans to moderate-income borrowers is significantly below both the aggregate and the demographic comparator.

The distribution of home refinance loans to LMI borrowers in Arizona is very poor. The portion of home refinance loans to low-income borrowers is significantly below both the aggregate and the demographic comparator, demonstrating very poor performance. The portion of these loans to moderate-income borrowers is well below the aggregate, and it is poor. It is significantly below the demographic comparator, which is very poor.

#### **California**

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

Overall, the geographic distribution of the Bank's home mortgage loans in California is adequate. The distribution of home purchase loans is very poor, but the distribution of home refinance loans is good, and the distribution of multi-family loans is excellent.

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

The distribution of home purchase loans in LMI geographies in California is very poor. The portion of home purchase loans in low-income CTs is well below the aggregate, which is poor. It is significantly below the demographic comparator, which is very poor. The portion of these loans in moderate-income CTs is significantly below both the aggregate and the demographic comparator, demonstrating very poor performance.

The distribution of home refinance loans in LMI geographies in California is good. The portion of home refinance loans in low-income CTs is significantly above both the aggregate and the demographic comparator, which is excellent. The portion of the Bank's loans in moderate-income CTs is below the aggregate, but it is adequate. It is significantly below the demographic comparator, which is very poor.

The distribution of multi-family loans in LMI geographies in California is excellent. The portion of the Bank's loans in both low- and moderate-income CTs is significantly above both the aggregate and the demographic comparators, which is excellent.

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

Overall, the distribution of the Bank's loans to LMI borrowers in California is poor. The distribution of home purchase loans is very poor and the distribution of home refinance loans is poor.

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

The distribution of home purchase loans to LMI borrowers in California is very poor. The Bank did not make any home purchase loans to low-income borrowers and the portion of loans to moderate-income borrowers is significantly below both the aggregate and the demographic comparator, which is very poor.

The distribution of home refinance loans to LMI borrowers in California is poor. The Bank's portion of loans to both low- and moderate-income borrowers is well below the aggregate and is poor. The portion of these loans to both low- and moderate-income borrowers is significantly below the demographic comparators, and is very poor.

### **Colorado**

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

Overall, the geographic distribution of the Bank's home mortgage loans in LMI geographies in Colorado is poor. The distribution of home purchase and multi-family loans is very poor; and the distribution of home refinance loans is adequate.

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

The Bank did not originate any home purchase or multi-family loans in LMI geographies in Colorado, demonstrating very poor performance.

The distribution of home refinance loans in LMI geographies in Colorado is adequate. The portion of home refinance loans originated in low-income CTs is significantly above both the aggregate and the demographic comparator, which is excellent. However, the portion of these loans in moderate-income CTs is significantly below both the aggregate and the demographic comparators, which is very poor.

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

Overall, the distribution of the Bank's home mortgage loans to LMI borrowers in Colorado is very poor. As noted below, the distribution of both home purchase and home refinance loans to LMI borrowers is very poor.

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

The distribution of home purchase loans to LMI borrowers in Colorado is very poor. The Bank did not originate any home purchase loans to low-income borrowers. The portion of the Bank's home purchase loans to moderate-income borrowers is significantly below the aggregate and

is very poor. The portion of these loans is below the demographic comparator, but it is adequate.

The distribution of home refinance loans to LMI borrowers in Colorado is very poor. The portion of the Bank's loans to low-income borrowers is significantly below both the aggregate and the demographic comparator. The Bank did not originate any home refinance loans to moderate-income borrowers.

## Florida

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

Overall, the distribution of the Bank's home mortgage loans in LMI geographies in Florida is adequate. Distribution of home purchase and home refinance loans is adequate and distribution of multi-family loans is good.

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

The distribution of home purchase loans in LMI geographies in Florida is adequate. The Bank did not originate any home purchase loans in low-income CTs in Florida, demonstrating very poor performance. However, the portion of home purchase loans in moderate-income geographies is above the aggregate, which is excellent. The portion of these loans is below the demographic comparator, but it is adequate.

