



## **PUBLIC DISCLOSURE**

December 02, 2013

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

Provident Savings Bank, FSB  
**Charter Number 706051**

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Riverside, CA 92506-2421

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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 **Provident Savings Bank, FSB** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Provident Savings Bank, FSB Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- The geographic distribution of home mortgage loans in the AA is adequate and the geographic distribution of small loans to businesses is excellent;
- The distribution of home loans reflects excellent penetration among borrowers of different income levels. The distribution of loans to businesses reflects excellent penetration among businesses of different sizes.
- Community development lending has a positive impact on the Lending Test;
- The bank has an adequate level of community development investments given its size, resources, and opportunities within its AA; and,
- The branch distribution system is accessible to essentially all portions of the AA. The bank provides an adequate level of community development 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 MA/assessment area.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine

the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

Provident Savings Bank (PSB or the Bank) is a full-service federally chartered stock savings bank headquartered in Riverside, California. In June 1996, PSB converted from a mutual savings bank to a stock institution. As of September 30, 2013, the Bank had total assets of \$1.2 billion, total loans of \$944.8 million, total deposits of \$929.5 million, and Tier One Capital of \$150.5 million. PSB is a wholly owned subsidiary of Provident Financial Holdings, Inc. (PFH). PFH is a Delaware corporation organized in January 1996 and located in Riverside, California. The corporation has not engaged in any significant activity other than holding the stock of the Bank.

PSB is an intrastate bank that conducts its business operations primarily as Provident Bank and Provident Bank Mortgage, a division of the Bank. The Bank operates 15 branches in Riverside County and San Bernardino County (commonly known as the Inland Empire region of Southern California). Provident Bank Mortgage operates two wholesale loan production offices in Pleasanton and Rancho Cucamonga, California and 18 retail loan production offices in the City of Industry, Escondido, Fairfield, Glendora, Hermosa Beach, Pleasanton, Rancho Cucamonga (2), Riverside (4), Roseville, San Diego, San Rafael, Santa Barbara, Stockton, and Westlake Village, California.

The Bank's business consists of community banking activities and mortgage banking activities. PSB offers a full-range of loan and deposit products and services. Mortgage banking activities consist of the origination and sale of mortgage loans secured primarily by single-family residences. The Bank also originates multi-family and commercial real estate loans, and to a lesser extent, makes construction, commercial business, consumer and other loans. PSB provides a variety of alternative banking services including telephone banking, on-line banking, ATM services, bill payment, and direct deposit.

There are no known legal, financial, or other factors that impede the Bank's ability to help meet the credit needs of its assessment area. The Bank received a "Satisfactory" rating on its last CRA examination dated June 24, 2008.

# Scope of the Evaluation

## Evaluation Period/Products Evaluated

We reviewed home mortgage and small business loans from January 1, 2008, through December 31, 2011. The mortgage loans reviewed were home purchase, home improvement, and home refinance loans. We reviewed community development (CD) loans, investments, and services for the period January 1, 2008, which is the effective date of the last CRA evaluation, to November 30, 2013. Our analysis does not include multifamily home mortgage originations or consumer loans. The number of reported loans by these product types is insufficient for meaningful analysis. However, we did consider multifamily loans meeting the community development (CD) definition as part of the evaluation of CD lending. The Bank did not originate any reportable small farm loans during the review period.

## Data Integrity

Prior to this CRA evaluation, we performed two data integrity examinations to ensure the accuracy of the bank's publicly filed information on home mortgage loans and small loans to businesses. 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 loans and small loans to businesses 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. Finally, we reviewed the appropriateness of the bank's processes for collecting and reporting home mortgage and small business loan data. We found no substantive deficiencies in these processes.

## Selection of Areas for Full-Scope Review

We performed a full-scope review of the bank's AA, the Riverside-San Bernardino-Ontario MSA. Please refer to Appendix A for more information on the scope of the examination and the Market Profile in Appendix B for detailed demographics and other performance context information for the AA.

## Ratings

PSB's overall CRA rating is a blend of its performance under the Lending, Investment, and Service Tests. When evaluating the bank's mortgage lending performance under the Lending Test, we placed greater weight on home purchase and home refinance loans, with home improvement loans receiving less weight due to the volume of these loans.

