



# WHOLESALE AND LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

July 29, 2013

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

E\*TRADE Savings Bank  
Charter Number: 718000

671 North Glebe Road  
Ballston Tower  
Arlington, Virginia 22203

Office of the Comptroller of the Currency

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

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 **Needs to Improve**.

The following table indicates the performance level of **E\*TRADE Savings Bank (ETSB)** with respect to the lending, investment, and service tests:

| Performance Levels        | E*TRADE Savings Bank<br>Performance Tests |                 |              |
|---------------------------|---|-----------------|--------------|
|                           | Lending Test*                             | Investment Test | Service Test |
| Outstanding               |   |                 |              |
| High Satisfactory         |   |                 |              |
| Low Satisfactory          | X   | X               |              |
| Needs to Improve          |   |                 | X            |
| 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:

- ETSB’s lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank’s limited presence in the AAs and its business strategy.
- The geographic distribution of home mortgage loans is adequate.
- The distribution of loans to borrowers of different income levels is adequate.
- ETSB demonstrated an adequate level of investments and responsiveness to the community development needs in the AA.
- ETSB demonstrated a poor level of community development services and responsiveness to the community development needs.
- ETSB demonstrated no use of innovative or complex qualified investments and 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.

**Benefit to Assessment Area:** A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity benefits a broader statewide or regional area that includes the bank's assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

**Census Tract (CT) – 2000 Census:** 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.

**Census Tract (CT) – 2010 Census:** Small, relatively permanent statistical subdivisions of a county delineated by local participants as part of the U.S. Census Bureau's Participant Statistical Areas Program. The primary purpose of CTs is to provide a stable set of geographic units for the presentation of decennial census data. CTs generally have between 1,500 and 8,000 people, with an optimum size of 4,000 people.

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

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation

have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-  
Low-or moderate-income geographies;  
Designated disaster areas; or  
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-  
Rates of poverty, unemployment, and population loss; or  
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, the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

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

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

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

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

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

**Median Family Income (MFI) – 2000 Census:** 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.

**Median Family Income (MFI) – 2010 Census:** The median income derived from the United States Census Bureau's American Community Survey data every 5 years and used to determine the income level category of geographies. Also, it is the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level of individuals within a geography. For any given geography, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Wholesale Institution:** A bank that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with §25.25(b).



## Description of Institution

E\*TRADE Savings Bank (ETSB), headquartered in Arlington, Virginia, is a federally chartered savings bank with interstate operations. The bank was chartered in 2006 and is a wholly owned operating subsidiary of E\*TRADE Bank (ETB). ETB is a federally chartered savings bank that provides deposit products to retail customers nationwide, primarily via the Internet. ETB is a second tier subsidiary of E\*TRADE Financial Corporation (EFC), a financial services company that offers online brokerage products and services primarily to individual retail investors. ETB is headquartered in Arlington, Virginia, and EFC is headquartered in New York City. ETB's investment subsidiary, E\*TRADE Community Development Corporation, conducts community development investment activities for ETB and ETSB. Those investments are considered in this evaluation. ETSB has no subsidiaries.

During 2009, ETSB requested and was approved for a Wholesale Institution designation for CRA evaluation purposes. This designation was effective from June 5, 2009 through December 31, 2011. As of December 31, 2011, the bank had total assets of \$1.67 billion, total deposits of \$1.6 billion, and Tier One Capital of \$152 million. ETSB's average Tier One Capital was \$144 million, average total income was \$47 million, and average total assets were \$1.5 billion over the 2010 and 2011 evaluation period.

During 2011, ETSB requested revocation of its Wholesale Institution designation and its designation was changed to a Large Bank Institution for CRA evaluation purposes. This designation was effective from January 1, 2012 through December 31, 2012. As of December 31, 2012, the bank had total assets of \$986 million, total deposits of \$705 million, and Tier One Capital of \$179 million.

As of December 31, 2012, ETSB operates 26 branches in 12 states (Arizona, California, Colorado, Florida, Georgia, Illinois, Michigan, Minnesota, New York, Oregon, Pennsylvania, and Texas) and the District of Columbia. ETSB's branches are maintained within E\*TRADE Financial Centers. Each branch is licensed as a full-service branch. Two branches are located in low-income geographies, three are in moderate-income geographies, one is in a middle-income geography, and twenty are in upper-income geographies. During 2012, ETSB opened two branches in upper-income geographies. No branches were closed during the evaluation period. There was no merger or acquisition activity during the performance evaluation period.

The bank's business strategy is not one of a traditional bank. Although the branches are licensed as full-service, they are not operated as full-service, traditional branches. The bank does not offer traditional retail services and products through the branches. ETSB's operations are limited to the acceptance of non-cash deposits on behalf of ETB and serve as a physical access point for ETB customers. The bank's deposits consist of sweep accounts where excess funds of E\*TRADE Securities customers flow. ETSB does not offer deposit accounts other than these sweep deposits.

ETSB did not engage in any significant lending volume. In 2011, ETB initiated a pilot home mortgage lending program and started originating and purchasing home mortgage loans, sourced through a third-party. In July 2011, ETB's home mortgage lending was transferred to ETSB, and ETSB began offering home mortgage loans. ETSB's lending was done primarily on an accommodation basis for E\*TRADE brokerage customers. It also made mortgage loans to borrowers referred to the bank by community organizations. ETSB ceased its home mortgage lending activities in 2012. On August 17, 2012, ETSB accepted its last home mortgage loan application. On December 31, 2012, ETSB's last home mortgage loan was funded. ETSB's home mortgage loan originations and purchases from July 2011 through December 31, 2011 were considered in ETB's CRA evaluation and are not included in ETSB's CRA evaluation. We considered the home mortgage loans originated and purchased from January 1, 2012 through December 31, 2012 in ETSB's CRA evaluation.

During the evaluation period, ETSB faced financial constraints, which hindered the bank's ability to augment capital and sustain profitability. This impeded the bank's ability to help meet the credit needs in its AAs. Further, the bank is subject to various legal proceedings and claims arising out of the normal course of business with no material adverse effect expected. We considered these impediments in our evaluation; however, these constraints did not fully mitigate ETSB's limited lending volume or the limited level of community development activity across its various markets.

In September 2012, ETSB submitted to the OCC a request to designate ETSB as a wholesale bank for CRA evaluation purposes. This designation change was approved, effective January 1, 2013. Beginning in 2013, ETSB will be considered a wholesale bank for CRA evaluation purposes. In line with this change in organizational focus, in June 2013, the bank notified the OCC of its intent to close each of its 26 branches located within the EFC financial centers. The ETSB activities in the EFC financial centers would be eliminated as of September 30, 2013, and ETSB would have no remaining branches. The financial centers would remain open to conduct business for E\*TRADE Securities.

The last CRA evaluation, dated August 9, 2010, was performed by the former Office of Thrift Supervision, and ETSB received an overall Satisfactory rating.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period is August 10, 2010 through December 31, 2012. The bank had two different CRA designations during the evaluation period, and we evaluated the bank's CRA performance based upon its designation for each time period. ETSB was designated and evaluated as a Wholesale Institution from August 10, 2010 through December 31, 2011. It was designated and evaluated as a Large Bank from January 1, 2012 through December 31, 2012. Although two methods of evaluation are used, the results are combined to reach one set of conclusions on the bank's CRA performance during the evaluation period.

#### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

From August 10, 2010 through December 31, 2011, ETSB was designated as a Wholesale institution for CRA purposes. In evaluating the bank's CRA performance as a Wholesale Institution, we used examination procedures developed by the Office of Thrift Supervision (OTS) for Limited Purpose and Wholesale Savings Associations. We used these procedures because the bank's supervision changed from the OTS to the Office of the Comptroller of the Currency (OCC) in July 2011, which was near the end of the evaluation period.

We performed a review of community development (CD) activities from August 10, 2010 through December 31, 2011. We used the 2000 Census demographic information. For the Investment Test, we used the average Tier One Capital and average total income over the 2010 and 2011 evaluation period. ETSB's average Tier One Capital was \$144 million and average total income was \$47 million over the 2010 and 2011 evaluation period. ETSB did not make any CD loans during the evaluation period; therefore, our review of CD activities was limited to the level and nature of CD qualified investments and services. An institution is not required to engage in all three categories of CD activities to perform well under the CD test.

#### **Large Bank Evaluation - January 1, 2012 through December 31, 2012**

From January 1, 2012 through December 31, 2012, ETSB was designated as a Large Bank institution for CRA purposes. We used procedures developed by the OCC for Large Bank CRA examinations to evaluate the bank's performance as a Large Bank. We assessed the bank's performance under the Lending, Investment, and Service Tests.

Conclusions regarding the bank's lending performance are based on home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA). During the evaluation period, ETSB originated and purchased a minimal number of home purchase and home improvement loans and a relatively larger number of home mortgage refinance loans. Instead of evaluating each mortgage loan type separately, we combined all three mortgage products because of the small lending volumes and performed one analysis. Therefore, the bank's lending performance is based on home purchase, home improvement, and home refinance lending combined. The combined home mortgage lending data is reflected in appendix D tables 2 and 8. Tables 3, 4, 9, and 10 have been

eliminated. We used the 2010 census data in our analysis. The 2012 peer mortgage data was not available at the time of the examination. The bank originated and purchased a minimal number of multifamily loans; therefore, an analysis would not be meaningful and was not performed. Table 5 was eliminated for the AAs where ETSB had no multifamily lending. According to bank management, ETSB did not originate small loans to businesses, small loans to farmers or CD loans because the bank lacks the department and staff expertise required for these loans; therefore, tables 6, 7, 11, and 12 were eliminated. The bank did not request consideration of consumer loans; therefore, table 13 was eliminated.

The Investment Test included a review of investments, grants, and donations made in the bank's AAs that meet the definition of community development. We based our conclusions for the bank's performance under the Investment Test on the number and dollar amounts of CD investments made during the evaluation period. In addition, we considered the level of innovation, complexity, responsiveness to community credit needs, and the degree to which these instruments are not routinely provided by others.

The Service Test included a review of the accessibility of products and services through the bank's branch network and alternative delivery channels. It also includes an evaluation of CD services provided in the bank's assessment areas.

### **Data Integrity**

Prior to the start of this evaluation, we tested the accuracy of the bank's HMDA publicly reported lending data. We also reviewed the appropriateness of CD activities provided for consideration in our evaluation. This included the testing of community development investments and services for accuracy and to determine if they qualify as community development. We determined that the HMDA and CD data provided for this evaluation are accurate.

### **Selection of Areas for Full-Scope Review**

For the Wholesale Institution evaluation, we completed a full-scope review for all of ETSB's assessment areas (AAs). For the Large Bank evaluation, we completed a full-scope review for at least one AA within each state and the District of Columbia in which ETSB has an office. The full-scope area(s) selected for review were selected because they contained the largest percentage of deposits and lending. Refer to the "Scope of Evaluation" section under each State and the District of Columbia rating and section for additional details.

### **Ratings**

ETSB's overall rating is a blend of our evaluation of the bank's CRA performance as a Wholesale institution and a Large Bank institution. The Wholesale evaluation period received slightly more weight when arriving at the overall conclusion because it covered a larger portion of the evaluation period.

**Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

This evaluation rates ETSB's performance in the District of Columbia and the States of Arizona, California, Colorado, Florida, Georgia, Illinois, Michigan, Minnesota, New York, Oregon, Pennsylvania, and Texas. California received the most weight followed by the States of New York, Texas, the District of Columbia, and the State of Illinois. These rating areas represent 78 percent of deposits that were allocated to ETSB. We completed a full-scope review for all of the AAs.

**Large Bank Evaluation - January 1, 2012 through December 31, 2012**

This evaluation is based on ETSB's CRA performance in the District of Columbia and the States of Arizona, California, Colorado, Florida, Georgia, Illinois, Michigan, Minnesota, New York, Oregon, Pennsylvania, and Texas. Four rating areas carried the greater weight in our conclusions due to these areas representing the bank's most significant markets in terms of deposit concentrations, branch locations, and lending volume. The State of California received the most weight followed by the States of New York and Texas, and the District of Columbia. These areas represent 72 percent of deposits that were allocated to ETSB, and ETSB's lending volume and branch locations are most heavily concentrated therein. We completed a full-scope review for at least one AA within each state and the District of Columbia in which ETSB has a branch. The overall rating is a blend of the state and District of Columbia ratings, which are based primarily on those areas that received full-scope reviews.

The results of the Lending Test carried more weight than the results of the Investment or Service Test in arriving at the overall rating.

***Description of factors considered in our ratings and analysis under each performance test***

**Lending Test**

ETSB is evaluated under the Lending Test for the period of January 1, 2012 through December 31, 2012, when ETSB was designated as a Large Bank institution. ETSB's lending performance was based on its record of originating and purchasing home purchase, home improvement, and home refinance loans. In evaluating the bank's lending performance, the borrower distribution and the geographic distribution received equal weight. In our analysis of borrower distribution, we considered the impact that poverty levels have on the demand for mortgages from low-income individuals. We considered the high cost and overall affordability of housing in some markets, and the difficulty that low- or moderate-income applicants have in qualifying for home loans in those markets. ETSB did not originate CD loans from August 10, 2010 through December 31, 2012.

**Investment Test**

We gave primary consideration to the volume of investments and grants made during the current evaluation period and the outstanding investments originated prior to the current evaluation period. We also evaluated how responsive the investments were to the identified CD needs.

**Service Test**

The bank's retail banking services are only applicable from January 1, 2012 through December 31, 2012, when ETSB was evaluated as a Large Bank institution. We gave limited consideration to the bank's retail banking services because ETSB's branches are not traditional branches and do not offer retail products and services. We gave primary consideration to the bank's CD services because the bank's business model is not inconsistent with the provision of CD services. When we evaluated the bank's record of providing CD services, our primary consideration was the responsiveness to the needs of the community. Services that addressed the needs of the area, specifically the low- and moderate-income populations, and reflected ongoing relationships with organizations involved in community development, received the most consideration in our analysis.

**Community Contacts**

Refer to the market profiles in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

**Other Information*****Allocation of Deposits, Capital and Income***

ETSB is an operating subsidiary of ETB and accepts non-cash deposits on behalf of ETB. For CRA analysis, \$2.5 billion of ETB's deposits were allocated to ETSB as of December 31, 2011 and \$2.4 billion of ETB's deposits were allocated to ETSB as of December 31, 2012. The deposits were allocated to ETSB's AAs based on the area where the deposits were located. For the Wholesale Institution evaluation, the percent of deposits allocated to each AA was used to allocate average capital and income to each state and the District of Columbia. The table below shows the dollar amount of deposits, the percentage that it represents, and the percentage that was allocated to each state and the District of Columbia.

| State/Multistate | \$ Deposits Allocated 12/31/11 | % of Deposits Allocated 12/31/11 | \$ Deposits Allocated 12/31/12 | % of Deposits Allocated 12/31/12 |
|------------------|--------------------------------|----------------------------------|--------------------------------|----------------------------------|
| Arizona          | 57,557,061                     | 2.26%                            | 50,246,370                     | 2.14%                            |
| California       | 1,085,345,451                  | 42.58%                           | 1,027,426,898                  | 43.67%                           |
| Colorado         | 68,410,977                     | 2.68%                            | 65,414,186                     | 2.78%                            |
| Florida          | 80,526,113                     | 3.16%                            | 76,620,635                     | 3.26%                            |
| Georgia          | 93,525,947                     | 3.67%                            | 83,320,059                     | 3.54%                            |
| Illinois         | 165,693,788                    | 6.50%                            | 152,069,211                    | 6.46%                            |
| Michigan         | 37,008,180                     | 1.45%                            | 34,449,011                     | 1.46%                            |
| Minnesota        | 82,250,192                     | 3.23%                            | 74,215,196                     | 3.15%                            |
| New York         | 355,173,759                    | 13.94%                           | 307,903,282                    | 13.09%                           |
| Oregon           | 54,941,416                     | 2.16%                            | 49,786,514                     | 2.12%                            |
| Pennsylvania     | 85,510,083                     | 3.36%                            | 72,253,286                     | 3.07%                            |

|                      |               |         |               |         |
|----------------------|---------------|---------|---------------|---------|
| Texas                | 210,755,809   | 8.27%   | 195,706,334   | 8.32%   |
| District of Columbia | 172,018,981   | 6.75%   | 163,379,723   | 6.94%   |
| Total                | 2,548,717,757 | 100.00% | 2,352,790,705 | 100.00% |

***Lending Gap Analysis***

We did not identify any unexplained conspicuous gaps in any of the areas under review.

***In/Out Ratio***

This analysis was performed at the bank level and does not include affiliate lending being considered under the other performance criteria. The volume of loans originated or purchased inside the combined AA is adequate when considering the nature of the institution, its national focus and its business strategy. During the evaluation period, 44 percent of the bank’s home mortgage loans were originated or purchased within the AAs.

***Flexible Loan Programs***

ETSB offered two loan products with flexible underwriting; however, there were no loans granted under these programs during the evaluation period.

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

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

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

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

## State Rating

### State of Arizona

**CRA Rating for the State of Arizona: Needs to Improve**

**The lending test is rated: Needs to Improve**

**The investment test is rated: Needs to Improve**

**The service test is rated: Needs to Improve**

The major factors that support this rating include:

- ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy.
- The geographic distribution of home mortgage loans is very poor.
- The distribution of loans to borrowers of different income levels is adequate.
- ETSB demonstrated a poor level of investments and responsiveness to the community development needs in the AA.
- ETSB demonstrated a poor level of community development services and responsiveness to the community development needs within the AA.
- ETSB demonstrated no use of innovative or complex qualified investments and community development services.

### Description of Institution's Operations in the State of Arizona

ETSB has one AA within the State of Arizona, the Phoenix-Mesa-Glendale AA. ETSB operates one branch in an upper-income geography within this state. This represents 3.85 percent of ETSB's total branch network. During the August 10, 2010 through December 31, 2011 evaluation period, 2.26 percent of ETSB's deposits were allocated to this state. During the January 1, 2012 through December 31, 2012 evaluation period, approximately 2.1 percent of ETSB's deposits were allocated to this state and approximately 5 percent of total home mortgage lending was originated or purchased in this state.

Refer to the market profile within the State of Arizona in Appendix C for detailed demographics and other performance context information for the full-scope AA.



## **Scope of Evaluation in the State of Arizona**

The State of Arizona rating is based on those areas that received full-scope reviews. We conducted a full-scope review of the Phoenix-Mesa-Glendale AA, which is the only AA in the State of Arizona.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Arizona is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Phoenix-Mesa-Glendale, AZ AA is poor. The bank's lending activity and distribution of lending to borrowers of different income levels was not sufficient to compensate for the very poor geographic distribution of loans.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Arizona section of appendix D for the facts and data used to evaluate the bank's lending activity.

ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made 35 home mortgage loans totaling \$6.1 million in the Phoenix-Mesa-Glendale AA. ETSB originated or purchased approximately 5.2 percent of its home mortgage lending in this AA. Allocating ETSB's deposits based on the area where the deposits were located, approximately 2.1 percent or \$50 million in deposits were located in this AA. Even though the bank's proportion of lending is above the allocated deposits for this AA, the lending volume is very low. After taking into consideration the bank's limited lending, limited presence in the AA and its business strategy, ETSB's lending level is adequate.

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

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

Refer to Table 2 in the State of Arizona section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is very poor. The bank made no loans in low-income geographies during 2012. The bank's percentage of home mortgage loans in moderate-income geographies was significantly below the percentage of owner-occupied housing in moderate-income geographies.

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

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

Refer to Table 8 in the State of Arizona section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of loans to borrowers of different income levels is adequate. We considered the affordability of housing for a low-income borrower, the impact of the economic downturn on housing and the household poverty level of 12 percent. The bank's percentage of home mortgage loans to low-income borrowers exceeded the percentage of low-income families in the AA. The bank's percentage of home mortgage loans to moderate-income borrowers was significantly below the percentage of moderate-income families in the AA.