The distribution of home refinance loans in LMI geographies in Florida is adequate. The Bank demonstrated very poor performance in low-income CTs as it did not originate any home refinance loans in these geographies. The portion of the Bank's loans in moderate-income CTs is above the aggregate, which is excellent. The portion of these loans is well below the demographic comparator, and it is poor.

The distribution of multi-family loans in LMI geographies in Florida is good. The portion of the Bank's multi-family loans in low-income CTs is significantly above both the aggregate and the demographic comparator, which is excellent. However, the portion of these loans in moderate-income CTs is well below the aggregate, and it is poor. The portion is below the demographic comparator, but it is adequate.

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

Overall, the distribution of the Bank's home mortgage loans to LMI borrowers in Florida is very poor. As noted below, both the distribution of home purchase and home refinance loans is very poor.

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

The Bank did not originate any home purchase loans to either low- or moderate-income borrowers in Florida, demonstrating very poor performance.

The distribution of home refinance loans to LMI borrowers in Florida is very poor. The Bank did not originate any home refinance loans to low-income borrowers in Florida. The portion of

the Bank's loans to moderate-income borrowers is adequate compared to the aggregate, but it is significantly below the demographic comparator, which is very poor.

## Texas

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

Overall, the geographic distribution of the Bank's home mortgage loans in LMI geographies in Texas is adequate. Distribution of home purchase loans is very poor, distribution of home refinance loans is adequate, and the distribution of multi-family loans is excellent.

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

The geographic distribution of home purchase loans in LMI geographies in Texas is very poor; the Bank did not originate any home purchase loans in either low- or moderate-income CTs in Texas.

The distribution of home refinance loans in LMI geographies in Texas is adequate. The distribution of home refinance loans in low-income CTs is very poor since the Bank did not originate any home refinance loans in these CTs. However, the portion of these loans in moderate-income CTs is significantly above the aggregate, which is excellent. It is below the demographic comparator, but it is adequate.

The distribution of multi-family loans in LMI geographies in Texas is excellent. The portion of the Bank's loans is significantly above both the aggregate and the demographic comparator in low-income CTs, and it is excellent. The distribution is also above the aggregate and near the demographic comparator in moderate-income CTs, which also demonstrates excellent performance in these CTs.

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

Overall, the distribution of the Bank's home mortgage loans to LMI borrowers in Texas is poor. The borrower distribution of home purchase loans is very poor and the distribution of home refinance loans is poor.

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

The Bank did not originate any home purchase loans to either low- or moderate-income borrowers in Texas, demonstrating very poor performance in originating these loans to the LMI segments of the population.

The distribution of home refinance loans to LMI borrowers in Texas is poor. BofI did not originate any home refinance loans to low-income borrowers. The portion of the Bank's loans to moderate-income borrowers compared to the aggregate is good. Compared to the demographics, it is poor.

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

Overall, the distribution of the Bank's home mortgage loans in LMI geographies in Washington is good. Geographic distribution of home purchase loans is poor, but geographic distribution of home refinance loans is excellent, and distribution of multi-family loans is adequate.

***Home Mortgage Loans***

The distribution of home purchase loans in LMI geographies in Washington is poor. The Bank did not originate any home purchase loans in low-income CTs, demonstrating very poor performance. The portion of the Bank's loans in moderate-income CTs is below both the aggregate and the demographic comparator, but it is adequate.

The distribution of home refinance loans in LMI geographies in Washington is excellent. The portion of home refinance loans in low-income geographies is near the aggregate, and it is good. It is above the demographic comparator, which is excellent. The portion of the Bank's loans in moderate-income geographies is above the aggregate, and it is excellent. It is below the demographic comparator, but it is adequate.

The distribution of multi-family loans in LMI geographies in Washington is adequate. The Bank did not originate any multi-family loans in low-income CTs, indicating very performance in these CTs. However, the portion of the Bank's loans in moderate-income CTs is significantly above both the aggregate and the demographic comparator, which is excellent.

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

Overall, the distribution of the Bank's home mortgage loans to LMI borrowers in Washington is very poor. As noted below, the distribution is very poor for both home purchase and home refinance loans.