## Other

We conducted one contact with a community organization within the AA to identify community needs. We also reviewed a community contact conducted by the OCC in connection with a CRA examination of another bank operating in the same AA. According to these contacts, some of the most pressing financial needs and opportunities for financial institutions in the AA include affordable housing, small business loans, and financial literacy with emphasis on credit counseling.

## **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.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

# Conclusions with Respect to Performance Tests

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Riverside-San Bernardino-Ontario MSA AA is good.

#### Lending Activity

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

The bank's overall lending activity in the AA is good. Our analysis considered the strong competition from several local lenders, large nationwide banks, and mortgage companies. In performing our analysis, greater weight was placed on the comparison of PSB's rankings to similarly situated institutions. Additionally, greater weight was placed on the bank's home mortgage lending. The bank's lending patterns are reflective of the credit needs of the community.

HMDA loans comprised almost 99 percent of all lending in the AA. Home purchase, refinance, and home improvement loans represented 70 percent, 28 percent, and 2 percent, respectively, of all home mortgages originated in the AA. Therefore, home purchase loans will be weighted more heavily in the assessment of home mortgages. The volume of multifamily loans made by the Bank was not significant. Therefore, an analysis of these loans is not meaningful. The Bank did not originate any reportable small farm loans during the review period.

As of June 30, 2013, PSB ranked tenth in the AA with 2.4 percent deposit market share. For home purchase lending there are 502 lenders in the AA reflecting strong competition. PSB ranked sixth in home purchase lending with 2.7 percent market share. Market competition for home refinance loans is strong. The 2011 peer mortgage data indicates that the top four lenders dominated the market with over 52.7 percent of the market share for home refinance loans. PSB ranks twelfth out of 504 lenders with a market share of 1.0 percent.

Small loans to businesses comprised approximately one percent of all lending in the AA. The 2011 Peer Small Business Data indicates PSB ranked forty-third out of 114 lenders with a 0.04 percent market share. PSB's performance is considered good given the strong competition from large local and nationwide lenders. The top four lenders have a combined market share of over 70 percent.

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

Overall, the geographic distribution of home mortgage loans in the AA is adequate and the geographic distribution of small loans to businesses is excellent.

Our analysis took into consideration the low percentage of owner-occupied housing units in low-income geographies. We also considered the strong competition from large, local and nationwide financial institutions operating in the AA.

## ***Home Mortgage Loans***

Overall, the geographic distribution of home mortgage loans is adequate. In evaluating the geographic distribution of home loans in the AA, it is important to note that low-income census tracts contain less than 1.5 percent of the owner-occupied housing units in the AA.

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.

## **Home Purchase**

PSB's geographic distribution of home purchase loans is adequate. The percentage of home purchase loans made in low-income geographies is lower than the percentage of owner-occupied housing units in low-income geographies. The percentage of home purchase loans made in low-income geographies is below the percentage of peer aggregate home purchase lending in low-income geographies.

The percentage of home purchase loans made in moderate income-geographies is somewhat lower than the percentage of owner-occupied housing units in moderate-income geographies. The percentage of home purchase loans made in moderate-income geographies is below the percentage of peer aggregate home purchase lending in moderate-income geographies.

## **Home Improvement Loans**

The bank's geographic distribution of home improvement loans is poor. The percentage of home improvement loans made in low-income geographies is significantly lower than the percentage of owner-occupied housing units in low-income geographies. The percentage of home improvement loans made in low-income geographies is significantly below the percentage of peer aggregate data in low-income geographies.

PSB's percentage of home improvement loans made in moderate-income geographies is significantly lower than the percentage of owner occupied housing units in moderate-income geographies. Also, the percentage of home improvement loans made in moderate-income geographies is significantly below the percentage of peer aggregate home improvement lending in moderate-income geographies.

## **Home Refinance Loans**

PSB's geographic distribution of home refinance loans is good. The percentage of home refinance loans made in low-income geographies is significantly lower than the percentage of owner occupied housing units in low-income geographies. However, the percentage of home refinance loans made in low-income geographies significantly exceeds the percentage of peer aggregate home refinance lending in low-income geographies.

The bank's percentage of home refinance loans made in moderate-income geographies is significantly lower than the percentage of owner occupied housing units in moderate-income geographies. The percentage of home refinance loans made in moderate-income geographies is below the percentage of peer aggregate home refinance lending in moderate-income geographies.

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

Overall, the geographic distribution of small loans to businesses is excellent.