### **Community Development Lending**

There were no community development loans originated or purchased from August 10, 2010 through December 31, 2012.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the State of Arizona is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Phoenix-Mesa-Glendale AA is poor.

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

ETSB demonstrated a poor level of investments and responsiveness to the community development needs in the AA.

#### Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level of investments and responsiveness to the community development needs in the AA was poor. ETSB made one qualified grant for \$20 thousand to an organization providing affordable housing and homeownership education to low- and moderate-income first-time homebuyers. The bank's grant was not innovative or complex.

#### Large Bank Evaluation - January 1, 2012 through December 31, 2012

The level of investments and responsiveness to the community development needs in the AA was poor. ETSB made one grant for \$20 thousand to an organization providing financial education for youth from low-income areas. The grant was not innovative or complex.

## **SERVICE TEST**

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

The bank's performance under the Service Test in the State of Arizona is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Phoenix-Mesa-Glendale AA is poor.

#### **Retail Banking Services**

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

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels. ETSB operates one branch in an upper-income geography within the Phoenix-Mesa-Glendale AA and does not offer retail products or services (see the Description of Institution for further details). No branches were opened or closed.

#### **Community Development Services**

ETSB demonstrated a poor level of community development services and responsiveness to the community development needs.

##### Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level and responsiveness of community development services was poor. Bank employees provided technical assistance targeted to low- and moderate-income individuals via the Moneywise organization. Moneywise is a national financial literacy program. Three employees participated for 12 service hours providing technical assistance through this organization. This service is not innovative or complex.

##### Large Bank Evaluation - January 1, 2012 through December 31, 2012

The bank did not provide any community development services.

## State Rating

### State of California

#### **CRA Rating for the State of California: Needs to Improve**

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

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

**The service test is rated: Needs to Improve**

The major factors that support this rating include:

- ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AAs and its business strategy.
- The geographic distribution of home mortgage loans is adequate.
- The distribution of loans to borrowers of different income levels is adequate.
- ETSB demonstrated an adequate level of investments and responsiveness to the community development needs in the AA.
- ETSB demonstrated a poor level of community development services and responsiveness to the community development needs in the AAs within the State of California.
- ETSB demonstrated no use of innovative or complex qualified investments and community development services.

### **Description of Institution's Operations in the State of California**

ETSB has six AAs within the State of California, and they are the Los Angeles-Long Beach-Glendale AA, the San Jose-Sunnyvale-Santa Clara AA, the Sacramento-Arden-Arcade-Roseville AA, the San Diego-Carlsbad-San Marcos AA, the Santa Ana-Anaheim-Irving AA, and the San Francisco-San Mateo-Redwood City AA.

There was one branch opened in the San Jose-Sunnyvale-Santa Clara AA in 2012. As of December 31, 2012, ETSB operates eight branches within this state. This represents 30.77 percent of ETSB's total branch network. There are two branches in upper-income geographies in the Los Angeles-Long Beach-Glendale AA, one branch in an upper-income geography in the Sacramento-Arden-Arcade-Roseville AA, one branch in a low-income geography in the San Francisco-San Mateo-Redwood City AA, two branches in upper-income geographies in the San Jose-Sunnyvale-Santa Clara AA, one branch in a

upper-income geography in the San Diego-Carlsbad-San Marcos AA, and one branch in middle-income geography in the Santa Ana-Anaheim-Irving AA.

During the August 10, 2010 through December 31, 2011 evaluation period, 42.58 percent of ETB's deposits were allocated to the State of California. During the January 1, 2012 through December 31, 2012 evaluation period, approximately 43.67 percent of ETB's deposits were allocated to the State of California and approximately 32 percent of total home mortgage lending was originated or purchased in the State of California.

Refer to the market profile within the State of California in Appendix C for detailed demographics and other performance context information for the full-scope AA.

### **Scope of Evaluation in the State of California**

For the Wholesale Institution evaluation, we performed a full-scope review of all of the AAs in the State of California. To determine CRA performance, weight was applied to the AAs based on allocated deposits. The San Jose-Sunnyvale-Santa Clara AA represents 36 percent of deposits allocated to the State of California, followed by the San Francisco-San Mateo-Redwood City AA at 22 percent, and the Los Angeles-Long Beach-Glendale AA at 17 percent.

For the Large Bank evaluation, the State of California rating is based on those areas that received full-scope reviews. We conducted a full-scope review of the Los Angeles-Long Beach-Glendale AA and the San Jose-Sunnyvale-Santa Clara AA. The remaining AAs received a limited-scope review. We selected the Los Angeles-Long Beach-Glendale and the San Jose-Sunnyvale-Santa Clara AAs because they comprise 52 percent of the bank's deposits in the State of California, 52 percent of the bank's lending within the State of California, and four of the eight branches within the state.

For the Large Bank evaluation, CD services are not considered for the limited-scope AAs. Therefore, the conclusions for the areas receiving a limited-scope review are based on retail banking services.

## **LENDING TEST**

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

The bank's performance under the Lending Test in California is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Los Angeles-Long Beach-Glendale AA and the San Jose-Sunnyvale-Santa Clara AA is adequate.

## **Los Angeles-Long Beach-Glendale AA**

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of California section of appendix D for the facts and data used to evaluate the bank's lending activity.

ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made 60 home mortgage loans totaling \$18.8 million in the Los Angeles-Long Beach-Glendale AA. ETSB originated or purchased approximately 9.0 percent of its home mortgage lending in this AA. Allocating ETSB's deposits based on the area where the deposits were located, approximately 6.5 percent or \$152 million in deposits were located in this AA. Even though the bank's proportion of lending is above the allocated deposits for this AA, the lending volume is very low. After taking into consideration the bank's limited lending, limited presence in the AA and business strategy, ETSB's lending level is adequate.

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

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

Refer to Table 2 in the State of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is adequate. The bank's percentage of home mortgage loans in low-income geographies was somewhat below the percentage of owner-occupied housing in low-income geographies. The bank's percentage of home mortgage loans in moderate-income geographies was below the percentage of owner-occupied housing in moderate-income geographies.

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

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

Refer to Table 8 in the State of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of loans to borrowers of different income levels is adequate. We considered the high cost of housing, the affordability of housing for a low-income borrower, the impact of the economic downturn on housing and the household poverty level of 14 percent. The bank's percentage of home mortgage loans to low-income borrowers was below the percentage of low-income families in the AA. The bank's

percentage of home mortgage loans to moderate-income borrowers was somewhat below the percentage of moderate-income families in the AA.

## **Community Development Lending**

No community development loans were originated or purchased from August 10, 2010 through December 31, 2012.

### **San Jose-Sunnyvale-Santa Clara AA**

#### **Lending Activity**

Refer to Table 1 Lending Volume in the State of California section of appendix D for the facts and data used to evaluate the bank's lending activity.

ETSB's lending levels reflect poor responsiveness to the AA credit needs. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made 52 home mortgage loans totaling \$18.2 million in the San Jose-Sunnyvale-Santa Clara AA. ETSB originated or purchased approximately 7.8 percent of its home mortgage lending in this AA. Allocating ETSB's deposits based on the area where the deposits were located, approximately 16.1 percent or \$379 million in deposits were located in this AA. Even after taking into consideration the bank's limited presence and business strategy, ETSB's lending level is poor.

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

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

Refer to Table 2 in the State of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is adequate. The bank's percentage of home mortgage loans in low-income geographies was near to the percentage of owner-occupied housing in low-income geographies. The bank's percentage of home mortgage loans in moderate-income geographies was below the percentage of owner-occupied housing in moderate-income geographies.

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

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

Refer to Table 8 in the State of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of loans to borrowers of different income levels is adequate. We considered the affordability of housing for a low-income borrower, the impact of the economic downturn on housing and the household poverty level of 8 percent. The bank's percentage of home mortgage loans to low-income borrowers was near to the percentage of low-income families in the AA. The bank's percentage of home mortgage loans to moderate-income borrowers was significantly below the percentage of moderate-income families in the AA.

### **Community Development Lending**

No community development loans were originated or purchased from August 10, 2010 through December 31, 2012.

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

Based on limited-scope reviews, the bank's performance under the Lending Test in the Sacramento-Arden-Arcade-Roseville AA and the San Francisco-San Mateo-Redwood City AA is not inconsistent with the bank's overall Low Satisfactory performance under the Lending Test in California. In the San Diego-Carlsbad-San Marcos AA and the Santa Ana-Anaheim-Irving AA, the bank's performance is weaker than the bank's overall performance in the State of California. The weaker performance in the San Diego-Carlsbad-San Marcos AA is due to a poor geographic distribution of loans. The weaker performance in the Santa Ana-Anaheim-Irving AA is due to a very poor geographic distribution of loans and a poor borrower distribution of loans. Performance in the limited-scope areas did not impact the overall Lending Test rating in the state. Refer to the Tables 1, 2 and 8 in the State of California section of appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the State of California is rated Low Satisfactory. The bank's overall performance in the Los Angeles-Long Beach-Glendale AA, Santa Ana-Anaheim-Irving AA and San Francisco-San Mateo-Redwood City AA is adequate and in the San Jose-Sunnyvale-Santa Clara AA, Sacramento-Arden-Arcade-Roseville AA, and San Diego-Carlsbad-San Marcos AA is poor.



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

**Los Angeles-Long Beach-Glendale AA**

ETSB demonstrated an adequate level of investments and responsiveness to the community development needs in the AA.

**Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The level of investments and responsiveness to the community development needs in the AA was poor. Qualified investment activity consisted of three grants totaling \$86 thousand. The grants supported organizations providing on-line mentoring to low- and moderate-income students, subsidized temporary housing for low-income families with children undergoing medical treatment, and technical assistance and counseling to low-income, first-time homebuyers, respectively. None of the grants are innovative or complex.

**Large Bank Evaluation - January 1, 2012 through December 31, 2012**

The level of investments and responsiveness to the community development needs in the AA was excellent. The bank's community development investments include a low-income housing tax credit (LIHTC) investment purchased in a prior evaluation period by ETB. It remains outstanding with a book value of \$1.234 million. The investment financed the construction and rehabilitation of affordable rental property. ETSB is receiving credit for the investment because ETB did not receive credit for the investment in its recent CRA examination. ETSB also made three grants totaling \$113 thousand. The organizations provide subsidized temporary housing for low-income families with children undergoing medical treatment, provide on-line mentoring to low- and moderate-income students, and provide assistance and counseling to low- and moderate-income first time homebuyers, respectively. The investments are not innovative or complex.

**San Jose-Sunnyvale-Santa Clara AA**

ETSB demonstrated a poor level of investments and responsiveness to the community development needs in the AA.

**Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The level of investments and responsiveness to the community development needs in the AA was poor. The bank's investments consisted of two grants totaling \$20 thousand. The grants supported an organization providing financial literacy programs and an organization offering a soup kitchen and health care programs for low- and moderate-income persons. The investments are not innovative or complex.

**Large Bank Evaluation - January 1, 2012 through December 31, 2012**

The level of investments and responsiveness to the community development needs in the AA was poor. The bank made one grant of \$20 thousand to a food bank. It is not complex or innovative.

**Sacramento-Arden-Arcade-Roseville AA**

ETSB demonstrated a poor level of investments and responsiveness to the community development needs in the AA.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level of investments and responsiveness to the community development needs in the AA was poor. The bank made one grant for \$50 thousand to an organization supporting homeownership for low- and moderate-income individuals and families in the AA.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

This area was subject to a limited-scope review. The performance is weaker than the bank's performance in the State of California because ETSB did not make any investments in the AA during the evaluation period. The bank's performance in the limited-scope area did not impact the overall Investment Test rating in the state.

**San Diego-Carlsbad-San Marcos AA**

ETSB demonstrated a poor level of investments and responsiveness to the community development needs in the AA.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level of investments and responsiveness to the community development needs in the AA was poor. The bank provided one grant totaling \$30 thousand to an organization providing on-line mentoring to students from low- and moderate-income families.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

This area was subject to a limited-scope review. The bank's performance is weaker than its performance in the State of California because of a weaker level of investments and responsiveness to community development needs within the AA. The bank's performance in the limited-scope area did not impact the overall Investment Test rating in the state.

**San Francisco-San Mateo-Redwood City AA**

ETSB demonstrated an adequate level of investments and responsiveness to the community development needs in the AA.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level of investments and responsiveness to the community development needs in the AA was poor. The bank provided ten grants totaling \$128 thousand to eight organizations. The organizations provide transitional housing for the homeless, support the development of affordable housing for low- and moderate-income individuals and families, and provide on-line mentoring for students from low- and moderate-income families in the AA, respectively.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

This area was subject to a limited-scope review. ETSB's performance is stronger than the bank's performance in the State of California because of a stronger level of investments and responsiveness to the community developments within the AA. The

bank's performance in the limited-scope area did not impact the overall Investment Test rating in the state.

**Santa Ana-Anaheim-Irving AA**

ETSB demonstrated an adequate level of investments and responsiveness to the community development needs in the AA.

**Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The level of investments and responsiveness to the community development needs in the AA was poor. ETSB made two grants totaling \$40 thousand to two organizations. One organization provides subsidized housing for low-income families with children undergoing medical treatment. The other organization helps encourage self-sufficiency for low-income or homeless families through financial and vocational education and transitional housing.

**Large Bank Evaluation - January 1, 2012 through December 31, 2012**

This area was subject to a limited-scope review. The performance is stronger than the bank's performance in the State of California because of a stronger level of investments and responsiveness to the AA's community development needs. The bank's performance in the limited-scope area did not impact the overall Investment Test rating in the state.

**SERVICE TEST**

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

The bank's performance under the Service Test in the State of California is rated Needs to Improve. As a Wholesale Institution, CD services were poor in the San Francisco-San Mateo-Redwood City AA and very poor in the Sacramento-Arden-Arcade-Roseville AA, San Diego-Carlsbad-San Marcos AA, and Santa Ana-Anaheim-Irving AA. Based on full-scope reviews under both the Wholesale Institution evaluation and the Large Bank evaluation period, the bank's performance in the Los Angeles-Long Beach-Glendale AA and in the San Jose-Sunnyvale-Santa Clara AA is poor.

**Retail Banking Services**

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

**Los Angeles-Long Beach-Glendale AA**

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels in the AA. ETSB operates two branches in the AA; both are located in upper-income geographies. The branches do not offer retail products or services (see the Description of Institution for further details). No branches were opened or closed.

**San Jose-Sunnyvale-Santa Clara AA**

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels in the AA. There was one branch opened in 2012. As of December 31, 2012, ETSB operates two branches, both located in upper-income geographies. The branches do not offer retail products or services (see the Description of Institution for further details). No branches were closed.

**Community Development Services**

ETSB demonstrated a poor level of community development services and responsiveness to the community development needs in the AAs within the State of California.

For the Large Bank evaluation, CD Services are not considered for the limited-scope AAs. Therefore, there will be no CD Service conclusions for the Sacramento-Arden-Arcade-Roseville AA, San Diego-Carlsbad-San Marcos AA, San Francisco-San Mateo-Redwood City AA, and Santa Ana-Anaheim-Irving AA for the Large Bank evaluation period.

**Los Angeles-Long Beach-Glendale AA**

ETSB demonstrated a poor level of services and responsiveness to the community development needs in the AA.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The bank did not provide any community development services.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

The level and responsiveness of community development services was poor. Bank representatives provided five and one half hours of services to two organizations helping low- and moderate-income first time homebuyers. The involvement consisted of participating in single training sessions for each organization.

**San Jose-Sunnyvale-Santa Clara AA**

ETSB demonstrated a very poor level of services and responsiveness to the community development needs in the AA.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The bank did not provide any community development services.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

The bank did not provide any community development services.

**Sacramento-Arden-Arcade-Roseville AA**

ETSB demonstrated a very poor level of services and responsiveness to the community development needs in the AA.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The bank did not provide any community development services.

**San Diego-Carlsbad-San Marcos AA**

ETSB demonstrated a very poor level of services and responsiveness to the community development needs in the AA.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The bank did not provide any community development services.

**San Francisco-San Mateo-Redwood City AA**

ETSB demonstrated a poor level of services and responsiveness to the community development needs in the AA.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level and responsiveness of community development services was poor. One employee provided one hour of financial services education to an organization dedicated to financial literacy and economic empowerment for low- and moderate-income persons.

**Santa Ana-Anaheim-Irving AA**

ETSB demonstrated a very poor level of services and responsiveness to the community development needs in the AA.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The bank did not provide any community development services.

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

Based on limited-scope reviews, the bank's retail banking services performance under the Service Test in the Sacramento-Arden-Arcade-Roseville AA, the San Diego-Carlsbad-San Marcos AA, the San Francisco-San Mateo-Redwood City AA, and the Santa-Ana-Anaheim-Irving, CA MD is not inconsistent with the bank's overall Needs to Improve performance under the Service Test in the State of California. Refer to Table 15 in the State of California section of appendix D for the facts and data that support these conclusions.

## State Rating

### State of Colorado

**CRA Rating for the State of Colorado: Needs to Improve**

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

**The investment test is rated: Needs to Improve**

**The service test is rated: Needs to Improve**

The major factors that support this rating include:

- ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy.
- The geographic distribution of home mortgage loans is adequate.
- The distribution of loans to borrowers of different income levels is adequate.
- ETSB demonstrated a poor level of investments and responsiveness to the community development needs in the AA.
- ETSB demonstrated a poor level of community development services and responsiveness to the community development needs within its AA.
- ETSB demonstrated no use of innovative or complex qualified investments and community development services.

### Description of Institution's Operations in the State of Colorado

ETSB has one AA within the State of Colorado, the Denver-Aurora-Broomfield AA. ETSB operates one branch in an upper-income geography within this state. This represents 3.85 percent of ETSB's total branch network. During the August 10, 2010 through December 31, 2011 evaluation period, 2.68 percent of ETB's deposits were allocated to this state. During the January 1, 2012 through December 31, 2012 evaluation period, 2.78 percent of ETB's deposits were allocated to this state and approximately 8 percent of total home mortgage lending was originated or purchased in this state.

Refer to the market profile within the State of Colorado in Appendix C for detailed demographics and other performance context information for the full-scope AA.

## **Scope of Evaluation in State of Colorado**

The State of Colorado rating is based on those areas that received full-scope reviews. We conducted a full-scope review of the Denver-Aurora-Broomfield AA, which is the only AA in the State of Colorado.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Colorado is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Denver-Aurora-Broomfield AA is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Colorado section of appendix D for the facts and data used to evaluate the bank's lending activity.

ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made 52 home mortgage loans totaling \$11.2 million in the Denver-Aurora-Broomfield AA. ETSB originated or purchased approximately 7.8 percent of its home mortgage lending in this AA. Allocating ETSB's deposits based on the area where the deposits were located, approximately 2.8 percent or \$65 million in deposits were located in this AA. Even though the bank's proportion of lending is above the allocated deposits for this AA, the lending volume is very low. After taking into consideration the bank's limited lending, limited presence in the AA and business strategy, ETSB's lending level is adequate.

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

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

Refer to Table 2 in the State of Colorado section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is adequate. The bank's percentage of home mortgage loans made in low-income geographies was significantly below the percentage of owner-occupied housing in low-income geographies. The bank's percentage of home mortgage loans made in moderate-income geographies was near to the percentage of owner-occupied housing in moderate-income geographies. The bank made no loans in low-income geographies during 2012.

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

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

Refer to Table 8 in the State of Colorado section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of loans to borrowers of different income levels is adequate. We considered the affordability of housing for a low-income borrower, the impact of the economic downturn on housing and the household poverty level of 11 percent. The bank's percentage of home mortgage loans to low-income borrowers was below the percentage of low-income families in the AA. The bank's percentage of home mortgage loans to moderate-income borrowers was near to the percentage of moderate-income families in the AA.

### **Community Development Lending**

No community development loans were originated or purchased from August 10, 2010 through December 31, 2012.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the State of Colorado is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Denver-Aurora-Broomfield AA is poor.

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

ETSB demonstrated a poor level of investments and responsiveness to the community development needs in the AA.

#### Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level of investments and responsiveness to the community development needs in the AA was poor. ETSB originated one qualified investment in the form of a grant. The \$26 thousand grant was provided to an organization helping low-income, first-time homebuyers with technical assistance and counseling. The grant was not innovative or complex.

#### Large Bank Evaluation - January 1, 2012 through December 31, 2012

ETSB did not make any investments or provide any grants in the AA.



## **SERVICE TEST**

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

The bank's performance under the Service Test in the State of Colorado is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Denver-Aurora-Broomfield AA is poor.

#### **Retail Banking Services**

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

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels in the AA. ETSB operates one branch in an upper-income geography in the Denver-Aurora-Broomfield, CO AA and does not offer retail products or services (see the Description of Institution for further details). No branches were opened or closed.

#### **Community Development Services**

ETSB demonstrated a poor level of community development services and responsiveness to the community development needs.

##### Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level and responsiveness of community development services was poor. During the evaluation period, bank employees provided four hours of technical assistance targeted to low- and moderate-income individuals via the Moneywise organization. Moneywise is a national financial literacy program. This service is not considered innovative or complex.

##### Large Bank Evaluation - January 1, 2012 through December 31, 2012

The bank did not provide any community development services.

## State Rating

### State of Florida

**CRA Rating for the State of Florida: Needs to Improve**

**The lending test is rated: Needs to Improve**

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

**The service test is rated: Needs to Improve**

The major factors that support this rating include:

- ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AAs and its business strategy.
- The geographic distribution of home mortgage loans is very poor.
- The distribution of loans to borrowers of different income levels is poor.
- ETSB demonstrated an adequate level of investments and responsiveness to the community development needs in the AA.
- ETSB demonstrated a poor level of community development services and responsiveness to the community development needs in its AAs within the State of Florida.
- ETSB demonstrated no use of innovative or complex qualified investments and community development services.

### Description of Institution's Operations in the State of Florida

ETSB has three AAs within the State of Florida, and they are the Fort Lauderdale-Pompano Beach-Deerfield Beach AA, the Orlando-Kissimmee-Sanford AA, and the Tampa-St. Petersburg-Clearwater AA. ETSB operates three branches within this state. This represents 11.54 percent of ETSB's total branch network. There is one branch in an upper-income geography in Fort Lauderdale, one branch in a moderate-income geography in Orlando, and one branch in a moderate-income geography in Tampa. During the August 10, 2010 through December 31, 2011 evaluation period, 3.16 percent of ETB's deposits were allocated to the State of Florida. During the January 1, 2012 through December 31, 2012 evaluation period, 3.26 percent of ETB's deposits were allocated to the State of Florida and approximately 6 percent of total home mortgage lending was originated or purchased in the State of Florida.

Refer to the market profile within the State of Florida in Appendix C for detailed demographics and other performance context information for the full-scope AA.

## **Scope of Evaluation in the State of Florida**

For the Wholesale Institution evaluation, we performed a full-scope review of all of the AAs in the State of Florida. To determine CRA performance, weight was applied to the AAs based on allocated deposits. The Fort Lauderdale-Pompano Beach-Deerfield Beach AA represents 36 percent of deposits allocated in the State of Florida, followed by the Tampa-St. Petersburg-Clearwater AA, representing 35 percent of the state's allocated deposits. Finally, the Orlando-Kissimmee-Sanford AA had 29 percent of allocated deposits.

For the Large Bank evaluation, the State of Florida rating is based primarily on the area that received a full-scope review. We conducted a full-scope review of the Tampa-St. Petersburg-Clearwater AA. The remaining AAs received a limited-scope review. We selected the Tampa-St. Petersburg-Clearwater AA because it comprised 38 percent of the bank's deposits in the State of Florida and 50 percent of the bank's lending within the State of Florida.

For the Large Bank evaluation, CD Services are not considered for limited-scope AAs. Therefore, the conclusions for the areas receiving a limited-scope review are based on retail banking services.

## **LENDING TEST**

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

The bank's performance under the Lending Test in the state of Florida is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Tampa-St. Petersburg-Clearwater AA is poor.

### **Lending Activity**

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

ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made 19 home mortgage loans totaling \$4.0 million in Tampa-St. Petersburg-Clearwater AA. ETSB originated or purchased approximately 2.8 percent of its home mortgage lending in this AA. Allocating ETB's deposits based on the area where the deposits were located, approximately 1.2 percent or \$29 million in

deposits were located in this AA. Even though the bank's proportion of lending is above the allocated deposits for this AA, the lending volume is very low. After taking into consideration the bank's limited lending, limited presence in the AA and business strategy, ETSB's lending level is adequate.

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

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

Refer to Table 2 in the State of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is very poor. The bank made no loans in low- or moderate-income geographies during 2012.

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

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

Refer to Table 8 in the State of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of loans to borrowers of different income levels is poor. We considered the affordability of housing for a low-income borrower, the impact of the economic downturn on housing and the household poverty level of 12 percent. The bank's percentage of home mortgage loans to low-income borrowers was somewhat below the percentage of low-income families in the AA. The bank's percentage of home mortgage loans to moderate-income borrowers was significantly below the percentage of moderate-income families in the AA.

## **Community Development Lending**

No community development loans were originated or purchased from August 10, 2010 through December 31, 2012.

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

Based on limited-scope reviews, the bank's performance under the Lending Test in the Fort Lauderdale-Pompano Beach-Deerfield Beach AA and the Orlando-Kissimmee-Sanford AA is not inconsistent with the bank's overall Needs to Improve performance under the Lending Test in the state of Florida. Refer to the Tables 1, 2 and 8 in the State of Florida section of appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the State of Florida is rated Low Satisfactory. The bank's overall performance in the Tampa-St. Petersburg-Clearwater AA is adequate. The bank's overall performance in the Orlando-Kissimmee-Sanford AA is excellent. The bank's overall performance in the Fort Lauderdale-Pompano Beach-Deerfield Beach AA is very poor.

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

#### **Tampa-St. Petersburg-Clearwater AA**

ETSB demonstrated an adequate level of investments and responsiveness to the community development needs in the AA.

#### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The level of investments and responsiveness to the community development needs in the AA was adequate. The bank made three grants totaling \$80 thousand to three organizations. The organizations assist low- and moderate-income homebuyers with all phases of the home buying experience, including the application process, down payment assistance and financial assistance on the cost of moving into the home. The grants are not innovative or complex.

#### **Large Bank Evaluation - January 1, 2012 through December 31, 2012**

The level of investments and responsiveness to the community development needs in the AA was adequate. The bank made one grant for \$50 thousand to an organization providing pre- and post-home purchase financial literacy training for low- and moderate-income individuals. The grant is not complex or innovative.

#### **Orlando-Kissimmee-Sanford AA**

ETSB demonstrated an excellent level of investments and responsiveness to the community development needs in the AA.

#### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The level of investments and responsiveness to the community development needs in the AA was excellent. The bank made one grant totaling \$30 thousand to an organization providing affordable rental housing to low- and moderate-income individuals and families in the AA. In addition, ETSB purchased one Federal National Mortgage Association multi-family mortgage backed security for a total of \$10 million. The investment provided funding for a multi-family rental property with affordability covenants for low-income housing tax credits. All tenants must have adjusted median income of 60 percent or less.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

This area was subject to a limited-scope review. The performance is weaker than the bank's performance in the State of Florida because of a lower level of investments. The bank's performance in the limited-scope area did not impact the overall Investment Test rating in the state.

**Fort Lauderdale-Pompano Beach-Deerfield Beach AA**

ETSB demonstrated a very poor level of investments and responsiveness to the community development needs in the AA.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The bank did not make any community development investments.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

This area was subject to a limited-scope review. The performance is weaker than the bank's performance in the State of Florida because ETSB did not make any investments in the AA during the evaluation period. The bank's performance in the limited-scope area did not impact the overall Investment Test rating in the state.

## **SERVICE TEST**

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

The bank's performance under the Service Test in the State of Florida is rated Needs to Improve. As a Wholesale Institution, CD services were very poor in the Orlando-Kissimmee-Sanford and the Fort Lauderdale-Pompano Beach-Deerfield Beach AAs. Based on a full-scope review under both the Wholesale Institution evaluation and the Large Bank evaluation, the bank's performance in the Tampa-St. Petersburg-Clearwater AA is poor.

### **Retail Banking Services**

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

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels in the AA. ETSB operates one branch in a moderate-income geography in the Tampa-St. Petersburg-Clearwater AA. Although the office is in a moderate-income area, retail products and services are not offered to the general population. Products and services are only offered to E\*TRADE Bank customers (see the Description of Institution for further details). No branches were opened or closed.

## **Community Development Services**

ETSB demonstrated a poor level of community development services and responsiveness to the community development needs within its AAs within the State of Florida.

For the Large Bank evaluation, CD services are not considered for limited-scope AAs. Therefore, there will be no CD service conclusions for the Orlando-Kissimmee-Sanford AA and the Fort Lauderdale-Pompano Beach-Deerfield Beach AA for the Large Bank evaluation period.

### **Tampa-St. Petersburg-Clearwater AA**

ETSB demonstrated a poor level of community development services and responsiveness to the community development needs.

#### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The level and responsiveness of community development services was adequate. Bank employees responded to community development needs within the AA by providing technical assistance targeted to low- and moderate-income individuals. ETSB employees provided 14 hours of technical assistance to an affordable housing organization whose services target low- and moderate-income persons. This service is not innovative or complex.

#### **Large Bank Evaluation - January 1, 2012 through December 31, 2012**

The bank did not provide any qualified community development services in the AA.

### **Orlando-Kissimmee-Sanford AA**

ETSB demonstrated a very poor level of services and responsiveness to the community development needs in the AA.

#### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The level and responsiveness of community development services was very poor. The bank did not provide any qualified community development services in the AA.

### **Fort Lauderdale-Pompano Beach-Deerfield Beach AA**

ETSB demonstrated a very poor level of services and responsiveness to the community development needs in the AA.

#### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The level and responsiveness of community development services was very poor. The bank did not provide any qualified community development services in the AA.

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

Based on limited-scope reviews, the bank's retail banking services performance under the Service Test in the Orlando-Kissimmee-Sanford AA and the Fort Lauderdale-

Pompano Beach-Deerfield Beach AA is not inconsistent with the bank's overall Needs to Improve rating under the Service Test in the State of Florida. Refer to Table 15 in the State of Florida section of appendix D for the facts and data that support these conclusions.



## State Rating

### State of Georgia

**CRA Rating for Georgia: Satisfactory**

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

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

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

The major factors that support this rating include:

- ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy.
- The geographic distribution of home mortgage loans is very poor.
- The distribution of loans to borrowers of different income levels is good.
- ETSB demonstrated an adequate level of investments and responsiveness to the community development needs in the AA.
- ETSB demonstrated an adequate level of community development services and responsiveness to the community development needs within the AA.
- ETSB demonstrated no use of innovative or complex qualified investments and community development services.

### Description of Institution's Operations in Georgia

ETSB has one AA within the State of Georgia, the Atlanta-Sandy Springs-Marietta AA. ETSB operates one branch in an upper-income geography within this state. This represents 3.85 percent of ETSB's total branch network. During the August 10, 2010 through December 31, 2011 evaluation period, 3.67 percent of ETB's deposits were allocated to this state. During the January 1, 2012 through December 31, 2012 evaluation period, 3.54 percent of ETB's deposits were allocated to this state and approximately 6 percent of total home mortgage lending was originated or purchased in this state.

Refer to the market profile within the State of Georgia in Appendix C for detailed demographics and other performance context information for the full-scope AA.

## **Scope of Evaluation in the State of Georgia**

We conducted a full-scope review of the Atlanta-Sandy Springs-Marietta AA, which is the only AA in the State of Georgia.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Georgia is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Atlanta-Sandy Springs-Marietta AA is adequate. The bank's good distribution of lending to borrowers of different income levels compensated for the very poor geographic distribution of loans.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Georgia section of appendix D for the facts and data used to evaluate the bank's lending activity.

ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made 40 home mortgage loans totaling \$7.2 million in the Atlanta-Sandy Springs-Marietta AA. ETSB originated or purchased approximately 6.0 percent of its home mortgage lending in this AA. Allocating ETB's deposits based on the area where the deposits were located, approximately 3.5 percent or \$83 million in deposits were located in this AA. Even though the bank's proportion of lending is above the allocated deposits for this AA, the lending volume is very low. After taking into consideration the bank's limited lending, limited presence in the AA and business strategy, ETSB's lending level is adequate.

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

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

Refer to Table 2 in the State of Georgia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is very poor. The bank made no loans in low-income geographies during 2012. The bank's percentage of home

mortgage loans made in moderate-income geographies was significantly below the percentage of owner-occupied housing in moderate-income geographies.

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

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

Refer to Table 8 in the State of Georgia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of loans to borrowers of different income levels is good. We considered the affordability of housing for a low-income borrower, the impact of the economic downturn on housing and the household poverty level of 11 percent. The bank's percentage of home mortgage loans to low-income borrowers was near to the percentage of low-income families in the AA. The bank's percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families in the AA.

## **Community Development Lending**

No community development loans were originated or purchased from August 10, 2010 through December 31, 2012.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the State of Georgia is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Atlanta-Sandy Springs-Marietta AA is adequate.

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

ETSB demonstrated an adequate level of investments and responsiveness to the community development needs in the AA.

### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The level of investments and responsiveness to the community development needs in the AA was adequate. ETSB provided a total of \$221 thousand in grants to various community development organizations and programs. These organizations focus on providing healthcare services and transitional housing for the homeless. The grants are not innovative or complex.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

The level of investments and responsiveness to the community development needs in the AA was adequate. ETSB made three grants totaling \$100 thousand to an organization providing training to help low-and moderate-income individuals obtain and maintain jobs. The grants are not innovative or complex.

## **SERVICE TEST**

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

The bank's performance under the Service Test in the State of Georgia is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Atlanta-Sandy Springs-Marietta AA is adequate.

### **Retail Banking Services**

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

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels in the AA. ETSB operates one branch in an upper-income geography within the Atlanta-Sandy Springs-Marietta AA and does not offer retail products or services (see the Description of Institution for further details). No branches were opened or closed.

### **Community Development Services**

ETSB demonstrated an adequate level of community development services and responsiveness to the community development needs within the AA during the evaluation period.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level and responsiveness of community development services was adequate. ETSB management and employees provided 32 hours of community development services to three organizations providing community services targeted to low- and moderate-income persons. The services are not innovative or complex.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

The level and responsiveness of community development services was adequate. The bank provided nine and one half hours of community development services to two organizations providing financial assistance and services to low- and moderate-income individuals. The services are not innovative or complex.

## State Rating

### State of Illinois

**CRA Rating for the State of Illinois: Needs to Improve**

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

**The investment test is rated: Needs to Improve**

**The service test is rated: Needs to Improve**

The major factors that support this rating include:

- ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy.
- The geographic distribution of home mortgage loans is adequate.
- The distribution of loans to borrowers of different income levels is adequate.
- ETSB demonstrated a poor level of investments and responsiveness to the community development needs in the AA.
- ETSB demonstrated a poor level of community development services and responsiveness to the community development needs within the AA.
- ETSB demonstrated no use of innovative or complex qualified investments and community development services.

### Description of Institution's Operations in the State of Illinois

ETSB has one AA within the State of Illinois, the Chicago-Naperville-Joliet AA. ETSB operates one branch in an upper-income geography within this state. This represents 3.85 percent of ETSB's total branch network. During the August 10, 2010 through December 31, 2011 evaluation period, 6.50 percent of ETB's deposits were allocated to this state. During the January 1, 2012 through December 31, 2012 evaluation period, 6.46 percent of ETB's deposits were allocated to this state and approximately 7 percent of total home mortgage lending was originated or purchased in this state.

Refer to the market profile within the State of Illinois in Appendix C for detailed demographics and other performance context information for the full-scope AA.

## **Scope of Evaluation in the State of Illinois**

We conducted a full-scope review of the Chicago-Naperville-Joliet AA, which is the only AA in the State of Illinois.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Illinois is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Chicago-Naperville-Joliet AA is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Illinois section of appendix D for the facts and data used to evaluate the bank's lending activity.

ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made 46 home mortgage loans totaling \$9.2 million in the Chicago-Naperville-Joliet AA. ETSB originated or purchased approximately 6.9 percent of its home mortgage lending in this AA. Allocating ETSB's deposits based on the area where the deposits were located, approximately 6.5 percent or \$152 million in deposits were located in this AA. Even though the bank's proportion of lending is above the allocated deposits for this AA, the lending volume is very low. After taking into consideration the bank's limited lending, limited presence in the AA and business strategy, ETSB's lending level is adequate.

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

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

Refer to Table 2 in the State of Illinois section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is adequate. The bank's percentage of home mortgage loans made in low-income geographies was below the percentage of owner-occupied housing in low-income geographies. The bank's percentage of home mortgage loans made in moderate-income geographies was

somewhat below the percentage of owner-occupied housing in moderate-income geographies.

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

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

Refer to Table 8 in the State of Illinois section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of loans to borrowers of different income levels is adequate. We considered the affordability of housing for a low-income borrower, the impact of the economic downturn on housing and the household poverty level of 12 percent. The bank's percentage of home mortgage loans to low- and moderate-income borrowers was somewhat below the percentages of low- and moderate-income families, respectively, in the AA.

## **Community Development Lending**

No community development loans were originated or purchased from August 10, 2010 through December 31, 2012.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the State of Illinois is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Chicago-Naperville-Joliet AA is poor.

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

ETSB demonstrated a poor level of investments and responsiveness to the community development needs in the AA.

### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The level of investments and responsiveness to the community development needs in the AA was poor. ETSB provided grants totaling \$71 thousand in the AA. The grants were made to six community development organizations providing youth employment services, health care and supportive services to low- and moderate-income individuals, and affordable housing and homeownership education, respectively. The grants are not innovative or complex.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

The level of investments and responsiveness to the community development needs in the AA was poor. The bank made four grants totaling \$23 thousand to four organizations. Three of the organizations provide financial literacy training to low- and moderate-income students and the fourth organization provides food to low-income and homeless families and job training for the food service industry to low- and moderate-income individuals. The investments are not innovative or complex.

## **SERVICE TEST**

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

The bank's performance under the Service Test in the State of Illinois is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Chicago-Naperville-Joliet AA is poor.

### **Retail Banking Services**

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

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels in the AA. ETSB operates one branch in an upper-income geography within the Chicago-Naperville-Joliet AA and does not offer retail products or services (see the Description of Institution for further details). No branches were opened or closed.

### **Community Development Services**

ETSB demonstrated a poor level of community development services and responsiveness to the community development needs.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The bank did not provide any community development services.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

The level and responsiveness of community development services was poor. Bank management provided four hours of community development services to two organizations providing financial training to low- and moderate-income individuals. The services are not innovative or complex.



## State Rating

### State of Michigan

**CRA Rating for the State of Michigan: Substantial Noncompliance**

**The lending test is rated: Substantial Noncompliance**

**The investment test is rated: Needs to Improve**

**The service test is rated: Substantial Noncompliance**

The major factors that support this rating include:

- ETSB's lending levels reflect very poor responsiveness to the AA credit needs.
- ETSB demonstrated a poor level of investments and responsiveness to the community development needs in the AA.
- ETSB was not responsive to the community development service needs within the AA.
- ETSB demonstrated no use of innovative or complex qualified investments and community development services.

### Description of Institution's Operations in the State of Michigan

ETSB has one AA within the State of Michigan, the Warren-Troy-Farmington Hills AA. ETSB operates one branch in an upper-income geography within this state. This represents 3.85 percent of ETSB's total branch network. During the August 10, 2010 through December 31, 2011 evaluation period, 1.45 percent of ETSB's deposits were allocated to this state. During the January 1, 2012 through December 31, 2012 evaluation period, 1.46 percent of ETSB's deposits were allocated to this state and less than 1 percent of total home mortgage lending was originated or purchased in this state.

Refer to the market profile within the State of Michigan in Appendix C for detailed demographics and other performance context information for the full-scope AA.