***Home Mortgage Loans***

The distribution of the Bank's home purchase loans to LMI borrowers in Washington is very poor. Bofl did not originate any home purchase loans to low-income borrowers and the distribution of these loans to moderate-income borrowers is very poor compared to the aggregate and poor compared to the demographic comparator.

The distribution of the Bank's home refinance loans to LMI borrowers in Washington is very poor. The portion of the Bank's loans to both low- and moderate-income borrowers is significantly below both the aggregate and the demographic comparators and is very poor.

## INVESTMENT TEST

Bofl's performance under the investment test is rated "High Satisfactory."

### Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the Bank's performance in the San Diego MSA is good. Bofl provided a good level of qualified investments in the San Diego AA. The investments total \$35.9 million. They are non-complex, but responsive to identified needs for affordable housing and community services for LMI. Current period investments in the San Diego AA represent 15 percent of Net Tier 1 Capital and primarily consist of the following:

- \$28 million invested in five mortgage-backed housing pools with the underlying loans originated to LMI borrowers. The five pools account for 11 percent of Net Tier 1 Capital. However, the Bank purchased these securities in May 2013, just prior to the start of this evaluation. Although we considered these investments, we placed less weight on them in reaching our conclusion due to the limited time the Bank has held these investments.
- \$8 million invested in a California Community Reinvestment Corporation bond that benefits LMI areas in the San Diego AA. Proceeds were used to construct multi-family housing that predominantly serves low- and moderate-income families. The bond, purchased in June 2011, accounts for three percent of Net Tier 1 Capital.
- \$27 thousand in donations to various organizations that primarily provide target services to LMI individuals throughout the AA. The largest donation of just over \$11 thousand was made to an organization that provides services that primarily benefit elderly LMI individuals and families.

The bank does not have any prior period investments.

### Conclusions for Peer Areas Outside the AA

Bofl also provided an adequate level of qualified investments in peer areas outside the Bank's San Diego AA. These investments totaled \$2 million and provided support to minority- and women-owned financial institutions or provided revitalization programs for disaster areas.

## **SERVICE TEST**

The Bank's performance under the service test is rated "Low Satisfactory."

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

Based on a full-scope review, Bofl's performance in the San Diego AA is adequate.

#### **Retail Banking Services**

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

Bofl's branch location provides reasonable accessibility to geographies and individuals of different income levels. The Bank's main office is located in an upper-income CT in La Jolla, CA. During the review period, the Bank relocated the branch from one upper-income CT to another upper-income CT. The branch is not easily accessible to individuals living in LMI CTs in the Bank's San Diego AA, but it is accessible to LMI individuals who work in the numerous businesses located in the area. Although the Bank is widely known as an internet/direct bank, without a branch location, the Bank's main office location serves as a traditional bank branch location. Customers are able to make deposits, withdraw funds and make loan payments. The Bank also has a full-service 24-hour ATM, but this ATM has not functioned since Bofl relocated the branch in October 2012. Branch hours are somewhat limited (9:00 AM - 5:00 PM, Monday through Friday).

#### **Alternate Delivery Systems:**

Bofl provides the majority of its banking services electronically via the internet and mobile banking applications. The Bank primarily uses these alternate delivery systems to reach individuals and areas where Bofl does not have a physical presence. Internet and mobile banking services are accessible to anyone who has access to a computer or a mobile phone device. However, the Bank does not have specific information available that indicates the extent to which LMI individuals use Bofl's alternate delivery channels, nor is there information available regarding whether the cost of internet services might be prohibitive for LMI individuals.

The Bank's website allows customers to open a variety of deposit accounts, apply for lending products, transfer funds, conduct bill payment transactions and deposit checks via "MyDeposit." Mobile banking applications allow customers to deposit checks using "Mobile Deposit" and conduct person-to-person transfers via "Popmoney." Customers are able to use any ATM and point-of-sale (POS) location. The majority of ATM fees are reimbursed, depending upon the type of Bank account/product. Additionally, the Bank provides 24-hour automated telephone banking and postage-paid envelopes for "bank by mail" services.