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The percentage of small loans to businesses in low-income geographies significantly exceeds both the percentage of businesses located in low-income geographies and the percentage of aggregate peer lending in low-income geographies. In addition, the bank's opportunity to make small businesses loans in low-income geographies is limited given the percentage of small businesses located in low-income geographies is low at 2.6 percent and aggregate lending in low-income tracts is low at 1.9 percent.

PSB's percentage of small loans to businesses in moderate-income geographies significantly exceeds both the percentage of businesses located in moderate-income geographies and the peer aggregate lending in moderate-income geographies.

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

We reviewed PSB's lending activity in the Riverside AA. We analyzed summary reports that listed CTs where the Bank did not make any reportable home mortgage or small business loans over the evaluation period in order to identify gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps. PSB originated at least one home mortgage loan in 91.3 percent of all low- and moderate-income census tracts in the AA. PSB penetrated 95.1 percent of all census tracts in the AA during the review period. The bank's AA consists of whole geographies, meets the requirements of the CRA regulation, and does not arbitrarily exclude any low- or moderate-income areas.

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

The Bank's inside/outside ratio is reasonable based on its mortgage banking activities. For the evaluation period, the ratio, 34.8 percent, of loans made inside the Bank's AA was low. However, performance was considered adequate due to the statewide lending operations of the bank and the fact that PSB maintained a relatively high market share rank of HMDA loan originations in the AA in 2011.

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

The distribution of home loans reflects excellent penetration among borrowers of different income levels. The distribution of loans to businesses reflects excellent penetration among businesses of different sizes.

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

The distribution of home mortgage loans by income level of the borrower reflects excellent penetration.

Our analysis took into consideration the limited opportunities to lend to low-income families given the cost of housing compared to low median family income and the high level of households below the poverty level. We also considered the significant market competition from local lenders, large national banks, and mortgage companies.

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.

### **Home Purchase Loans**

Borrower distribution for home purchase loans reflects good penetration. The percentage of home purchase loans to low-income borrowers is significantly lower than the percentage of low-income families in this AA. The percentage of home purchase loans to low-income borrowers is below the percentage of peer aggregate lending to low-income borrowers in the AA.

The percentage of home purchase loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families. The percentage of home purchase loans to moderate-income borrowers exceeds the peer aggregate lending to moderate-income borrowers in the AA.

### **Home Improvement Loans**

Borrower distribution for home improvement loans is excellent. The percentage of home improvement loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA. However, the percentage of home improvement loans to low-income borrowers significantly exceeds the percentage of peer aggregate lending to low-income borrowers in the AA.

The percentage of home improvement loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. However, the percentage of home improvement loans to moderate-income borrowers significantly exceeds the percentage of peer aggregate lending to moderate-income borrowers in the AA.

### **Home Refinance Loans**

Borrower distribution for home refinance loans reflects excellent penetration. The percentage of home refinance loans to low-income borrowers is significantly lower than the percentage of low-income families located in the AA. However, the percentage of home refinance loans to low-income borrowers exceeds the percentage of peer aggregate lending to low-income borrowers in the AA.

The percentage of refinance loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA. In addition, the percentage of home refinance loans to moderate-income borrowers significantly exceeds the percentage of peer aggregate lending to moderate-income borrowers in the AA.

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

The overall distribution of small loans to businesses is excellent.

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The bank's lending to small businesses (businesses with revenues of \$1 million or less) is near to the percentage of small businesses in the AA. The distribution by size of the loans shows that a majority percentage of the loan originations are for \$100,000 or less. The bank's lending to businesses with

revenues less than \$1 million significantly exceeds the percentage of aggregate lending to small businesses in the AA.

## **Community Development Lending**

Provident Savings Bank's level of CD lending had a positive impact on the overall evaluation of its lending performance within the AA.

Refer to Table 1 Lending Volume in appendix C 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.

During the review period, PSB participated in the California Homebuyer's Downpayment Assistance Program (CHDAP) sponsored by the California Housing Finance Agency (CHFA). The purpose of this program is community development by providing opportunities for affordable housing for first-time, low- and moderate-income borrowers. Under this program, the CHFA takes a second-lien position behind a conventional, FHA, or CHFA loan. PSB provides funds to close the loan and is later reimbursed by the CHFA. During the review period, PSB granted 34 loans totaling \$210 thousand under this program within its AA. These loans were not HMDA reportable loans for PSB.

In addition, in our sample of HMDA loans, we identified two traditional CD loans totaling \$485 thousand. These loans provided 12 units of affordable housing for LMI families in the bank's AA.