### Scope of Evaluation in Michigan

We conducted a full-scope review of the Warren-Troy-Farmington Hills AA, which is the only AA in the State of Michigan.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Michigan is rated Substantial Noncompliance. Based on a full-scope review, the bank's performance in the Warren-Troy-Farmington Hills AA is very poor.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Michigan section of appendix D for the facts and data used to evaluate the bank's lending activity.

ETSB's lending levels reflect very poor responsiveness to the AA credit needs. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made five home mortgage loans totaling \$1.1 million in the Warren-Troy-Farmington Hills AA. ETSB originated or purchased approximately 0.8 percent of its home mortgage lending in this AA. Allocating ETSB's deposits based on the area where the deposits were located, approximately 1.5 percent or \$34 million in deposits were located in this AA. Even after taking into consideration the bank's limited presence and business strategy, ETSB's lending level is very poor.

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

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

Refer to Table 2 in the State of Michigan section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Due to the low level of lending activity, an analysis of the distribution of loans by income level of the geography would not be meaningful and was not performed.

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

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

Refer to Table 8 in the State of Michigan section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Due to the low level of lending activity, an analysis of the distribution of loans by income level of the borrower would not be meaningful and was not performed.

## **Community Development Lending**

No community development loans were originated or purchased from August 10, 2010 through December 31, 2012.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in Michigan is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Warren-Troy-Farmington Hills AA is poor.

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

ETSB demonstrated a poor level of investments and responsiveness to the community development needs in the AA.

#### Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level of investments and responsiveness to the community development needs in the AA was poor. ETSB provided qualified grants totaling \$5 thousand to an organization that provides financial services, asset building educational workshops, workforce development job readiness training and job placement opportunities. The grants are not innovative or complex.

#### Large Bank Evaluation - January 1, 2012 through December 31, 2012

The bank did not make any community development investments.

## **SERVICE TEST**

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

The bank's performance under the Service Test in the State of Michigan is rated Substantial Noncompliance. Based on a full-scope review, the bank's performance in the Warren-Troy-Farmington Hills AA is very poor.

### **Retail Banking Services**

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

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels in the AA. ETSB operates one branch in an upper-income geography within the Warren-Troy-Farmington Hills AA and does not offer retail products or services (see the Description of Institution for further details). No branches were opened or closed.

### **Community Development Services**

ETSB was not responsive to the community development service needs within the AA. The bank did not perform any community development services during the evaluation period.

#### Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The bank did not provide any community development services.

#### Large Bank Evaluation - January 1, 2012 through December 31, 2012

The bank did not provide any community development services.

## State Rating

### State of Minnesota

**CRA Rating for the State of Minnesota: Needs to Improve**

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

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

**The service test is rated: Substantial Noncompliance**

The major factors that support this rating include:

- ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy.
- The geographic distribution of home mortgage loans is poor.
- The distribution of loans to borrowers of different income levels is adequate.
- ETSB demonstrated an adequate level of investments and responsiveness to the community development needs in the AA.
- ETSB was not responsive to the community development service needs within the AA.
- ETSB demonstrated no use of innovative or complex qualified investments and community development services.

### Description of Institution's Operations in the State of Minnesota

ETSB has one AA within the State of Minnesota, the Minneapolis-St. Paul-Bloomington AA. ETSB operates one branch in an upper-income geography within this state. This represents 3.85 percent of ETSB's total branch network. During the August 10, 2010 through December 31, 2011 evaluation period, 3.23 percent of ETB's deposits were allocated to this state. During the January 1, 2012 through December 31, 2012 evaluation period, 3.15 percent of ETB's deposits were allocated to this state and approximately 3.59 percent of total home mortgage lending was originated or purchased in this state.

Refer to the market profile within the State of Minnesota in Appendix C for detailed demographics and other performance context information for the full-scope AA.

## **Scope of Evaluation in the State of Minnesota**

We conducted a full-scope review of the Minneapolis-St. Paul-Bloomington AA, which is the only AA in the State of Minnesota.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Minnesota is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Minneapolis-St. Paul-Bloomington AA is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Minnesota section of appendix D for the facts and data used to evaluate the bank's lending activity.

ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made 26 home mortgage loans totaling \$5.8 million in the Minneapolis-St. Paul-Bloomington AA. ETSB originated or purchased approximately 3.6 percent of its home mortgage lending in this AA. Allocating ETSB's deposits based on the area where the deposits were located, approximately 3.2 percent or \$74 million in deposits were located in this AA. Even though the bank's proportion of lending is above the allocated deposits for this AA, the lending volume is very low. After taking into consideration the bank's limited lending, limited presence in the AA and business strategy, ETSB's lending level is adequate.

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

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

Refer to Table 2 in the State of Minnesota section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is poor. The bank made no loans in low-income geographies during 2012. The bank's percentage of home mortgage loans made in moderate-income geographies exceeded the percentage of owner-occupied housing in moderate-income geographies.

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

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

Refer to Table 8 in the State of Minnesota section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of loans to borrowers of different income levels is adequate. We considered the affordability of housing for a low-income borrower, the impact of the economic downturn on housing and the household poverty level of 9 percent. The bank's percentage of home mortgage loans to low-income borrowers was below the percentage of low-income families in the AA. The bank's percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families in the AA.

### **Community Development Lending**

No community development loans were originated or purchased from August 10, 2010 through December 31, 2012.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in Minnesota is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Minneapolis-St. Paul-Bloomington AA is adequate.

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

ETSB demonstrated an adequate level of investments and responsiveness to the community development needs in the AA.

#### Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level of investments and responsiveness to the community development needs in the AA was adequate. ETSB made three qualified grants totaling \$85 thousand to three organizations in the Minneapolis-St. Paul-Bloomington AA. The organizations provide affordable housing rental subsidies for low-income individuals, and assistance, including readiness tools, for first-time low- and moderate-income homebuyers. The bank's grants are not innovative or complex.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

The level of investments and responsiveness to the community development needs in the AA was adequate. The bank made two grants totaling \$60 thousand to two organizations. One organization provides homebuyer and financial literacy training and the other is focused on the development and preservation of affordable housing. The grants are not innovative or complex.

## **SERVICE TEST**

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

The bank's performance under the Service Test in Minnesota is rated Substantial Noncompliance. Based on a full-scope review, the bank's performance in the Minneapolis-St. Paul-Bloomington AA is very poor.

### **Retail Banking Services**

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

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels in the AA. ETSB operates one branch in an upper-income geography within the Minneapolis-St. Paul-Bloomington AA and does not offer retail products or services (see the Description of Institution for further details). No branches were opened or closed.

### **Community Development Services**

ETSB was not responsive to the community development service needs within the AA.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The bank did not provide any community development services.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

The bank did not provide any community development services.



## State Rating

### State of New York

**CRA Rating for the State of New York: Needs to Improve**

**The lending test is rated: Needs to Improve**

**The investment test is rated: High Satisfactory**

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

The major factors that support this rating include:

- ETSB's lending levels reflect poor responsiveness to the AA credit needs.
- The geographic distribution of home mortgage loans is adequate.
- The distribution of loans to borrowers of different income levels is poor.
- ETSB demonstrated a good level of investments and responsiveness to the community development needs in the AA.
- ETSB demonstrated an adequate level of community development services and responsiveness to the community development needs in its AAs within the State of New York.
- ETSB demonstrated no use of innovative or complex qualified investments and community development services.

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

ETSB has two AAs within the State of New York and they are the New York-Wayne-White Plains AA and the Nassau-Suffolk AA. In 2012, ETSB opened one branch in the New York-Wayne-White Plains AA. ETSB operates four branches in the State of New York. These four branches represent 15.38 percent of ETSB's total branch network. Three branches are located in the New York-Wayne-White Plains AA. One of the three branches is located in a moderate-income geography and the other two branches are located in upper-income geographies. There is one branch in the Nassau-Suffolk AA and it is located in an upper-income geography. During the August 10, 2010 through December 31, 2011 evaluation period, 13.94 percent of ETSB's deposits were allocated to the State of New York. During the January 1, 2012 through December 31, 2012 evaluation period, 13.09 percent of ETSB's deposits were allocated to the State of New York and approximately 9 percent of total home mortgage lending was originated or purchased in the State of New York.

Refer to the market profile within the State of New York in Appendix C for detailed demographics and other performance context information for the full-scope AA.

## **Scope of Evaluation in the State of New York**

For the Wholesale Institution evaluation, we performed a full-scope review of all of the AAs in the State of New York. To determine CRA performance, more weight was applied to the AA where the most deposits were allocated. The NY-White Plains-Wayne AA received the greatest weight in the State of New York. This AA represents 83 percent of deposits allocated to the state. The Nassau-Suffolk AA represents 17 percent of deposits allocated to the state and received the least amount of weight.

For the Large Bank evaluation, the State of New York rating is based on those areas that received full-scope reviews. We conducted a full-scope review of the New York-Wayne-White Plains AA. The Nassau-Suffolk AA received a limited-scope review. We selected the New York-Wayne-White Plains AA because it comprised approximately 83 percent of the bank's deposits within the State of New York, 75 percent of the bank's lending within the State of New York, and three of the four branches within the state.

For the Large Bank evaluation, CD services are not considered for the limited-scope AA. Therefore, the conclusion for the area receiving a limited-scope review is based on retail banking services.

## **LENDING TEST**

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

The bank's performance under the Lending Test in New York is rated Needs to Improve. Based on a full-scope review, the bank's performance in the New York-Wayne-White Plains AA is poor.

### **Lending Activity**

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

ETSB's lending levels reflect poor responsiveness to the AA credit needs. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made 46 home mortgage loans totaling \$12.6 million in New York-Wayne-White Plains AA. ETSB originated or purchased approximately 6.9 percent of its home mortgage lending in this AA. Allocating ETSB's deposits based on the area where the deposits were located, approximately 10.8 percent or \$255 million in deposits were

located in this AA. Even after taking into consideration the bank's limited presence and business strategy, ETSB's lending level is poor.

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

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

Refer to Table 2 in the State of New York section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is adequate. The bank's percentage of home mortgage loans made in low-income geographies was near to the percentage of owner-occupied housing in low-income geographies. The bank's percentage of home mortgage loan made in moderate-income geographies was below the percentage of owner-occupied housing in moderate-income geographies.

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

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

Refer to Table 8 in the State of New York section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of loans to borrowers of different income levels is poor. We considered the affordability of housing for a low-income borrower, the impact of the economic downturn on housing and the household poverty level of 16 percent. The bank made no loans to low-income borrowers in this AA. The bank's percentage of home mortgage loans to moderate-income borrowers was below the percentage of moderate-income families in the AA.

## **Community Development Lending**

No community development loans were originated or purchased from August 10, 2010 through December 31, 2012.

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

Based on a limited-scope review, the bank's performance under the Lending Test in the Nassau-Suffolk AA is stronger than the bank's overall Needs to Improve performance under the Lending Test in New York. The bank's geographic distribution of loans was adequate and the borrower distribution of loans was good. The bank's performance in the limited-scope area did not impact the overall Lending Test rating in the state. Refer to the Tables 1, 2 and 8 in the State of New York section of appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the State of New York is rated High Satisfactory. The bank's overall performance in the New York-Wayne-White Plains AA is good. The bank's overall performance in the Nassau-Suffolk AA is very poor.

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

#### **New York-Wayne-White Plains AA**

ETSB demonstrated a good level of investments and responsiveness to the community development needs in the AA.

#### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The level of investments and responsiveness to the community development needs in the AA was adequate. ETSB made 20 grants totaling \$334 thousand. The largest grant was \$125 thousand to an organization subsidizing the development of 18 new homes for sale to low-income families. The remaining grants were made to organizations providing a range of services for low- and moderate-income individuals and families, including food and shelter, health care, on-line mentoring for students, and financial literacy and job training. The bank's grants are not innovative or complex.

#### **Large Bank Evaluation - January 1, 2012 through December 31, 2012**

The level of investments and responsiveness to the community development needs in the AA was excellent. The bank's community development investments include two low-income housing tax credit (LIHTC) investments purchased in a prior evaluation period by E\*TRADE Bank (ETB). The LIHTCs remain outstanding with book values totaling \$1.752 million. The investments financed the construction and rehabilitation of affordable rental properties. ETSB is receiving credit for the investments because ETB did not receive credit for the investments in its recent CRA examination. ETSB also made 15 grants totaling \$748 thousand. The grants were made to organizations providing services for low- and moderate-income individuals and families, including food and shelter, health care, on-line mentoring for students, and financial literacy and job training. The investments are not innovative or complex.

#### **Nassau-Suffolk AA**

ETSB demonstrated a very poor level of investments and responsiveness to the community development needs in the AA.

#### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The bank did not make any community development investments.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

This area was subject to a limited-scope review. The performance is weaker than the bank's performance in the State of New York because the bank did not make any investments in the AA during the evaluation period. The bank's performance in the limited-scope area did not impact the overall Investment Test rating in the state.

## **SERVICE TEST**

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

The bank's performance under the Service Test in the State of New York is rated Low Satisfactory. As a Wholesale Institution, CD services were very poor in the Nassau-Suffolk AA. Based on a full-scope review, the bank's performance in the New York-Wayne-White Plains AA is rated adequate.

### **Retail Banking Services**

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

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels in the AA. ETSB operates three branches within the New York-White Plains-Wayne AA. One of the branches is located in a moderate-income geography and the other two branches are located within upper-income geographies. The bank opened one of the upper-income branches in 2012. Although one of the branches is in a moderate-income area, retail products and services are not offered to the general population. Products and services are only offered to E\*TRADE Bank customers (see the Description of Institution for further details). No branches were closed.

### **Community Development Services**

ETSB demonstrated an adequate level of community development services and responsiveness to the community development needs.

For the Large Bank evaluation, CD services are not considered for the limited-scope AA. Therefore, there will be no CD service conclusions for the Nassau-Suffolk AA for the Large Bank evaluation period.

### **New York-Wayne-White Plains AA**

ETSB demonstrated an adequate level of community development services and responsiveness to the community development needs within the AA during the evaluation period.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level and responsiveness of community development services was adequate. Bank representatives provided a total of 217 hours in community development services. Examples of the organizations supported by the bank through its community services include “icouldbe.org” and Operation Hope. “icouldbe.org is an on-line mentoring program for low- and moderate-income students. Employees provide on-line mentoring related to financial literacy education and career counseling. Employees provide financial literacy training for low- and moderate-income individuals through Operation Hope. The services are not innovative or complex.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

The level and responsiveness of community development services was poor. Management and employees of ETSB performed 19.5 hours of community development services. The organizations supported through these services provide financial literacy training to small businesses and to low- and moderate-income individuals. The bank’s community development services are not innovative or complex.

**Nassau-Suffolk AA**

ETSB demonstrated a very poor level of services and responsiveness to the community development needs in the AA.

Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The bank did not provide any community development services.

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

Based on a limited-scope review, the bank’s retail banking performance under the Service Test in the Nassau-Suffolk AA is not inconsistent with the bank’s overall performance in the State of New York. Refer to Table 15 in the State of New York section of appendix D for the facts and data that support these conclusions.

## State Rating

### State of Oregon

**CRA Rating for the State of Oregon: Needs to Improve**

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

**The investment test is rated: Substantial Noncompliance**

**The service test is rated: Needs to Improve**

The major factors that support this rating include:

- ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy.
- The geographic distribution of home mortgage loans is adequate.
- The distribution of loans to borrowers of different income levels is adequate.
- ETSB demonstrated a very poor level of investments and responsiveness to the community development needs in the AA.
- ETSB demonstrated a poor level of community development services and responsiveness to the community development needs within the AA.
- ETSB demonstrated no use of innovative or complex qualified investments and community development services.

### Description of Institution's Operations in the State of Oregon

ETSB has one AA within the State of Oregon, the Portland-Vancouver-Hillsboro AA. ETSB operates one branch in a low-income geography within this state. This represents 3.85 percent of ETSB's total branch network. During the August 10, 2010 through December 31, 2011 evaluation period, 2.16 percent of ETSB's deposits were allocated to this state. During the January 1, 2012 through December 31, 2012 evaluation period, 2.12 percent of ETSB's deposits were allocated to this state and approximately 3 percent of total home mortgage lending was originated or purchased in this state.

Refer to the market profile within the State of Oregon in Appendix C for detailed demographics and other performance context information for the full-scope AA.

## **Scope of Evaluation in the State of Oregon**

We conducted a full-scope review of the Portland-Vancouver-Hillsboro AA, which is the only AA in the State of Oregon.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Oregon is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Portland-Vancouver-Hillsboro AA is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Oregon section of appendix D for the facts and data used to evaluate the bank's lending activity.

ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made 22 home mortgage loans totaling \$3.5 million in the Portland-Vancouver-Hillsboro AA. ETSB originated or purchased approximately 3.3 percent of its home mortgage lending in this AA. Allocating ETSB's deposits based on the area where the deposits were located, approximately 2.1 percent or \$50 million in deposits were located in this AA. Even though the bank's proportion of lending is above the allocated deposits for this AA, the lending volume is very low. After taking into consideration the bank's limited lending, limited presence in the AA and business strategy, ETSB's lending level is adequate.

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

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

Refer to Table 2 in the State of Oregon section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is adequate. The bank made no loans in low-income geographies in 2012. The bank's percentage of home mortgage loan made in moderate-income geographies exceeded the percentage of owner-occupied housing in moderate-income geographies.



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

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

Refer to Table 8 in the State of Oregon section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of loans to borrowers of different income levels is adequate. We considered the affordability of housing for a low-income borrower, the impact of the economic downturn on housing and the household poverty level of 11 percent. The bank's percentage of home mortgage loans to low-income borrowers was somewhat below the percentage of low-income families in the AA. The bank's percentage of home mortgage loans to moderate-income borrowers was below the percentage of moderate-income families in the AA.

### **Community Development Lending**

No community development lending was originated or purchased from August 10, 2010 through December 31, 2012.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the State of Oregon is rated Substantial Noncompliance. Based on a full-scope review, the bank's performance in the Portland-Vancouver-Hillsboro AA is very poor.

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

ETSB demonstrated a very poor level of investments and responsiveness to the community development needs in the AA.

#### Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The bank did not make any community development investments.

#### Large Bank Evaluation - January 1, 2012 through December 31, 2012

The bank did not make any community development investments.

## **SERVICE TEST**

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

The bank's performance under the Service Test in the State of Oregon is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Portland-Vancouver-Hillsboro AA is poor.

### **Retail Banking Services**

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

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels in the AA. ETSB operates one branch in a low-income geography within the Portland-Vancouver-Hillsboro AA. Although the bank's office is in a low-income area, retail products and services are not offered to the general population. Products and services are only offered to E\*TRADE Bank customers (see the Description of Institution for further details). No branches were opened or closed.

### **Community Development Services**

ETSB demonstrated a poor level of community development services and responsiveness to the community development needs.

#### Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level and responsiveness of community development services was poor. The bank provided four hours of technical assistance targeted to low- and moderate-income persons via the Moneywise organization. Moneywise is a national financial literacy program. This service is not innovative or complex.

#### Large Bank Evaluation - January 1, 2012 through December 31, 2012

The level and responsiveness of community development services was poor. ETSB performed three hours of community development services as a Large Bank. A manager helped provide home buying and homeownership training to low- and moderate-income homebuyers. This service is not innovative or complex.

## State Rating

### State of Pennsylvania

**CRA Rating for the State of Pennsylvania: Needs to Improve**

**The lending test is rated: Needs to Improve**

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

**The service test is rated: Substantial Noncompliance**

The major factors that support this rating include:

- ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy.
- The geographic distribution of home mortgage loans is very poor.
- The distribution of loans to borrowers of different income levels is poor.
- ETSB demonstrated an adequate level of investments and responsiveness to the community development needs in the AA.
- ETSB was not responsive to the community development service needs within the AA.
- ETSB demonstrated no use of innovative or complex qualified investments and community development services.