Bofl offers two products with features that may benefit LMI and under-banked individuals. The Bank provides payroll debit cards for various employers in a variety of industries/companies. Employees who do not have bank accounts are able to access their wages with the payroll debit cards and avoid paying check-cashing fees. This also provides access to ATM/POS transactions and offers protection against a lost/stolen debit card. While it

is probable that a majority of the employees who work in these industries may be LMI individuals, family or household income data is not available to confirm this. Additionally, the Bank offers a “second chance” bank account with Netbank for customers who are unable to open an account at other institutions. Although this account provides increased access to financial services, there are more fees on this account than the other accounts offered by the Bank, which makes it less favorable. In addition, data is not available to determine whether a majority of the individuals who have previously had bank accounts and need a second chance are LMI individuals.

### **Community Development Services**

Bofl provided an adequate level of CD services that are responsive to the community development needs in the AA.

During the review period, three of the Bank’s 300 employees provided 421 hours of qualified CD service hours to five CD organizations in the Bank’s AA. This is an improvement from the previous evaluation period, when the Bank did not identify any qualifying CD involvement. During this review period, Bank employees were involved in the following activities:

- The CRA Officer provided 20 hours and served on the advisory committee of an organization whose primary mission is to provide community development through applying revitalization strategies. These strategies include affordable housing development, rehabilitation, micro-enterprise and commercial corridor development. The organization’s secondary mission is to provide economic development strategies to assist in job creation.
- The CRA Officer provided 14 hours to an organization that is dedicated to the revitalization and stabilization of distressed neighborhoods. The CRA Officer served on the board and provided technical assistance on financial matters
- The CRA Officer provided four service hours and served on the planning committee of an organization that promotes affordable housing for low-income families.
- A loan officer provided 288 service hours reviewing and auditing financial reports for an organization that provides health-related services and education to LMI individuals.
- A bank officer served on the board and provided 95 hours to an organization that provides community services to LMI elderly individuals.

## 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>	Lending Test (excludes CD Loans): (1/1/09 – 12/31/11 ) Investment and Service Tests and CD Loans: (7/8/09 – 5/20/13)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
BofI Federal Bank (BofI) La Jolla, CA	Home Mortgage Loans CD Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
San Diego, Carlsbad, San Marcos MSA #41740  Peer Areas <ul style="list-style-type: none"> <li>• Arizona,</li> <li>• California</li> <li>• Colorado</li> <li>• Florida</li> <li>• Texas</li> <li>• Washington</li> </ul>	Full-Scope Review  Expanded Review	

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

### San Diego-Carlsbad-San Marcos MSA

Demographic Information for Full Scope Area: San Diego Carlsbad San Marcos MSA 2000 Census AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	605	7.93	22.48	37.69	31.40	0.50
Population by Geography	2,813,833	7.78	24.46	37.46	30.01	0.30
Owner-Occupied Housing by Geography	551,489	2.30	14.03	41.01	42.66	0.00
Business by Geography	339,809	4.29	18.44	36.62	40.60	0.04
Farms by Geography	5,511	3.47	16.73	40.79	38.99	0.02
Family Distribution by Income Level	669,102	21.02	17.91	20.09	40.98	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	260,483	13.60	34.90	35.56	15.94	0.00
Median Family Income		53,544	Median Housing Value		229,602	
HUD Adjusted Median Family Income for 2011		74,900	Unemployment Rate (April 30, 2013)		7.6%	
Households Below Poverty Level		10%				

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

Source: 2000 US Census and 2011 HUD updated MFI

This San Diego-Carlsbad-San Marcos MSA represents Bofl's only AA. The Bank operates one branch and one ATM in this AA.

Based on the 2000 U.S. Census data, the San Diego-Carlsbad-San Marcos MSA consists of 605 CTs in one county – San Diego County. There are 48 low-income CTs representing 7.93 percent and 136 moderate-income CTs representing 24.46 percent of the total CTs in this AA. The San Diego-Carlsbad-San Marcos MSA is the 17<sup>th</sup> largest MSA in the U.S. with a population of almost 3.1 million based on 2010 U.S. Census data. It is the second largest MSA in California. The area has a large population of military personnel. A number of U.S. Naval Bases and Stations as well as the Naval Medical Center San Diego are located in the MSA. The U.S. Marine Corps and the U.S. Coast Guard also have a large presence.