## **Product Innovation and Flexibility**

PSB's product flexibility had a positive impact on its Lending Test conclusions. The bank participates in the CHFA's affordable loan programs. These programs are designed to assist low- and moderate-income and first-time homebuyers to become homeowners. During the review period, the Bank did not offer any innovative loan products.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the Riverside-San Bernardino-Ontario MSA AA is adequate.

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

Given its size and resources, and the economic environment in the AA during the evaluation period, the bank's level of community development investments was adequate. This considers the investment opportunities within the AA and the bank's capacity to address these needs. Opportunities for qualified investments are somewhat limited because of the competition from local, regional, and national banks, along with other entities doing business in the AA. During the evaluation period, PSB and affiliate, PSB Charitable Foundation, Inc. made 39 contributions to community development organizations totaling \$161 thousand. The Bank, along with the Foundation, provide grants to help fund programs that are

responsive to the identified needs in the market and help provide a variety of services to low- and moderate-income or at-risk children and families. These services include affordable housing, education, youth programs, and other qualifying social services such as food and shelter.

## **SERVICE TEST**

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

Provident Savings Bank's performance under the Service Test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Riverside-San Bernardino-Ontario MSA AA is good.

### **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.

PSB's branch distribution in the Riverside MSA is good. The bank's branch distribution in 2008 through 2011 was good. Branches were accessible to essentially all portions of the AA. The bank operated 14 branches and deposit taking ATMs in the AA. PSB had two branches located in a low-income geography and four branches located in moderate-income geographies. The remaining eight branches were located in middle-or upper-income geographies within the AA. The percentage of branches in the low-income geography exceeded the population percentage that resides in that geography. The percentage of branches in the moderate-income geographies was near to the population percentage that resides in those geographies. In 2012, branch distribution performance in low- and moderate-income geographies changed due to CT income designation changes in the 2010 census. One branch located in a low-income geography changed to a moderate-income geography, another branch in a low-income geography changed to a middle-income geography, and one branch located in a middle-income geography changed to a moderate-income geography. The 2012 performance did not have an impact on the overall branch distribution conclusion for the AA.

Branch openings and closings have not affected the accessibility of the bank's delivery systems to LMI geographies or individuals. There were two branch openings and no closings during the evaluation period. One branch was opened in a middle-income CT and one branch was opened in an upper-income CT.

Branch services and hours do not vary in a way that would inconvenience portions of the AA, particularly LMI individuals. Services offered and hours of operation are comparable among locations regardless of the income level of the geography. All branches, except Riverside Downtown, have Saturday hours. All branches have deposit taking and cash withdrawal ATMs.

Bank-wide, management complements its traditional service delivery methods with certain alternative delivery processes. In addition to the bank's ATM network, PSB is a member of AllPoint surcharge-free ATM network that guarantees no surcharge fee for members. PSB offers telephone banking, online banking, and bill payment. We could not place significant weight on these alternative delivery systems when drawing conclusions as the bank could not provide data on the impact of these services to low- or moderate-income individuals.

## Community Development Services

PSB provides an adequate level of community development services. Bank employees participated in a variety of organizations, some in leadership roles, that benefited LMI individuals and promoted economic development. Examples of PSB's community development services include:

- A bank senior officer serves as an advisory board member for a non-profit organization that provides for at-risk youth.
- A bank officer serves a non-profit organization that provides food and clothing assistance to those in need.
- A bank officer serves as a board member for a center that provides workforce education, job training, and skill development for LMI individuals.
- A bank officer serves as a board member and treasurer for a non-profit organization which works to revitalize neighborhoods by improving the quantity, quality, and condition of affordable housing opportunities for low income households.
- A bank officer serves as a committee member for a public agency that provides affordable housing opportunities to low and moderate income families.
- Employees provided approximately 8 hours of financial literacy education to low- and moderate-income individuals in the AA.