### Description of Institution's Operations in the State of Pennsylvania

ETSB has one AA within the State of Pennsylvania, the Philadelphia AA. ETSB operates one branch in an upper-income geography within this state. This represents 3.85 percent of ETSB's total branch network. During the August 10, 2010 through December 31, 2011 evaluation period, 3.36 percent of ETSB's deposits were allocated to this state. During the January 1, 2012 through December 31, 2012 evaluation period, 3.07 percent of ETSB's deposits were allocated to this state and approximately 4 percent of total home mortgage lending was originated or purchased in this state.

Refer to the market profile within the State of Pennsylvania in Appendix C for detailed demographics and other performance context information for the full-scope AA.

## **Scope of Evaluation in the State of Pennsylvania**

We conducted a full-scope review of the Philadelphia AA, which is the bank's only AA in the State of Pennsylvania.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Pennsylvania is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Philadelphia AA is poor.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Pennsylvania section of appendix D for the facts and data used to evaluate the bank's lending activity.

ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made 29 home mortgage loans totaling \$5.9 million in Philadelphia AA. ETSB originated or purchased approximately 4.3 percent of its home mortgage lending in this AA. Allocating ETSB's deposits based on the area where the deposits were located, approximately 3.1 percent or \$72 million in deposits were located in this AA. Even though the bank's proportion of lending is above the allocated deposits for this AA, the lending volume is very low. After taking into consideration the bank's limited lending, limited presence in the AA and business strategy, ETSB's lending level is adequate.

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

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

Refer to Table 2 in the State of Pennsylvania section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is very poor. The bank made no loans in low-income geographies in 2012. The bank's percentage of home mortgage loans made in moderate-income geographies was significantly below the percentage of owner-occupied housing in moderate-income geographies.

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

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

Refer to Table 8 in the State of Pennsylvania section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of loans to borrowers of different income levels is poor. We considered the affordability of housing for a low-income borrower, the impact of the economic downturn on housing and the household poverty level of 13 percent. The bank's percentage of home mortgage loans to low-income borrowers was somewhat below the percentage of low-income families in the AA. The bank's percentage of home mortgage loans to moderate-income borrowers was below the percentage of moderate-income families in the AA.

### **Community Development Lending**

No community development loans were originated or purchased from August 10, 2010 through December 31, 2012.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the State of Pennsylvania is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the Philadelphia AA is adequate.

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

ETSB demonstrated an adequate level of investments and responsiveness to the community development needs in the AA.

#### Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The bank did not make any qualified investments in the Philadelphia AA.

#### Large Bank Evaluation - January 1, 2012 through December 31, 2012

The level of investments and responsiveness to the community development needs in the AA was excellent. ETSB's community development investments include three low-income housing tax credit (LIHTC) investments purchased in a prior evaluation period by ETB. The LIHTCs remain outstanding with book values totaling \$3.2 million. The investments financed the construction and rehabilitation of affordable rental properties. ETSB is receiving credit for the investment because ETB did not receive credit for the

investments in its recent CRA examination. The bank made two grants for \$53 thousand to an organization providing on-line mentoring to students from low- and moderate-income families. The investments are not innovative or complex.

## **SERVICE TEST**

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

The bank's performance under the Service Test in the State of Pennsylvania is rated Substantial Noncompliance. Based on a full-scope review, the bank's performance in the Philadelphia AA is very poor.

### **Retail Banking Services**

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

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels in the AA. ETSB operates one branch in an upper-income geography within the Philadelphia AA and does not offer retail products or services (see the Description of Institution for further details). No branches were opened or closed.

### **Community Development Services**

ETSB demonstrated a very poor level of community development services and responsiveness to the community development needs within the AA during the evaluation period.

#### Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The bank did not provide any community development services.

#### Large Bank Evaluation - January 1, 2012 through December 31, 2012

The bank did not provide any community development services.

## State Rating

### State of Texas

**CRA Rating for the State of Texas: Substantial Noncompliance**

**The lending test is rated: Needs to Improve**

**The investment test is rated: Substantial Noncompliance**

**The service test is rated: Needs to Improve**

The major factors that support this rating include:

- ETSB's lending levels reflect poor responsiveness to the AA credit needs.
- The geographic distribution of home mortgage loans is very poor.
- The distribution of loans to borrowers of different income levels is poor.
- ETSB demonstrated a very poor level of investments and responsiveness to the community development needs in the AA.
- ETSB demonstrated a poor level of community development services and responsiveness to the community development needs in its AAs within the State of Texas.
- ETSB demonstrated no use of innovative or complex qualified investments and community development services.

### Description of Institution's Operations in the State of Texas

ETSB has two AAs within the State of Texas and they are the Houston-Sugar Land-Baytown AA and the Dallas-Plano-Irving AA. ETSB operates two branches in the State of Texas. One branch is located in an upper-income geography in the Houston-Sugar Land-Baytown AA and one branch is located in an upper-income geography in the Dallas-Plano-Irving AA. This represents 7.69 percent of ETSB's total branch network. During the August 10, 2010 through December 31, 2011 evaluation period, 8.27 percent of ETSB's deposits were allocated to the State of Texas. During the January 1, 2012 through December 31, 2012 evaluation period, 8.32 percent of ETSB's deposits were allocated to the State of Texas and approximately 5 percent of total home mortgage lending was originated or purchased in the State of Texas.

Refer to the market profile within the State of Texas in Appendix C for detailed demographics and other performance context information for the full-scope AA.

## **Scope of Evaluation in the State of Texas**

For the Wholesale Institution evaluation, we performed a full-scope review of all of the AAs in the State of Texas. To determine CRA performance, more weight was applied to the AA where the most deposits were allocated. The Houston-Sugarland- Baytown AA received the greatest weight in determining CRA performance in the State of Texas. This AA represents 56 percent of deposits allocated to the state, followed by the Dallas-Plano-Irving AA, which represents 44 percent of deposits allocated to the state.

For the Large Bank evaluation, we conducted a full-scope review of the Houston-Sugar Land-Baytown AA. This AA accounts for 58 percent of the deposits and 64 percent of the lending in the State of Texas. The Dallas-Plano-Irving AA will receive a limited-scope review.

For the Large Bank evaluation, CD services are not considered for the limited-scope AA. Therefore, the conclusion for the area receiving a limited-scope review is based on retail banking services.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Texas is rated Needs to Improve. Based on a full-scope review, the bank's performance in the Houston-Sugar Land-Baytown AA is poor.

### **Lending Activity**

Refer to Table 1 Lending Volume in the State of Texas section of appendix D for the facts and data used to evaluate the bank's lending activity.

ETSB's lending levels reflect poor responsiveness to the AA credit needs. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made 21 home mortgage loans totaling \$3.6 million in Houston-Sugar Land-Baytown AA. ETSB originated or purchased approximately 3.1 percent of its home mortgage lending in this AA. Allocating ETB's deposits based on the area where the deposits were located, approximately 4.8 percent or \$114 million in deposits were located in this AA. Even after taking into consideration the bank's limited presence and business strategy, ETSB's lending level is poor.



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

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

Refer to Table 2 in the State of Texas section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is very poor. The bank made no loans in low-income geographies in 2012. The bank's percentage of home mortgage loans made in moderate-income geographies was significantly below the percentage of owner-occupied housing in moderate-income geographies.

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

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

Refer to Table 8 in the State of Texas section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of loans to borrowers of different income levels is poor. We considered the affordability of housing for a low-income borrower, the impact of the economic downturn on housing and the household poverty level of 13 percent. The bank's percentage of home mortgage loans to low-income borrowers was somewhat below the percentage of low-income families in the AA. The bank's percentage of home mortgage loans to moderate-income borrowers was significantly below the percentage of moderate-income families in the AA.

## **Community Development Lending**

No community development loans were originated or purchased from August 10, 2010 through December 31, 2012.

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

Based on a limited-scope review, the bank's performance under the Lending Test in the Dallas-Plano-Irving AA is not inconsistent with the bank's overall Needs to Improve performance under the Lending Test in Texas. Refer to the Tables 1, 2 and 8 in the State of Texas section of appendix D for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the State of Texas is rated Substantial Noncompliance. The bank's performance in the Houston-Sugar Land-Baytown AA and the Dallas-Plano-Irving AA is very poor.

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

#### **Houston-Sugar Land-Baytown AA**

ETSB demonstrated a very poor level of investments and responsiveness to the community development needs in the AA.

#### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The bank did not make any qualified investments.

#### **Large Bank Evaluation - January 1, 2012 through December 31, 2012**

The bank did not make any qualified investments.

#### **Dallas-Plano-Irving AA**

ETSB demonstrated a very poor level of investments and responsiveness to the community development needs in the AA.

#### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The bank did not make any qualified investments.

#### **Large Bank Evaluation - January 1, 2012 through December 31, 2012**

This area was subject to a limited-scope review. The bank's performance is not inconsistent with the bank's overall performance in the State of Texas.

## **SERVICE TEST**

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

The bank's performance under the Service Test in Texas is rated Needs to Improve. As a Wholesale Institution, CD services were very poor in the Dallas-Plano-Irving AA. Based on a full-scope review, the bank's performance in the Houston-Sugar Land-Baytown AA is poor.

## **Retail Banking Services**

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

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels in the AA. ETSB operates one branch in an upper-income geography in the Houston-Sugar Land-Baytown AA and does not offer retail products or services (see the Description of Institution for further details). No branches were opened or closed.

## **Community Development Services**

ETSB demonstrated a poor level of community development services and responsiveness to the community development needs within the AAs during the evaluation period.

For the Large Bank evaluation, CD services are not considered for the limited-scope AA. Therefore, there will be no CD service conclusions for the Dallas-Plano-Irving AA for the Large Bank evaluation period.

### **Houston-Sugar Land-Baytown AA**

ETSB demonstrated a poor level of community development services and responsiveness to the community development needs within the AA during the evaluation period.

#### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The level and responsiveness of community development services was poor. Bank employees provided four hours of technical assistance targeted to low- and moderate-income persons via the Society for Financial Education and Professional Development organization. This service is not innovative or complex.

#### **Large Bank Evaluation - January 1, 2012 through December 31, 2012**

The bank did not provide any services during the evaluation period as a Large Bank.

### **Dallas-Plano-Irving AA**

ETSB demonstrated a very poor level of community development services and responsiveness to the community development needs within the AA during the evaluation period.

#### **Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011**

The bank did not provide any services during the evaluation period as a Large Bank.

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

Based on a limited-scope review, the bank's retail banking services performance under the Service Test in the Dallas-Plano-Irving AA is not inconsistent with the bank's performance in the State of Texas. Refer to Table 15 in the State of Texas section of appendix D for the facts and data that support these conclusions.

## State Rating

### District of Columbia

**CRA Rating for the District of Columbia: Satisfactory**

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

**The investment test is rated: High Satisfactory**

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

The major factors that support this rating include:

- ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy.
- The geographic distribution of home mortgage loans is adequate.
- The distribution of loans to borrowers of different income levels is adequate.
- ETSB demonstrated a good level of investments and responsiveness to the community development needs in the AA.
- ETSB demonstrated a good level of community development services and responsiveness to the community development needs within the AA during the evaluation period.
- ETSB demonstrated no use of innovative or complex qualified investments and community development services.

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

ETSB has one AA within the Washington-Arlington-Alexandria DC-VA-MD-WV multistate MSA, the District of Columbia AA. ETSB operates one branch in an upper-income geography in the District of Columbia. This represents 3.85 percent of ETSB's total branch network. During the August 1, 2010 through December 31, 2011 evaluation period, approximately 6.75 percent of ETSB's deposits were allocated to the District of Columbia. During the January 1, 2012 through December 31, 2012 evaluation period, approximately 6.9 percent of ETSB's deposits were allocated to the District of Columbia and approximately 10 percent of total home mortgage lending was originated or purchased in the District of Columbia.

Refer to the market profile within the District of Columbia in Appendix C for detailed demographics and other performance context information for the full-scope AA.

## **Scope of Evaluation in the District of Columbia**

We conducted a full-scope review of the District of Columbia AA, which is the only AA in this area.

## **LENDING TEST**

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

The bank's performance under the Lending Test in the District of Columbia is rated Low Satisfactory. Based on a full-scope review, the bank's performance in the District of Columbia AA is adequate.

### **Lending Activity**

Refer to Table 1 Lending Volume in the District of Columbia section of appendix D for the facts and data used to evaluate the bank's lending activity.

ETSB's lending levels reflect adequate responsiveness to the AA credit needs, after considering the bank's limited lending, limited presence in the AA and its business strategy. Standard deposit and lending market share comparisons could not be completed since ETSB has no deposits of its own and aggregate HMDA lending data for 2012 was not available. ETSB made 69 home mortgage loans totaling \$16.6 million in the District of Columbia AA. ETSB originated or purchased approximately 10.3 percent of its home mortgage lending in this AA. Allocating ETSB's deposits based on the area where the deposits were located, approximately 6.9 percent or \$163 million in deposits were located in this AA. Even though the bank's proportion of lending is above the allocated deposits for this AA, the lending volume is very low. After taking into consideration the bank's limited lending, limited presence in the AA and business strategy, ETSB's lending level is adequate.

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

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

Refer to Table 2 in the District of Columbia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is adequate. The bank's percentage of home mortgage loans made in low-income geographies exceeded the percentage of owner-occupied housing in low-income geographies. The bank's percentage of home mortgage loans made in moderate-income geographies was significantly below the percentage of owner-occupied housing in moderate-income geographies.

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

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

Refer to Table 8 in the District of Columbia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The distribution of loans to borrowers of different income levels is adequate. We considered the affordability of housing for a low-income borrower, the impact of the economic downturn on housing and the household poverty level of 7 percent. The bank's percentage of home mortgage loans to low-income borrowers was below the percentage of low-income families in the AA. The bank's percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families in the AA.

## **Community Development Lending**

No community development loans were originated or purchased from August 10, 2010 through December 31, 2012.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in the District of Columbia is rated High Satisfactory. Based on a full-scope review, the bank's performance in the District of Columbia AA is good.

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

ETSB demonstrated a good level of investments and responsiveness to the community development needs in the AA.

### Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level of investments and responsiveness to the community development needs in the AA was excellent. ETSB originated a \$4 million mortgage backed security

investment to help provide housing to low- and moderate-income families. The bank also held three prior period investments with total outstanding balances of \$2.7 million. The prior period investments continue to support affordable housing for low- and moderate-income families. ETSB also had 19 grants totaling \$266 thousand to thirteen organizations whose missions are targeted to providing services to low- and moderate-income individuals and families. None of the investments or grants are innovative or complex.

#### Large Bank Evaluation - January 1, 2012 through December 31, 2012

The level of investments and responsiveness to the community development needs in the AA was adequate. ETSB made eight grants totaling \$109 thousand to seven organizations. These organizations provide services benefiting low- and moderate-income individuals and families, including affordable housing, emergency shelter, food, employment assistance, financial literacy training, and student on-line mentoring.

## **SERVICE TEST**

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

The bank's performance under the Service Test in the District of Columbia is rated High Satisfactory. Based on a full-scope review, the bank's performance in the District of Columbia AA is good.

### **Retail Banking Services**

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

Delivery systems are unreasonably inaccessible to geographies and individuals of different income levels in the AA. ETSB operates one branch in an upper-income geography in the District of Columbia AA and does not offer any retail products or services (see the Description of Institution for further details). No branches were opened or closed.

### **Community Development Services**

ETSB demonstrated a good level of community development services and responsiveness to the community development needs within the AA during the evaluation period.

#### Wholesale Institution Evaluation - August 10, 2010 through December 31, 2011

The level and responsiveness of community development services was good. ETSB provided a total of 48.5 hours in community development services. An employee served as a board member of a non-profit organization providing economic and political



empowerment through education programs, employment and training programs, and housing and community development. Two employees provided financial literacy and technical assistance to low-and moderate-income individuals through a non-profit organization providing financial literacy and economic empowerment. The organization also provides low-and moderate-income individuals with homebuyer assistance support and literacy, small business and entrepreneurship support, credit counseling, and services designed for youth financial education.

Large Bank Evaluation - January 1, 2012 through December 31, 2012

The level and responsiveness of community development services was good. The bank provided 158 hours in community development services. Management and employees provided services to organizations focused on economic development within the AA and to organizations providing financial literacy training and financial services to low- and moderate-income individuals. Examples of the services provided by management and employees include providing management assistance to the organizations. They also provided financial training to organizations and the low- and moderate-income individuals served by the organizations. None of the services are innovative or complex.

## 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>   | Wholesale Institution Designation: 08/01/2010 to 12/31/2011<br>Large Bank Designation:<br>Lending Test (excludes CD loans): 01/01/2012 to 12/31/2012<br>Investment and Service Tests: 01/01/2012 to 12/31/2012 |                          |
| <b>Financial Institution</b>  | <b>Products Reviewed</b>   |                          |
| E*TRADE Savings Bank (ETSB)<br>Arlington, VA                              | Home mortgage loans<br>Community development investments, grants, and services   |                          |
| <b>Affiliate</b>  |  | <b>Products Reviewed</b> |
| E*TRADE Bank (ETB),<br>Arlington, VA                                      | Affiliate  | None                     |
| E*TRADE Community<br>Development Corporation                              | Subsidiary of<br>E*TRADE Bank  | Investments              |
| <b>List of Assessment Areas and Type of Examination</b>                   |  |                          |
| <b>Assessment Area</b>  | <b>Type of Exam</b>  | <b>Other Information</b> |
| State of Arizona:<br>Phoenix-Mesa-Glendale, AZ<br>MSA #38060              | Full-Scope   | N/A                      |
| State of California:<br>Los Angeles-Long Beach-<br>Glendale, CA MD #31084 | Full-Scope   | N/A                      |
| San Jose-Sunnyvale-Santa<br>Clara, CA MSA #41940                          | Full-Scope   | N/A                      |
| Sacramento-Arden-Arcade-<br>Roseville, CA MD #40900                       | Full-Scope under<br>Wholesale Institution<br>and Limited-Scope<br>under Large Bank   | N/A                      |

|   |   |     |
|---|---|-----|
| San Diego-Carlsbad-San Marcos, CA MSA #41740                | Full-Scope under Wholesale Institution and Limited-Scope under Large Bank | N/A |
| San Francisco-San Mateo-Redwood City, CA MD #41884          | Full-Scope under Wholesale Institution and Limited-Scope under Large Bank | N/A |
| Santa Ana-Anaheim-Irving, CA MD #42044                      | Full-Scope under Wholesale Institution and Limited-Scope under Large Bank | N/A |
| State of Colorado:  |   |     |
| Denver-Aurora-Bloomfield, CO MSA #19740                     | Full-Scope  | N/A |
| Florida:  |   |     |
| Tampa-St. Petersburg-Clearwater, FL MSA #45300              | Full-Scope  | N/A |
| Fort Lauderdale-Pompano Beach-Deerfield Beach, FL MD #22744 | Full-Scope under Wholesale Institution and Limited-Scope under Large Bank | N/A |
| Orlando-Kissimmee-Sanford, FL MSA #36740                    | Full-Scope under Wholesale Institution and Limited-Scope under Large Bank | N/A |
| State of Georgia:   |   |     |
| Atlanta-Sandy Springs-Marietta, GA MD #12060                | Full-Scope  | N/A |
| State of Illinois   |   |     |
| Chicago-Joliet-Naperville, IL MD #16974                     | Full-Scope  | N/A |
| State of Michigan   |   |     |
| Warren-Troy-Farmington Hills, MI MD #47644                  | Full-Scope  | N/A |
|   |   |     |

|   |  |                                     |
|---|--|-------------------------------------|
| <p>State of Minnesota:<br/>                 Minneapolis-St. Paul-Bloomington, MN-WI MSA #33460</p>  | <p>Full-Scope</p>  | <p>N/A</p>                          |
| <p>State of New York:<br/>                 New York-White Plains-Wayne, NY-NJ MD #35644<br/>                 Nassau-Suffolk, NY MD #35004</p> | <p>Full-Scope<br/>                 Full-Scope under Wholesale Institution and Limited-Scope under Large Bank</p> | <p>N/A<br/>                 N/A</p> |
| <p>State of Oregon:<br/>                 Portland-Vancouver-Hillsboro, OR-WA MSA #38900</p>   | <p>Full-Scope</p>  | <p>N/A</p>                          |
| <p>State of Pennsylvania:<br/>                 Philadelphia, PA MD #37964</p>   | <p>Full-Scope</p>  | <p>N/A</p>                          |
| <p>State of Texas:<br/>                 Houston-Sugar Land-Baytown, TX MSA #26420<br/>                 Dallas-Plano-Irving, TX MSA #19124</p> | <p>Full-Scope<br/>                 Full-Scope under Wholesale Institution and Limited-Scope under Large Bank</p> | <p>N/A<br/>                 N/A</p> |
| <p>District of Columbia:<br/>                 Washington-Arlington-Alexandria DC-VA-MD-WV MD #47894</p>                                       | <p>Full-Scope</p>  | <p>N/A</p>                          |