The June 30, 2012 FDIC Summary of Deposits indicates there is significant banking competition in the AA. There are 60 chartered banks operating 637 branches in the San Diego-Carlsbad-San Marcos MSA. This includes Wells Fargo Bank, N.A.; Union Bank, N.A.; Bank of America, N.A.; JP Morgan Chase Bank, N.A.; and U.S. Bank, N.A., which have the largest deposit share in this market with 72.58 percent of deposits representing 46.9 billion. In comparison, Bofl ranks seventh and has a 2.67 percent market share representing \$1.6 billion in deposits.

The USC Casden Forecast indicates that while San Diego was not immune to the effects of the financial crisis, it weathered the financial crisis better than most of the southern California markets. During the review period, the unemployment rate peaked at 10.6 percent and has

continued to decline. According to the U.S. Department of Labor statistics, the unemployment rate for San Diego as of end of April 2013 was 7.6 percent. This is slightly above the national unemployment rate of 7.5 percent, but below the State of California unemployment rate of 8.6 percent.

The economy in the MSA is dominated by military/defense-related activities, tourism, and manufacturing. The presence of the University of California, San Diego with the affiliated UCSD Medical Center has made the area a center of research in biotechnology. The MSA's ten largest employers are the U.S. Department of Defense, the Federal Government, the State of California, the University of California San Diego, the North Island Naval Station /Naval Base Coronado, the County of San Diego, Sharp Healthcare, Scripps Health, San Diego Unified School District, and San Diego State University.

The table above represents data gathered in the 2000 U.S. Census and was used to analyze the Bank's lending. However, the more recent 2010 U.S. Census indicates that there were 1,086,865 occupied housing units in San Diego County; 54 percent were owner-occupied, and 46 percent were renter-occupied. According to the San Diego Regional Chamber of Commerce Economic Research, the median home price in January 2012 was \$349,000. The USC Casden Forecast states, "All in all, because of low interest rates and the crash in house prices, owner-occupied housing in California has reached its most affordable levels in decades; owning is often competitive with renting on an after-tax, cash flow basis."

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/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. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

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

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- 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 1a. Lending Volume**

LENDING VOLUME		Geography: SAN DIEGO, CALIFORNIA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
San Diego Carlsbad San Marcos MSA 2000 Census AA	100.00	439	195,212	0	0	0	0	37	33,569	476	228,781	100.00

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

\*\* The evaluation period for Community Development Loans is from January 01, 2009 to May 20, 2013.

\*\*\* Deposit Data as of June 30, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		Geography: SAN DIEGO, CALIFORNIA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
San Diego Carlsbad San Marcos MSA 2000 Census AA	52	100.00	2.30	0.00	14.03	3.85	41.01	15.38	42.66	80.77	3.63	13.08	40.20	43.09

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

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

Geographic Distribution: HOME IMPROVEMENT		Geography: SAN DIEGO, CALIFORNIA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
San Diego Carlsbad San Marcos MSA 2000 Census AA	1	100.00	2.30	0.00	14.03	0.00	41.01	0.00	42.66	100.00	1.68	9.24	35.37	53.71

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: SAN DIEGO, CALIFORNIA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
San Diego Carlsbad San Marcos MSA 2000 Census AA	359	100.00	2.30	1.67	14.03	3.90	41.01	21.17	42.66	73.26	1.56	8.01	32.25	58.18

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

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

Geographic Distribution: MULTIFAMILY		Geography: SAN DIEGO, CALIFORNIA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units**	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
San Diego Carlsbad San Marcos MSA 2000 Census AA	27	100.00	11.77	33.33	32.61	40.74	37.33	25.93	18.29	0.00	17.20	41.15	35.58	6.07