## 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): (1/1/08 to 12/31/11) Investment and Service Tests and CD Loans: (1/1/08 to 11/30/13)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Provident Savings Bank, FSB (PSB) Riverside, California	Home Mortgage Loans (includes home purchase, home improvement, and home refinance loans) reported on the HMDA Loan Application Register, as well as small loans to businesses as reported on the CRA Loan Register.  Community development loans, investments, and services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Provident Financial Holdings, Inc. (PFH)	Parent	N/A
Provident Financial Corp.	Affiliate	N/A
Provident Savings Bank Charitable Foundation, Inc.	Affiliate	Donations
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Riverside-San Bernardino-Ontario MSA #40140	Full-Scope	Riverside County and San Bernardino County

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

### Riverside-San Bernardino-Ontario MSA AA

Demographic Information for Full Scope Area: Riverside-San Bernardino-Ontario AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	587	4.60	28.79	41.06	24.87	0.68
Population by Geography	3,254,821	3.53	28.54	41.16	26.73	0.04
Owner-Occupied Housing by Geography	689,493	1.49	21.74	43.33	33.44	0.00
Business by Geography	317,979	2.64	23.99	41.13	32.18	0.07
Farms by Geography	5,849	1.81	24.07	41.84	32.26	0.02
Family Distribution by Income Level	782,412	21.73	17.48	20.23	40.56	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	306,792	5.90	39.74	41.18	13.19	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		47,448 62,500 13%	Median Housing Value Unemployment Rate (2000 US Census)		130,941 3.35%	

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

The Riverside-San Bernardino-Ontario MSA Assessment Area consists of Riverside and San Bernardino Counties. It is commonly known as the Inland Empire region of Southern California. There are 55 FDIC insured financial institutions in the AA with 596 offices. PSB's main competitors include Bank of America, Wells Fargo, JP Morgan Chase, and U.S. Bank. Combined, they hold approximately 60 percent of the deposit market share. PSB operates 15 branches with deposit taking ATMs in the AA.

The AA covers more than 27 thousand square miles and is bounded by Los Angeles County, Orange County, and Kern County on the west, San Diego County and Imperial County on the south, Inyo County to the north, and La Paz County, Arizona, and Clark County, Nevada to the east. Based on the 2010 Census, the population of the AA was over 4.2 million people. The AA is the 12<sup>th</sup> most populous metropolitan area in the United States, and the third most populous in the state of California. Most of the area's population is located in the southwest of San Bernardino County and the northwest of Riverside County. Major cities in the region include Riverside, San Bernardino, Rancho Cucamonga, and Ontario.

According to the Bureau of Labor Statistics, the unemployment rate in the Inland Empire has been consistently over the national average since 2007. 10.4 percent of Inland residents were unemployed as of August 2013, compared to the national rate of 7.3 percent. The protracted sluggish economy, including bankruptcies and foreclosures rates, affected area lending opportunities in general. The National Bankruptcy Research Center reported that the Counties of Riverside and San Bernardino had a total of 38,913 bankruptcies filed as of December 2011. RealtyTrac reported a combined 75,559 foreclosures for Riverside and San Bernardino Counties during 2011.

According to Moody's Investors Service, the economic activity in the AA is recovering. Increased consumer spending, expanding trade industries, and recent stability in state government spending has resulted in recovery. The real estate market is also showing signs of improvement. Housing inventory is declining and the median price of existing houses for sale is increasing. Single-family building permits are also slightly increasing. Top employers in the AA include the County of Riverside, County of San Bernardino, Stater Brothers Markets, Arrowhead Regional Medical Center, U.S. Marine Corps Air Ground Combat Center, Fort Irwin, and the San Bernardino City Unified School District.

The AA has 587 census tracts. Approximately 5 percent are low-income tracts, 29 percent are moderate-income, 41 percent are middle-income, and 25 percent are upper-income tracts. The 2000 Census median housing value in the AA was \$130,941. According to the National Association of Realtors, the median home price in 2012 was \$174,300. Approximately 67 percent of all housing units in the AA are owner occupied. The 2000 weighted average of the MSA median family income was \$47,448. The 2011 HUD updated MSA median family income is \$62,500 for the AA. Approximately 13 percent of the households are living below the poverty level.

# 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 1. Lending Volume**

LENDING VOLUME		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2008 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>												
Riverside-San Bernardino-Ontario AA	100.00	8,309	1,765,847	77	9,263	0	0	0	695	8,386	1,775,110	100.00

<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, 2008 to December 31, 2011.

<sup>\*\*\*</sup> Deposit Data as of June 30, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011						
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA**
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
Riverside-San Bernardino-Ontario AA	100.00	29	3,858	29	3,858	0	0	0	0	0	0	0	0	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 Optional Product Line(s) is from January 01, 2008 to December 31, 2011.