## Appendix B: Summary of State Ratings

| RATINGS      ETSB    |                           |                           |                           |                           |
|----------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Overall Bank:        | Lending Test Rating*      | Investment Test Rating    | Service Test Rating       | Overall Bank/State Rating |
| ETSB                 | Low Satisfactory          | Low Satisfactory          | Needs to Improve          | Needs to Improve          |
| State:               |                           |                           |                           |                           |
| Arizona              | Needs to Improve          | Needs to Improve          | Needs to Improve          | Needs to Improve          |
| California           | Low Satisfactory          | Low Satisfactory          | Needs to Improve          | Needs to Improve          |
| Colorado             | Low Satisfactory          | Needs to Improve          | Needs to Improve          | Needs to Improve          |
| Florida              | Needs to Improve          | Low Satisfactory          | Needs to Improve          | Needs to Improve          |
| Georgia              | Low Satisfactory          | Low Satisfactory          | Low Satisfactory          | Satisfactory              |
| Illinois             | Low Satisfactory          | Needs to Improve          | Needs to Improve          | Needs to Improve          |
| Michigan             | Substantial Noncompliance | Needs to Improve          | Substantial Noncompliance | Substantial Noncompliance |
| Minnesota            | Low Satisfactory          | Low Satisfactory          | Substantial Noncompliance | Needs to Improve          |
| New York             | Needs to Improve          | High Satisfactory         | Low Satisfactory          | Needs to Improve          |
| Oregon               | Low Satisfactory          | Substantial Noncompliance | Needs to Improve          | Needs to Improve          |
| Pennsylvania         | Needs to Improve          | Low Satisfactory          | Substantial Noncompliance | Needs to Improve          |
| Texas                | Needs to Improve          | Substantial Noncompliance | Needs to Improve          | Substantial Noncompliance |
| District of Columbia | Low Satisfactory          | High Satisfactory         | High Satisfactory         | Satisfactory              |

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

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

### State of Arizona Full-Scope Area

#### Phoenix-Mesa-Glendale AA

| Demographic Information for Full-Scope Area: Phoenix-Mesa-Glendale AA       |            |               |  |                  |                 |               |
|---|------------|---------------|--|------------------|-----------------|---------------|
| Demographic Characteristics   | #          | Low<br>% of # | Moderate<br>% of #   | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts/BNAs)  | 991        | 9.18          | 24.52  | 33.91            | 31.38           | 1.01          |
| Population by Geography   | 4,192,887  | 8.18          | 24.70  | 36.00            | 30.95           | 0.17          |
| Owner-Occupied Housing by Geography   | 1,008,811  | 3.66          | 21.50  | 38.06            | 36.77           | 0.01          |
| Businesses by Geography   | 474,416    | 6.41          | 16.12  | 31.16            | 45.87           | 0.45          |
| Farms by Geography  | 8,614      | 5.79          | 18.20  | 34.46            | 41.34           | 0.21          |
| Family Distribution by Income Level   | 1,000,063  | 21.18         | 17.76  | 20.47            | 40.59           | 0.00          |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 389,428    | 13.42         | 36.31  | 33.84            | 16.44           | 0.00          |
| Median Family Income  | = \$64,408 |               | Median Housing Value = \$251,130<br>Unemployment Rate = 6.8% |                  |                 |               |
| HUD Adjusted Median Family Income for 2012                                  | = \$66,400 |               |  |                  |                 |               |
| Households Below the Poverty Level  | =12%       |               |  |                  |                 |               |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB's AA consists of the Phoenix-Mesa-Glendale MSA in its entirety and includes Maricopa County and Pinal County. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

According to Moody's Analytics, the Phoenix-Mesa-Glendale MSA is the leader of the Arizona recovery. After years of contraction, the labor force has been growing and unemployment remains below average. According to the Bureau of Labor Statistics, the December 31, 2012 non-seasonally adjusted unemployment rate for the Phoenix-Mesa-Glendale MSA was 6.8 percent. The unemployment rate for the State of Arizona was 7.9 percent, and the national unemployment rate was 7.8 percent.

The largest employers in the Phoenix AA are the state and local governments. Healthcare, retail, aerospace, and finance also provide substantial employment opportunities. In 2012, there were six companies in the Fortune 500 that were headquartered in the AA. These include: Avnet, Freeport-McMoRan Copper and Gold, US Airways, Republic Services, PetSmart, and Insight Enterprises. The top employers were Banner Health System, Wells Fargo, Bank of America, Intel Corp, and Fry's Food Stores.

Based upon research conducted by the National Association of Realtors, the housing market in the Phoenix area fared badly in the recent housing recession. According to a study conducted by Arizona State University, at one time, Arizona had suffered from the third highest number of foreclosures in the nation, after California and Florida. However, there are signs that the market may be recovering. A recent study by Arizona Regional Multiple Listing Service indicated that in the second quarter of 2012, home sale prices had increased substantially, albeit on lower sales volumes. Similar conclusions were drawn in a study by the Center for Real Estate Theory and Practice at Arizona State University. A study by the National Association of Realtors, summarized on Realtor.com, named the Phoenix-Mesa market as the top turnaround market in the first quarter of 2012, with year on year median price appreciation of almost 27 percent. According to the 2010 U.S. Census data, the median housing value was \$251,130, and a low-income person earns less than \$33,200. Therefore, most low-income individuals and families could not afford to purchase a home.

ETSB has one branch in the AA, and it is located in an upper-income geography. Because the deposits are accepted on behalf of E\*TRADE Bank customers (not E\*TRADE Savings Bank customers), the Federal Deposit Insurance Corporation ("FDIC") reported that, as of June 30, 2012, the Bank had deposits totaling \$0 (zero) at its branch in the Phoenix AA. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 63 FDIC insured depository institutions in the Phoenix-Mesa-Glendale, AZ MSA. Wells Fargo Bank, JPMorgan Chase and Bank of America control approximately 47 percent of the insured deposit market.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in the AA.

There are numerous opportunities for community development participation within the AA. Identified needs through community contacts within the AA and included within the five year consolidated plan for the City of Phoenix are affordable housing, support for the homeless persons and special needs residents, and workforce development. Specifically, there is a need for financing products for homebuyers purchasing properties located in Neighborhood Stabilization Programs (NSP), low cost bank accounts, lines of credit from banks to non-profits to help maintain cash flow for projects and programs, equity investment in loan programs supporting foreclosure mitigation and stabilization efforts, pre-development financing for NSP obtained properties, Low Income Housing Tax Credit (LIHTC) investors, and small business loans.

## State of California Full-Scope Areas

### Los Angeles-Long Beach-Glendale AA

| Demographic Information for Full-Scope Area: Los Angeles-Long Beach-Glendale AA |            |            |                 |                      |              |            |
|---|------------|------------|-----------------|----------------------|--------------|------------|
| Demographic Characteristics   | #          | Low % of # | Moderate % of # | Middle % of #        | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs)  | 2,346      | 8.99       | 28.64           | 26.77                | 34.02        | 1.58       |
| Population by Geography   | 9,818,605  | 8.01       | 29.43           | 28.26                | 33.92        | 0.39       |
| Owner-Occupied Housing by Geography   | 1,552,091  | 2.13       | 16.61           | 28.64                | 52.61        | 0.01       |
| Businesses by Geography   | 996,037    | 6.35       | 18.50           | 25.29                | 48.70        | 1.15       |
| Farms by Geography  | 8,432      | 3.36       | 17.10           | 26.94                | 51.94        | 0.65       |
| Family Distribution by Income Level   | 2,170,227  | 24.05      | 16.43           | 17.64                | 41.88        | 0.00       |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies     | 878,478    | 13.64      | 41.84           | 26.84                | 17.67        | 0.01       |
| Median Family Income  | = \$61,622 |            |                 |                      |              |            |
| HUD Adjusted Median Family Income for 2012                                      | = \$64,800 |            |                 |                      |              |            |
| Households Below the Poverty Level  | =14%       |            |                 |                      |              |            |
|   |            |            |                 | Median Housing Value | = \$526,439  |            |
|   |            |            |                 | Unemployment Rate    | = 9.4%       |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB's AA consists of the Los Angeles-Long Beach-Glendale MD in its entirety and includes Los Angeles County. The Los Angeles-Long Beach-Glendale AA is within the Los Angeles-Long Beach-Santa Ana, CA MSA. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

Los Angeles, located in the southern portion of the State of California, is a complex, highly diverse urban area that includes more than 80 cities and a number of unincorporated areas. Also known as Metropolitan Los Angeles or the Southland, Los Angeles is the 13th largest metropolitan area in the world and the second-largest metropolitan area in the United States. Los Angeles and Long Beach are home to the two busiest shipping ports in the country and are considered a gateway to Pacific Rim business interests. The area has several federal and state designations aimed at stimulating economic development, including Empowerment and Enterprise Zones.

The economy of the Los Angeles metropolitan area is heavily based on the entertainment industry, with a particular focus on television, motion pictures, interactive games, and recorded music. The City of Hollywood and its surrounding areas are known as the "movie capital of the United States" due to the region's extreme commercial and historical importance to the American motion picture industry.



Other leading industries in the area are centered in international trade and tourism. Los Angeles has been a large manufacturing center emphasizing apparel, computer, electronics, and fabricated metal products. Government, medical services, entertainment, and defense and aerospace manufacturing remain important employment sectors. Shipping/international trade, particularly at the adjacent Port of Los Angeles and Port of Long Beach, is also significant to the area.

The City of Los Angeles is home to five Fortune 500 companies: Occidental Petroleum, Health Net, Reliance Steel & Aluminum, AECOM, and CB Richard Ellis. The top employers are Kaiser Permanente, the University of California - Los Angeles, Northrop Grumman Corporation, and the University of Southern California.

Contractions in aerospace manufacturing and weak overall employment growth are delaying Los Angeles' transition from recovery to expansion. The area has been severely impacted by the recession, as evidenced by continuing high unemployment and the continuing decline of real estate prices. According to the Bureau of Labor Statistics, the December 31, 2012 non-seasonally adjusted unemployment rate for the State of California was 9.8 percent, the unemployment rate for the Los Angeles-Long Beach-Glendale, CA MD was 9.4 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

Based on statistics from the National Association of Realtors, the Los Angeles housing market is just beginning to recover from the effects of the recession. Homeowners in the AA lost an average of 40 percent of their equity during the recession. Affordability continues to be a significant issue even though housing values in the region continue to decline. According to the 2010 U.S. Census data, the median housing value for this MSA is \$526,439, and a low-income individual or family earns less than \$32,400 while a moderate-income individual or family earns less than \$51,840. Therefore, home ownership is virtually impossible for most low- and moderate-income individuals and families.

ETSB has two branches in the AA. Both branches are located in upper-income geographies. Because the deposits are accepted on behalf of E\*TRADE Bank customers (not E\*TRADE Savings Bank customers), the FDIC reported that, as of June 30, 2012, the Bank had deposits totaling \$0 (zero) at its branches in this AA. There is considerable competition for deposits in the Los Angeles-Long Beach-Santa Ana, CA MSA. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 150 FDIC insured depository institutions in this MSA. The largest market shares were held by Bank of America, Wells Fargo Bank, Union Bank and JPMorgan Chase Bank, who collectively had slightly less than 55 percent of the market for FDIC insured deposits.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in the AA.

The opportunities for community development participation within the AA are broad. Identified needs through community contacts within the AA include micro loans and working capital loans for small businesses, access to mainstream financial services (i.e. more brick and mortar branches) in low-income communities, affordable housing, multi-family housing that can accommodate large families, job training and workforce development, and basic literacy and education skills programs.

San Jose-Sunnyvale-Santa Clara AA

| Demographic Information for Full-Scope Area: San Jose-Sunnyvale-Santa Clara AA |            |            |                 |                      |              |            |
|--|------------|------------|-----------------|----------------------|--------------|------------|
| Demographic Characteristics  | #          | Low % of # | Moderate % of # | Middle % of #        | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs)   | 383        | 9.40       | 23.50           | 37.34                | 29.50        | 0.26       |
| Population by Geography  | 1,836,911  | 8.95       | 25.33           | 37.20                | 28.38        | 0.15       |
| Owner-Occupied Housing by Geography  | 364,206    | 4.35       | 18.70           | 39.49                | 37.45        | 0.00       |
| Businesses by Geography  | 184,747    | 6.00       | 22.32           | 34.81                | 36.79        | 0.08       |
| Farms by Geography   | 2,680      | 7.31       | 25.67           | 35.86                | 31.12        | 0.04       |
| Family Distribution by Income Level  | 434,720    | 23.65      | 16.34           | 19.49                | 40.51        | 0.00       |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies    | 173,862    | 14.14      | 32.83           | 35.91                | 17.12        | 0.00       |
| Median Family Income   | = \$99,794 |            |                 |                      |              |            |
| HUD Adjusted Median Family Income for 2012                                     | = \$105,00 |            |                 |                      |              |            |
| Households Below the Poverty Level   | =8%        |            |                 |                      |              |            |
|  |            |            |                 | Median Housing Value | = \$674,134  |            |
|  |            |            |                 | Unemployment Rate    | = 7.8%       |            |

(\*) The NA category consists of geographies that have not been assigned an income classification. Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB's AA consists of the San Jose-Sunnyvale-Santa Clara MSA in its entirety and includes San Benito County and Santa Clara County. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

The large concentration of high-technology engineering, computer, and microprocessor companies around San Jose has led the area to be known as "Silicon Valley". The area's economy is tied to the growth and declines of the high tech sector. High economic growth during the tech bubble caused employment, housing prices, and traffic congestion to peak in the late 1990s. As the economy slowed in the early 2000s, employment and traffic congestion diminished somewhat. In the mid-2000s, traffic along major highways again began to worsen as the economy improved.

The leading industries are state and local government, computer systems design and related services, semiconductor and other electrical component manufacturers and

computer and peripheral equipment manufacturers. The major employers are Cisco Systems Inc., Kaiser Permanente, Apple Inc., Stanford University, and Oracle Corp.

According to Moody's Analytics, San Jose has regained all the jobs lost during the recession and unemployment is at its lowest level since the end of 2008. According to the Bureau of Labor Statistics, the December 31, 2012 non-seasonally adjusted unemployment rate for the State of California was 9.8 percent, the unemployment rate for the San Jose-Sunnyvale-Santa Clara, CA MSA was 7.8 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

The cost of living in San Jose and the surrounding areas is among the highest in California and the nation. Based on statistics from the National Association of Realtors (NAR), the housing market has recovered from the effects of the recession and San Jose housing prices have begun rising at a reasonable pace. NAR reports that as of the fourth quarter of 2012, median home prices in the AA were \$685 thousand. This represents an increase of \$100 thousand dollars over the past three years but an overall decrease of \$62 thousand over the past seven years. According to the National Association of Realtors, San Jose now ranks fifth in "Recovery Turnaround Cities." Based on the 2010 U.S. Census data, the median housing value for this MSA is \$674,134, and a low-income individual or family earns less than \$52,500 and a moderate-income individual or family earns less than \$84,000. Therefore, home ownership is virtually impossible for most low- and moderate-income individuals and families.

ETSB has two branches in the AA. Both branches are located in upper-income geographies. Because the deposits are accepted on behalf of E\*TRADE Bank customers (not E\*TRADE Savings Bank customers), the FDIC reported that, as of June 30, 2012, the Bank had deposits totaling \$0 (zero) at its branches in this AA. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 51 FDIC insured depository institutions in the Los Angeles-Long Beach-Santa Ana, CA MSA. Wells Fargo Bank, Silicon Valley Bank, and Bank of America control approximately 59 percent of the insured deposit market.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in the AA.

There are several opportunities for community development participation within the AA. The AA's primary community development needs include affordable housing and workforce development. The City of San Jose's 2010-2015 Consolidated Plan has affordable housing as a key priority. Residents with incomes below the area median income have a significant need for affordable and appropriate housing.

## State of Colorado Full-Scope Areas

### Denver-Aurora-Broomfield AA

| Demographic Information for Full-Scope Area: Denver-Aurora-Broomfield AA   |           |            |                 |               |  |            |
|--|-----------|------------|-----------------|---------------|--|------------|
| Demographic Characteristics  | #         | Low % of # | Moderate % of # | Middle % of # | Upper % of #   | NA* % of # |
| Geographies (Census Tracts/BNAs)   | 621       | 11.11      | 22.54           | 33.49         | 31.72  | 1.13       |
| Population by Geography  | 2,543,482 | 11.14      | 23.08           | 33.37         | 32.36  | 0.04       |
| Owner-Occupied Housing by Geography  | 650,428   | 6.31       | 19.13           | 36.08         | 38.48  | 0.00       |
| Businesses by Geography  | 344,860   | 8.25       | 20.17           | 31.62         | 39.67  | 0.29       |
| Farms by Geography   | 6,068     | 6.05       | 17.78           | 36.35         | 39.77  | 0.05       |
| Family Distribution by Income Level  | 620,203   | 21.90      | 17.14           | 20.30         | 40.66  | 0.00       |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies  | 242,175   | 19.33      | 34.13           | 30.34         | 16.20  | 0.00       |
| Median Family Income = \$75,101<br>HUD Adjusted Median Family Income for 2012 = \$79,300<br>Households Below the Poverty Level = 11% |           |            |                 |               | Median Housing Value = \$266,191<br>Unemployment Rate = 7.4% |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB's AA consists of the Denver-Aurora-Broomfield, CO MSA in its entirety and includes the counties of Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

The local economy is diversified with major employment in the trade, transportation and utilities industry, finance, education, healthcare, aerospace, professional, and business services. Government is also a major employer. Major employers include: HealthONE, King Soopers, Wal-Mart Stores Inc., Century Link, Exempla Health, and Lockheed Martin. Nine Fortune 500 companies are headquartered in the Denver Metropolitan area including Arrow Electronics, DishNetwork, and Newmont Mining.

According to Moody's Analytics, Denver's economy is on the verge of a self-sustaining expansion. Strong consumer spending has powered small businesses for most of the recovery and this trend will persist. Employment has remained better than the nation as a whole and has surpassed its prerecession peak. According to the Bureau of Labor Statistics, the non-seasonally adjusted national unemployment rate was 7.8 percent as of December 31, 2012. The December 31, 2012 non-seasonally adjusted unemployment rate for the State of Colorado was 7.5 percent, and the unemployment rate for the Denver-Aurora-Broomfield, CO MSA was 7.4 percent.

House price appreciation is the strongest in the state and housing demand is healthy, creating opportunities for builders. The overdevelopment leading up to the U.S. housing collapse has been corrected and the supply of homes in Denver is at historic lows. Based on the 2010 U.S. Census data, the median housing value for this MSA is \$266,191, and a low-income individual or family earns less than \$39,650 and a moderate-income individual or family earns less than \$63,400. Therefore, most low- and moderate-income individuals and families would have difficulty purchasing a home.

ETSB has one branch in the AA and it is located in an upper-income geography. Because the deposits are accepted on behalf of E\*TRADE Bank customers (not E\*TRADE Savings Bank customers), the FDIC reported that, as of June 30, 2012, the Bank had deposits totaling \$0 (zero) at its branch in this AA. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 71 FDIC insured depository institutions in this MSA. Wells Fargo Bank, FirstBank, U.S. Bank and JPMorgan Chase Bank control approximately 64 percent of the insured deposit market.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in the AA.