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: SAN DIEGO, CALIFORNIA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income			
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
San Diego Carlsbad San Marcos MSA 2000 Census AA	0	0.00	4.29	0.00	18.44	0.00	36.62	0.00	40.60	0.00	3.35	15.81	35.07	45.77

\* Based on 2011 Peer Small Business Data -- US and PR

\*\* 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 7a. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: SAN DIEGO, CALIFORNIA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income <sup>*</sup>			
	#	% of Total <sup>**</sup>	% of Farms <sup>*</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
San Diego Carlsbad San Marcos MSA 2000 Census AA	0	0.00	3.47	0.00	16.73	0.00	40.79	0.00	38.99	0.00	0.42	13.50	41.35	44.73

<sup>\*</sup> Based on 2011 Peer Small Business Data -- US and PR

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2011).

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

Borrower Distribution: HOME PURCHASE		Geography: SAN DIEGO, CALIFORNIA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>*</sup>			
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>1</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	Low	Mod	Mid	Upp
<b>Full Review:</b>														
San Diego Carlsbad San Marcos MSA 2000 Census AA	52	100.00	21.02	0.00	17.91	1.96	20.09	3.92	40.98	94.12	3.82	16.69	26.42	53.08

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 1.9% of loans originated and purchased by BANK.

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

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

Borrower Distribution: HOME IMPROVEMENT		Geography: SAN DIEGO,CALIFORNIA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families**	% BANK Loans****	% Families <sub>2</sub>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
San Diego Carlsbad San Marcos MSA 2000 Census AA	1	100.00	21.02	0.00	17.91	0.00	20.09	0.00	40.98	100.00	5.13	13.36	24.46	57.06

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: SAN DIEGO, CALIFORNIA						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>*</sup>			
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>3</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup> **	% BANK Loans <sup>****</sup>	% Families <sup>*</sup> **	% BANK Loans <sup>****</sup>	Low	Mod	Mid	Upp
<b>Full Review:</b>														
San Diego Carlsbad San Marcos MSA 2000 Census AA	359	100.00	21.02	1.98	17.91	7.06	20.09	18.08	40.98	72.88	4.37	10.12	19.46	66.06

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)

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

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 1.4% of loans originated and purchased by BANK.

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

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: SAN DIEGO, CALIFORNIA			Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data	
	#	% 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>									
San Diego Carlsbad San Marcos MSA 2000 Census AA	0	0.00	66.93	0.00	0.00	0.00	0.00	72,625	34,273

\* Based on 2011 Peer Small Business Data -- US and PR

\*\* 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 0.00% of small loans to businesses originated and purchased by the bank.

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

Borrower Distribution: SMALL LOANS TO FARMS		Geography: SAN DIEGO, CALIFORNIA			Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data	
	#	% 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>									
San Diego Carlsbad San Marcos MSA 2000 Census AA	0	0.00	94.81	0.00	0.00	0.00	0.00	242	128

\* Based on 2011 Peer Small Business Data -- US and PR

\*\* 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 0.00% of small loans to farms originated and purchased by the bank.

**Table 14a. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: SAN DIEGO, CALIFORNIA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
San Diego Carlsbad San Marcos MSA 2000 Census AA	0.00	0	23	35,867	23	35,867	100.00	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: SAN DIEGO, CALIFORNIA																	
Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011																	
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
San Diego Carlsbad San Marcos MSA 2000 Census AA	0.00	1	0.00	0.00	0.00	0.00	100.0	1	1	0	0	0	0	7.78	24.46	37.46	30.01

**Table 1b. Lending Volume**

LENDING VOLUME		Geography: EXPANDED PEER AREAS						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA <sup>*</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>**</sup>		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>***</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Arizona	7.28	150	58,613	0	0	0	0	0	0	150	58,613	8.24
California	70.98	1,463	862,028	0	0	0	0	0	0	1,463	862,028	46.21
Colorado	5.58	115	43,090	0	0	0	0	0	0	115	43,090	5.93
Florida	3.15	65	36,434	0	0	0	0	0	0	65	36,434	18.37
Texas	4.85	100	55,757	0	0	0	0	0	0	100	55,757	15.26
Washington	8.15	168	52,966	0	0	0	0	0	0	168	52,966	5.99

<sup>\*</sup> Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

<sup>\*\*</sup> The evaluation period for Community Development Loans is from January 01, 2012 to December 31, 2012.