\*\*\* Deposit Data as of June 30, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		Geography: CALIFORNIA		Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011	
Assessment Area (2011):	Other Unsecured Consumer Loans <sup>*</sup>		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Riverside-San Bernardino-Ontario AA	0	0	0	0	0

<sup>\*</sup> The evaluation period for Optional Product Line(s) is from January 01, 2008 to December 31, 2011.

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

Geographic Distribution: HOME PURCHASE		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2008 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>														
Riverside-San Bernardino-Ontario AA	5,847	100.00	1.49	0.79	21.74	15.60	43.33	46.83	33.44	36.79	0.99	18.55	47.10	33.36

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

Geographic Distribution: HOME IMPROVEMENT		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2008 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 <sup>*</sup>			
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Riverside-San Bernardino-Ontario AA	169	100.00	1.49	0.59	21.74	9.47	43.33	37.87	33.44	52.07	0.98	14.13	37.73	47.15

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

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

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2008 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 <sup>1</sup>			
	#	% of Total <sup>2</sup>	% Owner Occ Units <sup>3</sup>	% BANK Loans <sup>4</sup>	% Owner Occ Units <sup>3</sup>	% BANK Loans	% Owner Occ Units <sup>3</sup>	% BANK Loans	% Owner Occ Units <sup>3</sup>	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Riverside-San Bernardino-Ontario AA	2,289	100.00	1.49	0.48	21.74	7.12	43.33	36.39	33.44	56.01	0.32	9.93	36.93	52.82

<sup>1</sup> Based on 2011 Peer Mortgage Data (USPR)

<sup>2</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>3</sup> 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.

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

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

Geographic Distribution: MULTIFAMILY		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2008 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>														
Riverside-San Bernardino-Ontario AA	4	100.00	7.73	25.00	38.68	25.00	37.84	50.00	15.76	0.00	7.18	44.20	39.23	9.39

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011					Aggregate Lending (%) by Tract Income			
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses*	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans				
<b>Full Review:</b>														
Riverside-San Bernardino-Ontario AA	77	100.00	2.64	14.29	23.99	29.87	41.13	23.38	32.18	32.47	1.89	21.55	39.85	36.71

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

Geographic Distribution: SMALL LOANS TO FARMS		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2008 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>														
Riverside-San Bernardino-Ontario AA	0	0.00	1.81	0.00	24.07	0.00	41.84	0.00	32.26	0.00	1.28	27.35	37.18	34.19

<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 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2008 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>														
Riverside-San Bernardino-Ontario AA	5,847	100.00	21.73	8.06	17.48	23.37	20.23	30.40	40.56	38.18	9.80	22.41	27.40	40.389

<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 0.2% of loans originated and purchased by BANK.

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

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

Borrower Distribution: HOME IMPROVEMENT		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2008 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 <sup>*</sup>			
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>2</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>														
Riverside-San Bernardino-Ontario AA	169	100.0	21.73	7.10	17.48	17.16	20.23	22.49	40.56	53.25	6.36	13.42	23.16	57.06

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

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2008 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>														
Riverside-San Bernardino-Ontario AA	2,289	100.0	21.73	5.16	17.48	14.85	20.23	24.77	40.56	55.22	5.01	11.28	20.93	62.78

<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 22.9% 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 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: CALIFORNIA			Evaluation Period: JANUARY 1, 2008 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 <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$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>									
Riverside-San Bernardino-Ontario AA	77	100.00	69.30	68.83	63.64	23.38	12.99	55,969	26,491

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

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

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

<sup>\*\*\*\*</sup> 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 5.19% 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: CALIFORNIA			Evaluation Period: JANUARY 1, 2008 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 <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Riverside-San Bernardino-Ontario AA	0	0.00	93.95	0.00	0.00	0.00	0.00	238	115

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

<sup>\*\*\*\*</sup> 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 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2008 TO DECEMBER 31, 2011			
Assessment Area:	Prior Period Investments <sup>*</sup>		Current Period Investments		Total Investments			Unfunded Commitments <sup>**</sup>	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Riverside-San Bernardino-Ontario AA	0	0	39	161	39	161	100.00	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2008 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>																	
Riverside-San Bernardino-Ontario AA	100.00	14*	100.00	14.29	28.57	42.85	14.29	1	0	0	0	1	0	3.53	28.54	41.16	26.73

\*During the Evaluation Period ending December 2011, the bank had 14 branches. In 2012 they opened an additional branch, bringing the total to 15.