Based on community contacts within the AA, there are various identified CD needs, including affordable housing, foreclosure prevention counseling, homeowner counseling for low- and moderate-income households, funding for multi-family housing, and technical assistance funding for community development projects.

## State of Florida Full-Scope Area

### Tampa-St. Petersburg-Clearwater AA

| Demographic Information for Full-Scope Area: Tampa-St. Petersburg-Clearwater AA |            |            |                 |                      |              |            |
|---|------------|------------|-----------------|----------------------|--------------|------------|
| Demographic Characteristics   | #          | Low % of # | Moderate % of # | Middle % of #        | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs)  | 742        | 4.45       | 25.74           | 41.24                | 27.36        | 1.21       |
| Population by Geography   | 2,783,243  | 3.63       | 25.12           | 41.40                | 29.66        | 0.19       |
| Owner-Occupied Housing by Geography   | 782,399    | 1.78       | 22.22           | 43.76                | 32.24        | 0.00       |
| Businesses by Geography   | 399,074    | 2.72       | 21.39           | 39.25                | 36.46        | 0.18       |
| Farms by Geography  | 8,967      | 1.85       | 23.17           | 43.69                | 31.27        | 0.01       |
| Family Distribution by Income Level   | 698,563    | 20.72      | 18.53           | 19.74                | 41.01        | 0.00       |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies     | 274,173    | 5.96       | 36.40           | 41.51                | 16.14        | 0.00       |
| Median Family Income  | = \$57,333 |            |                 |                      |              |            |
| HUD Adjusted Median Family Income for 2012                                      | = \$56,400 |            |                 |                      |              |            |
| Households Below the Poverty Level  | =12%       |            |                 |                      |              |            |
|   |            |            |                 | Median Housing Value | = \$198,240  |            |
|   |            |            |                 | Unemployment Rate    | = 7.9%       |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB’s AA consists of the Tampa-St. Petersburg-Clearwater, FL MSA in its entirety and includes Hernando County, Hillsborough County, Pasco County, and Pinellas County. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

According to Moody’s Analytics, Tampa is a state growth leader thanks to broad-based expansion in services. The largest major industry sector in the Tampa area is health care and social assistance, followed by retail trade, and accommodation food services. Hospital expansion and proliferation of medical research will keep healthcare at the forefront of the recovery. Suncoast Medical Clinic opened a facility at St. Anthony’s Hospital in St. Petersburg that will create a few hundred jobs, and Oak Hill Hospital has spent money expanding and renovating its hospital in Hernando County, which created about 500 jobs. The largest employers are MacDill Air Force Base, Verizon Communications, University of South Florida, Tampa International Airport, Tampa General Hospital, Shriners Hospital for Children, and St. Joseph’s Hospital.

According to the Bureau of Labor Statistics, the national unemployment rate was 7.8 percent as of December 31, 2012. The December 31, 2012 non-seasonally adjusted unemployment rate for the State of Florida was 7.8 percent, and the unemployment rate for the Tampa-St. Petersburg-Clearwater, FL MSA was 7.9 percent.

Tampa's housing market suffered significant declines in housing values. Based on National Association of Realtors data, Tampa's housing market, along with most of Florida, suffered significant housing value loss in the recent real estate recession. For fourth quarter 2012, the median home price in the Tampa area was \$137,200, down \$85,800 from 2006; all equity increases from the housing boom have been eliminated. Based on the 2010 U.S. Census data, the median housing value was \$198,420, and a low-income individual or family earns less than \$28,200 and a moderate-income individual or family earns less than \$45,120. Home prices are more affordable for low- and moderate-income individuals and families than most areas of the country.

ETSB has one branch in the AA, and it is located in a moderate-income geography. Because the deposits are accepted on behalf of E\*TRADE Bank customers (not E\*TRADE Savings Bank customers), the FDIC reported that, as of June 30, 2012, the Bank had deposits totaling \$0 (zero) at its branch in this AA. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 69 FDIC insured depository institutions in this MSA. Bank of America, Wells Fargo Bank, Raymond James Bank, and SunTrust Bank control approximately 59 percent of the insured deposit market.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in this AA.

Based on community contacts within the AA, there are various identified CD needs. The City of Tampa outlines four specific community development needs within the 2012-2016 Consolidated Plan. First, affordable housing for low- and moderate-income households who experience a cost burden when 30 percent of the household income is used for housing costs. Second, rent subsidies and subsidized rental housing units can provide needed relief to renter households. Third, addressing homelessness for two parent families, single parent families, veterans, abused or abandoned women, and children, teens, the mentally and physically disabled and low-income persons lacking adequate support systems or coping skills. Lastly, many non-homeless persons need supportive housing and services to help them live independently and to avoid homelessness. This is particularly true for the elderly, persons with mental or developmental disabilities, persons with HIV/AIDS, victims of domestic violence, parolees, veterans, teens living on their own, children leaving group homes or aging out of foster care, and people transitioning from welfare to work. Community development needs also include non-housing initiatives to improve public areas, economic development for predominately low-income individuals and households, job training, and increase job opportunities.

## State of Georgia Full-Scope Area

### Atlanta-Sandy Springs-Marietta AA

| Demographic Information for Full-Scope Area: Atlanta-Sandy Springs-Marietta AA |            |            |                 |                      |              |            |
|--|------------|------------|-----------------|----------------------|--------------|------------|
| Demographic Characteristics  | #          | Low % of # | Moderate % of # | Middle % of #        | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs)   | 946        | 9.83       | 25.05           | 34.78                | 29.81        | 0.53       |
| Population by Geography  | 5,268,860  | 6.22       | 24.34           | 39.10                | 30.22        | 0.11       |
| Owner-Occupied Housing by Geography  | 1,271,887  | 2.82       | 19.27           | 41.63                | 36.28        | 0.00       |
| Businesses by Geography  | 719,883    | 4.95       | 22.06           | 36.41                | 36.51        | 0.07       |
| Farms by Geography   | 11,940     | 3.14       | 21.41           | 44.30                | 31.15        | 0.00       |
| Family Distribution by Income Level  | 1,277,286  | 22.01      | 17.22           | 19.60                | 41.17        | 0.00       |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies    | 501,096    | 10.73      | 34.50           | 38.92                | 15.85        | 0.00       |
| Median Family Income   | = \$67,829 |            |                 |                      |              |            |
| HUD Adjusted Median Family Income for 2012                                     | = \$69,300 |            |                 |                      |              |            |
| Households Below the Poverty Level   | =11%       |            |                 |                      |              |            |
|  |            |            |                 | Median Housing Value | = \$210,153  |            |
|  |            |            |                 | Unemployment Rate    | = 8.4%       |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB's AA consists of the Atlanta-Sandy Springs-Marietta, GA MSA in its entirety and includes the counties of Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Newton, Paulding, Pickens, Pike, Rockdale, Spalding, and Walton. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

According to Moody's Analytics, Atlanta is outperforming most metro areas in the South and nationwide as job growth is spreading across more industries. Hiring has accelerated in business and consumer services thanks to support from the addition of higher-paying manufacturing jobs as well as to improved household finances as the housing market heals.

Atlanta's economy is well diversified and not heavily dependent upon any one industry or employer. The area's largest employers are Delta Air Lines Inc., Wal-Mart Stores Inc., AT&T, Emory University, Publix Supermarkets, The Home Depot U.S.A. Inc. as well as other medical, municipal, and educational system employers.

According to the Bureau of Labor Statistics, the non-seasonally adjusted national unemployment rate was 7.8 percent as of December 31, 2012. The December 31, 2012 non-seasonally adjusted unemployment rate for Georgia was 8.7 percent, and the unemployment rate for the Atlanta-Sandy Springs-Marietta, GA MSA was 8.4 percent.



According to research conducted by the National Association of Realtors, the housing market in the Atlanta MSA is recovering slowly. For fourth quarter 2012, it reported that the median price for a home in the Atlanta area was \$106,900, representing a 14.3 percent decrease in value over the preceding three years, but is reflective of an 18 percent increase over the most recent year. Based on the 2010 U.S. Census data, the median housing value was \$210,153, and a low-income individual or family earns less than \$34,650 and a moderate-income individual or family earns less than \$55,400. Home prices are more affordable for low- and moderate-income individuals and families than most areas of the country.

ETSB has one branch in the AA, and it is located in an upper-income geography. Because the deposits are accepted on behalf of E\*TRADE Bank customers (not E\*TRADE Savings Bank customers), the FDIC reported that, as of June 30, 2012, the Bank had deposits totaling \$0 (zero) at its branch in this AA. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 108 FDIC insured depository institutions in this MSA. SunTrust Bank, Wells Fargo Bank, and Bank of America control approximately 62 percent of the insured deposit market.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in this AA.

Based on community contacts within the AA, there are an abundance of CD opportunities and CD needs, and they include affordable housing and counseling programs for homeownership and foreclosure prevention. Specific needs include funding for down-payment assistance, home improvement loans, pre- and post-purchase homeowner counseling, foreclosure prevention initiatives, lease-purchase programs, access to bank financing, FHA 203K loans, and financing for the development of affordable rental housing. There is an abundance of opportunities to assist and there are a large number of affordable housing and small business and micro-lending non-profit providers throughout the Atlanta Sandy Springs-Marietta AA. Additionally, the Atlanta Neighborhood Development Partnership provides technical assistance and funding to area affordable housing non-profit providers through the use of a revolving loan fund.

## State of Illinois Full-Scope Area

### Chicago-Naperville-Joliet AA

| Demographic Information for Full-Scope Area: Chicago-Naperville-Joliet AA   |           |            |                 |               |  |            |
|---|-----------|------------|-----------------|---------------|--|------------|
| Demographic Characteristics   | #         | Low % of # | Moderate % of # | Middle % of # | Upper % of #   | NA* % of # |
| Geographies (Census Tracts/BNAs)  | 1,861     | 13.33      | 23.54           | 32.24         | 30.63  | 0.27       |
| Population by Geography   | 7,883,147 | 9.20       | 23.41           | 34.27         | 33.11  | 0.00       |
| Owner-Occupied Housing by Geography   | 1,902,720 | 3.95       | 17.80           | 38.25         | 40.00  | 0.00       |
| Businesses by Geography   | 630,564   | 4.96       | 15.82           | 33.52         | 45.60  | 0.11       |
| Farms by Geography  | 9,715     | 2.53       | 11.91           | 44.57         | 40.96  | 0.03       |
| Family Distribution by Income Level   | 1,885,834 | 22.57      | 16.85           | 19.53         | 41.05  | 0.00       |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies   | 743,460   | 15.97      | 33.77           | 33.54         | 16.73  | 0.00       |
| Median Family Income = \$72,747<br>HUD Adjusted Median Family Income for 2012 = \$77,300<br>Households Below the Poverty Level =12% |           |            |                 |               | Median Housing Value = \$287,573<br>Unemployment Rate = 8.6% |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB’s AA consists of the Chicago-Naperville-Joliet, IL MD in its entirety and includes the counties Cook, DeKalb, DuPage, Grundy, Kane, Kendall, McHenry, and Will. The Chicago-Naperville-Joliet, IL MD is within the Chicago-Joliet-Naperville, IL-IN-WI MSA. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

According to Moody’s Analytics, Chicago’s economy has strengthened, but challenges remain. While the AA economy continues to improve from the recession, high exposure to the manufacturing and distribution industries, an aging infrastructure, and competition with other cities for tourism and convention dollars may restrain growth. The Chicago area continues to be a business, transportation, and distribution center for the Midwest and a popular convention venue. Construction, business, financial and professional services, transportation and distribution services, and tourism are the main drivers of the economy. The top employers are Wal-Mart Stores, Inc., Advocate Health Care System, JP Morgan Chase Bank, Walgreen Co., Abbott Laboratories, and United Continental Holdings Inc.

According to the Bureau of Labor Statistics, the non-seasonally adjusted national unemployment rate was 7.8 percent as of December 31, 2012. The December 31, 2012 non-seasonally adjusted unemployment rate for the State of Illinois was 8.6 percent, and the unemployment rate for the Chicago-Naperville-Joliet, IL-IN-WI MSA was 8.6 percent.

Based on statistics from the National Association of Realtors (NAR), the Chicago housing market has not yet fully recovered from the effects of the recession. As of fourth quarter 2012, NAR reports median home prices in the AA of \$167,400. This represents a decrease of \$24,100 dollars over the past three years and a decrease of \$98,200 over the past seven years. The market correction that occurred during the recession eliminated all of the equity gain during the previous housing boom. Based on the 2010 U.S. Census data, the median housing value was \$287,573, and a low-income individual or family earns less than \$38,650 and a moderate-income individual or family earns less than \$61,840. Home prices are more affordable for low- and moderate-income individuals and families than most areas of the country.

ETSB has one branch in the AA, and it is located an upper-income geography. Because the deposits are accepted on behalf of E\*TRADE Bank customers (not E\*TRADE Savings Bank customers), the FDIC reported that, as of June 30, 2012, the Bank had deposits totaling \$0 (zero) at its branch in this AA. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 249 FDIC insured depository institutions in the Chicago-Joliet-Naperville, IL-IN-WI MSA. JP Morgan Chase Bank and BMO Harris Bank control approximately 34 percent of the insured deposit market.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in this AA.

Based on community contacts within the AA, there are various CD opportunities available in the AA. Some opportunities include participation in foreclosure relief efforts, financing for affordable rental housing, investment in capital pools that make equity and equity-like investments in small businesses, lines of credit less than \$1 million, Board and committee service, contributions to non-profit organizations who serve low- and moderate-income individuals, and investment loan pools by nonprofit Community Development Financial Institutions.

## State of Michigan Full-Scope Area

### Warren-Troy-Farmington Hills AA

| Demographic Information for Full-Scope Area: Warren-Troy-Farmington Hills AA |            |            |                 |                      |              |            |
|--|------------|------------|-----------------|----------------------|--------------|------------|
| Demographic Characteristics  | #          | Low % of # | Moderate % of # | Middle % of #        | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs)   | 689        | 5.22       | 20.75           | 45.86                | 27.14        | 1.02       |
| Population by Geography  | 2,475,666  | 4.31       | 20.12           | 46.54                | 28.99        | 0.04       |
| Owner-Occupied Housing by Geography  | 757,307    | 2.59       | 18.58           | 48.47                | 30.35        | 0.00       |
| Businesses by Geography  | 252,512    | 4.52       | 19.25           | 42.63                | 33.26        | 0.34       |
| Farms by Geography   | 6,456      | 2.85       | 19.14           | 53.07                | 24.69        | 0.25       |
| Family Distribution by Income Level  | 660,775    | 20.29      | 18.26           | 21.47                | 39.99        | 0.00       |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies  | 254,713    | 7.46       | 29.62           | 47.14                | 15.78        | 0.00       |
| Median Family Income   | = \$75,314 |            |                 |                      |              |            |
| HUD Adjusted Median Family Income for 2012                                   | = \$74,800 |            |                 |                      |              |            |
| Households Below the Poverty Level   | =9%        |            |                 |                      |              |            |
|  |            |            |                 | Median Housing Value | = \$189,489  |            |
|  |            |            |                 | Unemployment Rate    | = 10.2%      |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB’s AA consists of the Warren-Troy-Farmington Hills, MI MD in its entirety and includes Lapeer County, Livingston County, Macomb County, Oakland County, and St. Clair County. The Warren-Troy-Farmington Hills, MI MD is within the Detroit-Warren-Livonia, MI MSA. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

According to Moody’s Analytics, the Warren-Troy-Farmington Hills recovery has lost some momentum, but remains on track. Private sector job creation continues to exceed state averages and the unemployment rate is back below 10 percent and falling. This area is center of auto-related research and development and headquarters for automakers and suppliers. In addition, the Farmington Hills area is home to large manufacturing companies such as Alcoa, Bosch, Nissan Research & Development, The Gale Group, Dana Corporation, Harman/Becker, ACN, Inc. and Nextel.

According to the Bureau of Labor Statistics, the non-seasonally adjusted national unemployment rate was 7.8 percent as of December 31, 2012. The December 31, 2012 non-seasonally adjusted unemployment rate for the State of Michigan was 8.9 percent, and the unemployment rate for the Detroit-Warren-Livonia, MI MSA was 10.2 percent.

High unemployment has led to increased foreclosures and vacant properties. The Detroit-Warren housing market has seen enormous declines even after the housing boom collapse and decline of manufacturing jobs. The median home value reported by

the National Association of Realtors was \$66,700 in fourth quarter 2012 or 42.7 percent of the 2006 value. Based on the 2010 U.S. Census data, the median housing value was \$189,489, and a low-income individual or family earns less than \$37,400 and a moderate-income individual or family earns less than \$59,840. Home prices are more affordable for low- and moderate-income individuals and families than most areas of the country.

ETSB has one branch in the AA, and it is located in an upper-income geography. Because the deposits are accepted on behalf of E\*TRADE Bank customers (not E\*TRADE Savings Bank customers), the FDIC reported that, as of June 30, 2012, the Bank had deposits totaling \$0 (zero) at its branch in this AA. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 52 FDIC insured depository institutions in the Detroit-Warren-Livonia, MI MSA. JPMorgan Chase Bank, Comerica Bank, Bank of America, and PNC Bank control approximately 68 percent of the insured deposit market.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in this AA.

Based on community contacts within the AA, there are several CD opportunities available in the AA. Identified needs within the AA include affordable housing, economic development, investment in loan funds, financial literacy and homeownership counseling. In addition, in-kind support as instructors and Board members are service opportunities. An advisory role would also be very useful, as a service opportunity, to assist a local organization in developing its social enterprise business.

## State of Minnesota Full-Scope Area

### Minneapolis-St. Paul-Bloomington AA

| Demographic Information for Full-Scope Area: Minneapolis-St. Paul-Bloomington AA   |           |            |                 |  |              |            |
|--|-----------|------------|-----------------|--|--------------|------------|
| Demographic Characteristics  | #         | Low % of # | Moderate % of # | Middle % of #  | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs)   | 772       | 8.42       | 20.73           | 45.85  | 24.48        | 0.52       |
| Population by Geography  | 3,279,833 | 6.36       | 17.77           | 49.45  | 26.30        | 0.12       |
| Owner-Occupied Housing by Geography  | 918,062   | 2.56       | 14.69           | 53.41  | 29.33        | 0.00       |
| Businesses by Geography  | 331,201   | 4.69       | 16.66           | 48.50  | 30.14        | 0.02       |
| Farms by Geography   | 9,124     | 1.07       | 12.43           | 64.26  | 22.24        | 0.00       |
| Family Distribution by Income Level  | 818,942   | 19.47      | 18.08           | 23.76  | 38.69        | 0.00       |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies  | 307,560   | 10.20      | 25.22           | 49.76  | 14.82        | 0.00       |
| Median Family Income = \$80,925<br>HUD Adjusted Median Family Income for 2012 = \$83,900<br>Households Below the Poverty Level =9% |           |            |                 | Median Housing Value = \$254,202<br>Unemployment Rate = 5.1% |              |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB's AA consists of Minneapolis-St. Paul-Bloomington, MN-WI MSA in its entirety and includes Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, Wright counties in Minnesota and Pierce and St. Croix counties in Wisconsin. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

According to Moody's Analytics, the Minneapolis-St. Paul area continues its recovery with gains in construction, education, and healthcare employment. However, there has been a steady decline in manufacturing and a temporary slowdown in transportation and utilities, which has kept growth somewhat slower than the U.S. pace. The top employers are Target Corp, Allina Health System, Fairview Health System, Wells Fargo & Co, University of Minnesota, and 3M Corp.

The jobless rate is well below the national average for the first time since 2008, but there was a reduction in the labor force. According to the Bureau of Labor Statistics, the non-seasonally adjusted national unemployment rate was 7.8 percent as of December 31, 2012. The December 31, 2012 non-seasonally adjusted unemployment rate for the State of Minnesota was 5.4 percent, and the unemployment rate for the Minneapolis-St. Paul-Bloomington, MN-WI MSA was 5.1 percent.