<sup>\*\*\*</sup> Deposit Data as of June 25, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		Geography: EXPANDED PEER AREAS						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Arizona	29	9.32	1.68	0.00	22.26	0.00	43.40	17.24	32.67	82.76	0.61	15.17	45.11	39.11
California	243	78.14	1.64	0.82	16.74	1.65	41.58	17.28	40.05	80.25	2.00	16.43	42.00	39.57
Colorado	7	2.25	1.12	0.00	19.21	0.00	49.34	28.57	30.33	71.43	1.35	14.47	46.87	37.32
Florida	16	5.14	1.06	0.00	17.81	12.50	52.74	37.50	28.39	50.00	0.82	10.97	52.34	35.87
Texas	6	1.93	2.13	0.00	19.94	0.00	45.21	0.00	32.72	100.00	0.81	8.96	40.20	50.03
Washington	10	3.22	0.65	0.00	14.15	10.00	59.66	20.00	25.54	70.00	0.87	13.37	59.01	26.75

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

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

Geographic Distribution: HOME IMPROVEMENT														Geography: EXPANDED PEER AREAS				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011								
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*															
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp												
<b>Full Review:</b>																										
Arizona	0	0.00	1.68	0.00	22.26	0.00	43.40	0.00	32.67	0.00	2.29	13.10	39.96	44.65												
California	2	50.00	1.64	0.00	16.74	0.00	41.58	0.00	40.05	100.00	1.76	11.79	36.91	49.54												
Colorado	1	25.00	1.12	0.00	19.21	0.00	49.34	0.00	30.33	100.00	1.19	14.19	48.61	36.01												
Florida	0	0.00	1.06	0.00	17.81	0.00	52.74	0.00	28.39	0.00	0.99	14.94	52.27	31.80												
Texas	0	0.00	2.13	0.00	19.94	0.00	45.21	0.00	32.72	0.00	1.13	13.61	43.10	42.16												
Washington	1	25.00	0.65	0.00	14.15	0.00	59.66	0.00	25.54	100.00	0.64	10.47	57.92	30.97												

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: EXPANDED PEER AREAS				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				Aggregate HMDA Lending (%) by Tract Income			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		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>														
Arizona	113	8.25	1.68	1.77	22.26	6.19	43.40	26.55	32.67	65.49	0.40	8.76	36.89	53.95
California	906	66.13	1.64	2.43	16.74	7.73	41.58	28.59	40.05	61.26	0.84	9.19	34.68	55.29
Colorado	107	7.81	1.12	1.87	19.21	1.87	49.34	29.91	30.33	66.36	0.88	10.18	43.09	45.85
Florida	43	3.14	1.06	0.00	17.81	9.30	52.74	34.88	28.39	55.81	0.33	7.21	45.46	47.00
Texas	55	4.01	2.13	0.00	19.94	12.73	45.21	25.45	32.72	61.82	0.68	6.51	33.25	59.57
Washington	146	10.66	0.65	0.68	14.15	10.27	59.66	49.32	25.54	39.73	0.54	9.91	56.47	33.08

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

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

Geographic Distribution: MULTIFAMILY		Geography: EXPANDED PEER AREAS						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income <sup>*</sup>			
	#	% of Total <sup>**</sup>	% of MF Units <sup>***</sup>	% BANK Loans <sup>***</sup>	% MF Units <sup>**</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Arizona	8	2.13	6.25	0.00	38.50	62.50	38.51	25.00	16.74	12.50	4.73	42.57	35.14	17.57
California	312	82.98	11.24	18.91	32.20	48.08	34.86	19.55	21.70	13.46	11.92	36.79	32.01	19.28
Colorado	0	0.00	6.10	0.00	36.38	0.00	39.99	0.00	17.53	0.00	12.11	39.63	36.33	11.93
Florida	6	1.60	4.31	50.00	27.09	16.67	42.92	33.33	25.68	0.00	7.73	31.47	39.93	20.86
Texas	39	10.37	9.92	28.21	30.84	30.77	36.09	30.77	23.15	10.26	9.79	29.15	40.16	20.90
Washington	11	2.93	5.55	0.00	35.40	63.64	46.21	36.36	12.84	0.00	6.24	36.45	44.19	13.11

<sup>\*</sup> Based on 2011 Peer Mortgage Data (USPR)

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

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

<sup>\*\*\*\*</sup> Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

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

Borrower Distribution: HOME PURCHASE		Geography: EXPANDED PEER AREAS								Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>4</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Arizona	29	9.32	19.87	0.00	18.66	3.45	21.60	6.90	39.87	89.66	13.28	23.38	21.93	41.42
California	243	78.14	21.84	0.00	17.40	0.41	19.77	4.94	40.99	94.65	8.03	20.89	25.63	45.45
Colorado	7	2.25	18.27	0.00	18.83	14.29	23.67	14.29	39.23	71.43	13.20	25.02	24.39	37.39
Florida	16	5.14	19.64	0.00	18.64	0.00	21.67	0.00	40.05	100.00	8.08	21.63	22.91	47.39
Texas	6	1.93	21.38	0.00	17.79	0.00	20.38	16.67	40.45	83.33	6.11	19.25	24.02	50.62
Washington	10	3.22	18.78	0.00	18.77	10.00	23.81	0.00	38.65	90.00	10.26	26.39	27.38	35.98

\* Based on 2011 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 0.0% of loans originated and purchased by BANK.

<sup>4</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: HOME IMPROVEMENT		Geography: EXPANDED PEER AREAS						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families**	% BANK Loans****	% Families <sup>5</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Arizona	0	0.00	19.87	0.00	18.66	0.00	21.60	0.00	39.87	0.00	8.36	19.04	24.48	48.11
California	2	50.00	21.84	0.00	17.40	0.00	19.77	50.00	40.99	50.00	7.15	15.35	22.43	55.07
Colorado	1	25.00	18.27	0.00	18.83	0.00	23.67	0.00	39.23	100.00	11.04	20.45	26.04	42.47
Florida	0	0.00	19.64	0.00	18.64	0.00	21.67	0.00	40.05	0.00	13.09	22.72	23.53	40.65
Texas	0	0.00	21.38	0.00	17.79	0.00	20.38	0.00	40.45	0.00	7.99	13.76	20.46	57.78
Washington	1	25.00	18.78	0.00	18.77	0.00	23.81	0.00	38.65	100.00	7.77	18.47	27.65	46.11

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

<sup>5</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: EXPANDED PEER AREAS				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data								
	#	% of Total**	% Families***	% BANK Loans****	% Families <sup>6</sup>	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Low	Mod	Mid	Upp					
<b>Full Review:</b>																			
Arizona	113	8.25	19.87	1.89	18.66	7.55	21.60	11.32	39.87	79.25	7.56	14.66	20.54	57.24					
California	906	66.13	21.84	1.60	17.40	6.16	19.77	17.73	40.99	74.51	4.75	11.26	20.36	63.63					
Colorado	107	7.81	18.27	1.87	18.83	0.00	23.67	22.43	39.23	75.70	7.46	16.53	24.50	51.50					
Florida	43	3.14	19.64	0.00	18.64	8.33	21.67	0.00	40.05	91.67	5.54	12.90	19.84	61.71					
Texas	55	4.01	21.38	0.00	17.79	9.52	20.38	19.05	40.45	71.43	3.16	10.18	19.20	67.47					
Washington	146	10.66	18.78	2.08	18.77	6.94	23.81	25.00	38.65	65.97	6.22	16.00	26.47	51.31					

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 9.0% of loans originated and purchased by BANK.

<sup>6</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

**Table 14b. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: NATIONAL AREA			Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
National Area	0	0	9	2,001	9	2,001	100.00	0	0

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

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