The housing market continues to strengthen, with declines in inventory leading to sustained house price increases. According to research conducted by the National Association of Realtors, the fourth quarter of 2012 reflects a median home price of \$175,300. This represents a 4.7 percent increase over the prior three years. Based on the 2010 U.S. Census data, the median housing value was \$254,202, and a low-income individual or family earns less than \$41,950 and a moderate-income individual or family earns less than \$67,120. Home prices are more affordable for low- and moderate-income individuals and families than most areas of the country.

ETSB has one branch in the AA, and it is located in an upper-income geography. Because the deposits are accepted on behalf of E\*TRADE Bank customers (not E\*TRADE Savings Bank customers), the FDIC reported that, as of June 30, 2012, the Bank had deposits totaling \$0 (zero) at its branch in this AA. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 160 FDIC insured depository institutions in the Minneapolis-St. Paul-Bloomington, MN-WI MSA. Wells Fargo Bank dominated the market with a 50.05 percent deposit market share, and U.S. Bank ranked second with a 27.15 percent deposit market share.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in this AA.

There are several opportunities for CD participation within the AA. Identified needs discussed within the five year consolidated plan for the Minneapolis area include affordable housing, business development, and job creation. According to data provided within the consolidated plan there is an affordable housing shortage for households whose income is considered very low (less than 30 percent of median family income). Barriers to affordable housing include transportation routes and the spatial mismatch between where the affordable housing is located and where lower-wage employment is located. Lack of jobs and the shortage in affordable housing has forced individuals and families into homelessness. In addition, budget cuts in federal and state funding has challenged the ability to meet the demand for public service programs. Low- and moderate-income residents are vulnerable because the ability to meet community needs with federal funds is limited by shrinking federal budgets.

## State of New York Full-Scope Area

### New York-Wayne-White Plains AA

| Demographic Information for Full-Scope Area: New York-Wayne-White Plains AA  |            |            |                 |               |  |            |
|--|------------|------------|-----------------|---------------|--|------------|
| Demographic Characteristics  | #          | Low % of # | Moderate % of # | Middle % of # | Upper % of #   | NA* % of # |
| Geographies (Census Tracts/BNAs)   | 2,920      | 11.37      | 23.46           | 28.46         | 34.25  | 2.47       |
| Population by Geography  | 11,576,251 | 12.88      | 25.24           | 25.91         | 35.76  | 0.21       |
| Owner-Occupied Housing by Geography  | 1,718,343  | 2.47       | 12.25           | 27.31         | 57.97  | 0.00       |
| Businesses by Geography  | 1,032,939  | 7.34       | 17.18           | 22.46         | 50.73  | 2.30       |
| Farms by Geography   | 7,656      | 2.76       | 9.12            | 19.20         | 68.31  | 0.61       |
| Family Distribution by Income Level  | 2,675,727  | 25.67      | 15.46           | 16.27         | 42.61  | 0.00       |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies  | 1,100,425  | 22.97      | 35.73           | 25.08         | 16.22  | 0.01       |
| Median Family Income = \$64,171<br>HUD Adjusted Median Family Income for 2012 = \$68,300<br>Households Below the Poverty Level = 16% |            |            |                 |               | Median Housing Value = \$509,316<br>Unemployment Rate = 8.5% |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB's AA consists of the New York-Wayne-White Plains, NY NJ MD in its entirety and includes Bergen, Hudson, and Passaic counties in New Jersey, and Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, and Westchester counties in New York. The New York-Wayne-White Plains, NY NJ MD is within the New York-Northern New Jersey-Long Island, NY-NJ-PA MSA. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

New York City, consisting of Bronx, Kings, New York, Queens, and Richmond Counties, is the most significant economic contributor to the AA. New York City is home to a diversified mix of businesses, with many national and international corporations headquartered therein. Historically, the downtown area has been dominated by the financial services industry. Industries operating in the midtown area include advertising, publishing, and garment production. The retail sector is a major employer along with health and social care. In addition, tourism continues to be one of New York City's most vital industries. Some of the AA's largest employers are Metropolitan Transportation Authority, New York City Health and Hospitals Corp, JPMorgan Chase & Co, Citigroup Inc., and North-Shore Long Island Jewish Health System.

The New York City economy has struggled following the recession that began in late 2008. In addition, the economic disruption of Hurricane Sandy was significant.



According to Moody's Analytics, New York City's economy is close to expansion and the rebuilding from Sandy that will take place through 2013 should improve the economy. However, the boost from Sandy rebuilding will be partly offset by large-scale finance layoffs, as investment banks are trimming labor costs to combat higher regulatory costs and lower trading and deal volumes.

According to the Bureau of Labor Statistics, the non-seasonally adjusted national unemployment rate was 7.8 percent as of December 31, 2012. The December 31, 2012 non-seasonally adjusted unemployment rate for the State of New York was 8.2 percent, and the unemployment rate for the New York-Northern New Jersey-Long Island, NY-NJ-PA MSA was 8.5 percent.

According to statistics from the National Association of Realtors, while the housing market has not yet fully recovered from the effects of the recession, there are signs that real estate is starting to stabilize. As of fourth quarter 2012, the median housing price in the AA was \$441,600. This represents an increase of \$8 thousand dollars over the past three years, but an overall decrease of \$77 thousand over the past seven years. Based on the 2010 U.S. Census data, the median housing value was \$509,316, and a low-income individual or family earns less than \$34,150 and a moderate-income individual or family earns less than \$54,640. This reflects the high cost of housing in the City, which makes home ownership relatively unaffordable for low- and moderate-income families.

ETSB has three branches in this AA. One branch is located in a moderate-income geography and two branches are located in upper-income geographies. Because the deposits are accepted on behalf of E\*TRADE Bank customers (not E\*TRADE Savings Bank customers), the FDIC reported that, as of June 30, 2012, the Bank had deposits totaling \$0 (zero) at its branches in this AA. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 231 FDIC insured depository institutions in the New York-Northern New Jersey-Long Island, NY-NJ-PA MSA. JPMorgan Chase dominated the market with a 34.53 percent deposit market share. The Bank of New York Mellon ranked second with a 7.91 percent deposit market share.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in this AA.

The opportunities for CD participation within the AA are broad. The major identified community development need is affordable housing. There are tremendous opportunities to cater to the needs of the community especially with the provision of affordable housing developments and funding for housing counseling and effective loan modifications. Foreclosure prevention programs and services are limited because of the high levels of foreclosures and limited funds for hiring and training of counselors.

## State of Oregon Full-Scope Area

### Portland-Vancouver-Hillsboro AA

| Demographic Information for Full-Scope Area: Portland-Vancouver-Hillsboro AA |            |            |                 |                      |              |            |
|--|------------|------------|-----------------|----------------------|--------------|------------|
| Demographic Characteristics  | #          | Low % of # | Moderate % of # | Middle % of #        | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs)   | 491        | 2.85       | 23.83           | 47.25                | 25.66        | 0.41       |
| Population by Geography  | 2,226,009  | 2.69       | 23.70           | 48.22                | 25.37        | 0.01       |
| Owner-Occupied Housing by Geography  | 539,375    | 1.25       | 18.39           | 50.44                | 29.92        | 0.00       |
| Businesses by Geography  | 265,173    | 4.46       | 22.03           | 44.35                | 29.05        | 0.11       |
| Farms by Geography   | 7,058      | 1.88       | 14.31           | 54.70                | 29.06        | 0.04       |
| Family Distribution by Income Level  | 540,749    | 20.51      | 17.77           | 21.44                | 40.27        | 0.00       |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies  | 207,043    | 4.36       | 33.23           | 47.28                | 15.12        | 0.00       |
| Median Family Income   | = \$68,924 |            |                 |                      |              |            |
| HUD Adjusted Median Family Income for 2012                                   | = \$73,000 |            |                 |                      |              |            |
| Households Below the Poverty Level   | =11%       |            |                 |                      |              |            |
|  |            |            |                 | Median Housing Value | = \$302,856  |            |
|  |            |            |                 | Unemployment Rate    | = 7.4%       |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB's AA consists of the Portland-Vancouver-Hillsboro, OR-WA MSA in its entirety and includes Clackamas, Columbia, Multnomah, Washington, and Yamhill counties in Oregon and Clark and Skamania counties in Washington. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

Portland's economy is anchored by technology manufacturing companies and their exports of semiconductors and computer and electronic parts. The Portland area has a diversified economy with substantial employment in the professional and business services, education and health services sectors.

Portland has been consistently ranked as one of the nation's most livable cities, and the greater Portland area has attracted young people and others interested in employment opportunities in athletic apparel and gear (home to Columbia Sportswear, Adidas and Nike), green development (two of Architect Magazine's top 10 green firms are here) and clean-tech and alternative energy companies. The state of Oregon also has unique niches in bicycle frame building, craft brewing and distilling and the manufacturing of coffee, tea and other beverages. The top employers in the Portland area include Intel, Providence Health Systems, Oregon Health & Science University, the Kroger Co., and Legacy Health System.

According to the Bureau of Labor Statistics, the non-seasonally adjusted national unemployment rate was 7.8 percent as of December 31, 2012. The December 31, 2012

non-seasonally adjusted unemployment rate for the State of Oregon was 8.2 percent, and the unemployment rate for the Portland-Vancouver-Hillsboro, OR-WA MSA was 7.4 percent.

The Portland residential real estate market experienced a relatively recent housing downturn compared to the rest of the country. Home prices in Portland declined less than in many other areas of the country during the economic recession. Between their peak in 2007 and their low point in 2009, sales prices of existing single-family homes in Portland dropped by 17 percent. Meanwhile foreclosures, which increased slowly in Portland, may hamper recovery in the region's housing market. The area's foreclosure rate is similar to that of the nation, resulting primarily from unemployment and the poor economy overall. According to National Association of Realtors data, the median home price in the Portland MSA was \$218,900 at fourth quarter 2012, reflecting a 6.3 percent increase from three years prior. The current average price continued to reflect a net \$26,800 decrease in value from the peak of the housing boom. Based on the 2010 U.S. Census data, the median housing value was \$302,856, and a low-income individual or family earns less than \$36,500 and a moderate-income individual or family earns less than \$58,400. Home ownership for low- and moderate-income individuals or families would be difficult.

ETSB has one branch in this AA, and it is located in a low-income geography. Because the deposits are accepted on behalf of E\*TRADE Bank customers (not E\*TRADE Savings Bank customers), the FDIC reported that, as of June 30, 2012, the Bank had deposits totaling \$0 (zero) at its branches in this AA. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 40 FDIC insured depository institutions in the Portland-Vancouver-Hillsboro, OR-WA MSA. Bank of America Oregon, Bank of America, U.S. Bank, and Wells Fargo control approximately 68 percent of the insured deposit market.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in this AA.

A good number of CD opportunities are available in this AA. Identified needs by both the bank and through community contacts within the AA include affordable housing and affordable rental housing for low- and moderate-income households, Americans with Disabilities (ADA) and seniors. In addition, permanent housing and support services for the homeless are needed. Community development projects, business development, job training programs, technical training, financial literacy training, and micro loans for small businesses are also identified needs.

## State of Pennsylvania Full-Scope Area

### Philadelphia AA

| Demographic Information for Full-Scope Area: Philadelphia AA                |           |            |                                  |               |              |            |
|---|-----------|------------|----------------------------------|---------------|--------------|------------|
| Demographic Characteristics   | #         | Low % of # | Moderate % of #                  | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs)  | 998       | 15.83      | 17.84                            | 29.66         | 35.07        | 1.60       |
| Population by Geography   | 4,008,994 | 16.29      | 17.66                            | 28.84         | 36.80        | 0.41       |
| Owner-Occupied Housing by Geography   | 1,013,515 | 10.51      | 15.70                            | 30.68         | 43.11        | 0.00       |
| Businesses by Geography   | 438,117   | 9.35       | 13.20                            | 28.57         | 48.33        | 0.56       |
| Farms by Geography  | 6,980     | 2.15       | 7.02                             | 33.72         | 57.03        | 0.07       |
| Family Distribution by Income Level   | 952,079   | 23.44      | 16.43                            | 18.80         | 41.33        | 0.00       |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 379,616   | 27.82      | 25.73                            | 27.60         | 18.84        | 0.02       |
| Median Family Income = \$74,808   |           |            | Median Housing Value = \$248,160 |               |              |            |
| HUD Adjusted Median Family Income for 2012 = \$79,200                       |           |            | Unemployment Rate = 8.3%         |               |              |            |
| Households Below the Poverty Level =13%                                     |           |            |                                  |               |              |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB’s AA consists of the Philadelphia, PA MD in its entirety and includes the counties of Bucks, Chester, Delaware, Montgomery, and Philadelphia. The Philadelphia, PA MD is within the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

The Philadelphia economy continues to struggle following the recession that began in late 2008, but there are signs of improvement. Hurricane Sandy caused significant disruptions and had a noticeable impact on the economy. Tourism kept the economy moving forward. Healthcare employment increased in the second half of 2012, while layoffs in education moderated. The bankruptcy of Hostess closed a plant in Northeast Philadelphia.

The city’s leading industries include state and local government, health services, and higher education. Education and health services account for 22 percent of employment, with many major universities and liberal arts colleges, as well as medical facilities in the area. Some of the top employers are Jefferson Health System Inc., University of Pennsylvania, University of Pennsylvania Health System, Acme Markets, and Merck & Company Inc.

According to the Bureau of Labor Statistics, the non-seasonally adjusted national unemployment rate was 7.8 percent as of December 31, 2012. The December 31, 2012

non-seasonally adjusted unemployment rate for the State of Pennsylvania was 7.9 percent, and the unemployment rate for the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA was 8.3 percent.

Housing prices have declined over the past several years, though not as significantly as in other major cities throughout the country. According to National Association of Realtors data, the median home price in the Philadelphia area, as of the third quarter of 2012, was \$223,800, down 1.6 percent from three years earlier, but reflecting a recovery of value lost during the housing downturn. Delinquencies and foreclosures are generally below national averages. Based on the 2010 U.S. Census data, the median housing value was \$248,160, and a low-income individual or family earns less than \$39,600 and a moderate-income individual or family earns less than \$63,360. Home ownership for low- and moderate-income individuals or families is more affordable in this area than most areas of the country.

ETSB has one branch in this AA, and it is located in an upper-income geography. Because the deposits are accepted on behalf of E\*TRADE Bank customers (not E\*TRADE Savings Bank customers), the FDIC reported that, as of June 30, 2012, the Bank had deposits totaling \$0 (zero) at its branches in this AA. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 143 FDIC insured depository institutions in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA. FIA Card Services, ING Bank, and TD Bank control approximately 43 percent of the insured deposit market.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in this AA.

The opportunities for community development participation within the AA are broad. The identified needs outlined within The Year 36 Consolidated Plan for Philadelphia, PA AA include affordable housing and business development. Areas of main concern are housing affordability crisis, the production of affordable housing units through rehabilitation and new construction, and the promotion of homeownership. In addition, employment and training programs, revitalization of commercial neighborhoods, assisting businesses through direct financial and technical assistance are defined needs within the AA.

## State of Texas Full-Scope Area

### Houston-Sugar Land-Baytown AA

| Demographic Information for Full-Scope Area: Houston-Sugar Land-Baytown AA  |           |            |                 |               |  |            |
|---|-----------|------------|-----------------|---------------|--|------------|
| Demographic Characteristics   | #         | Low % of # | Moderate % of # | Middle % of # | Upper % of #   | NA* % of # |
| Geographies (Census Tracts/BNAs)  | 1,073     | 12.58      | 28.80           | 27.12         | 30.94  | 0.56       |
| Population by Geography   | 5,946,800 | 9.49       | 26.27           | 29.16         | 34.74  | 0.34       |
| Owner-Occupied Housing by Geography   | 1,247,276 | 4.14       | 21.53           | 30.58         | 43.75  | 0.00       |
| Businesses by Geography   | 648,424   | 8.08       | 20.30           | 25.87         | 45.70  | 0.05       |
| Farms by Geography  | 11,498    | 4.58       | 20.08           | 35.57         | 39.76  | 0.00       |
| Family Distribution by Income Level   | 1,399,621 | 23.85      | 16.60           | 17.62         | 41.94  | 0.00       |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies   | 566,064   | 17.03      | 38.38           | 27.96         | 16.63  | 0.00       |
| Median Family Income = \$64,179<br>HUD Adjusted Median Family Income for 2012 = \$66,900<br>Households Below the Poverty Level =13% |           |            |                 |               | Median Housing Value = \$155,064<br>Unemployment Rate = 6.0% |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB’s AA consists of the Houston-Sugar Land-Baytown, TX MSA in its entirety and includes the counties of Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, and Waller. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

Houston’s expansion has proceeded steadily and has been marginally impacted from the effects of the ongoing global slowdown and the volatile energy sector. Energy is the major industry in Houston, and Houston is a world leader in the chemical industry. The top employers are University of Texas, Wal-Mart Stores Inc., Administaff, ExxonMobil Corp., and Continental Airlines, Inc.

According to the Bureau of Labor Statistics, the non-seasonally adjusted national unemployment rate was 7.8 percent as of December 31, 2012. The December 31, 2012 non-seasonally adjusted unemployment rate for the State of Texas was 6.0 percent, and the unemployment rate for the Houston-Sugar Land-Baytown, TX MSA was 6.0 percent.

According to Moody’s Analytics, the housing market in Houston is among the strongest in Texas, let alone the country. Home sales are up at a nearly 20 percent pace year over year, and inventories were down in January 2013 to just 3.7 months of sales, the lowest level in ten years. Housing prices have risen by about 7 percent over the past year. According to research conducted by the National Association of Realtors, as of the fourth quarter of 2012, the median price for a home in the Houston area was \$167,800.

It also reported that for both prime and subprime products, the delinquency and foreclosure rates were materially lower for the Houston area than for the United States as a whole. Based on the 2010 U.S. Census data, the median housing value was \$155,064, and a low-income individual or family earns less than \$33,450 and a moderate-income individual or family earns less than \$53,520. Home ownership for low- and moderate-income individuals or families is more affordable in this area than most areas of the country.

ETSB has one branch in this AA, and it is located in an upper-income geography. Because the deposits are accepted on behalf of E\*TRADE Bank customers (not E\*TRADE Savings Bank customers), the FDIC reported that, as of June 30, 2012, the Bank had deposits totaling \$0 (zero) at its branches in this AA. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 116 FDIC insured depository institutions in the Houston-Sugar Land-Baytown, TX MSA. JPMorgan Chase Bank, Wells Fargo Bank South Central and Wells Fargo Bank control approximately 58 percent of the insured deposit market.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in this AA.

There are several opportunities for community development participation within the AA. Identified needs by both the bank and through community contacts within the AA include affordable housing, neighborhood stabilization, homeowner education and counseling, credit counseling, foreclosure counseling, and homeless prevention. Additional needs include small business expansion and development, small business technical assistance and small business loans.

## District of Columbia Full-Scope Area

### District of Columbia AA

| Demographic Information for Full-Scope Area: District of Columbia AA        |             |            |                 |                      |              |            |
|---|-------------|------------|-----------------|----------------------|--------------|------------|
| Demographic Characteristics   | #           | Low % of # | Moderate % of # | Middle % of #        | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs)  | 1,072       | 9.79       | 24.07           | 35.26                | 29.76        | 1.12       |
| Population by Geography   | 4,377,008   | 8.76       | 23.53           | 36.51                | 30.96        | 0.24       |
| Owner-Occupied Housing by Geography   | 1,024,572   | 3.81       | 19.35           | 40.31                | 36.53        | 0.00       |
| Businesses by Geography   | 477,084     | 4.45       | 19.27           | 36.02                | 39.65        | 0.61       |
| Farms by Geography  | 6,820       | 2.58       | 21.98           | 40.13                | 35.25        | 0.06       |
| Family Distribution by Income Level   | 1,006,462   | 21.26      | 17.54           | 21.21                | 39.99        | 0.00       |
| Distribution of Low- and Moderate-Income Families throughout AA Geographies | 390,465     | 15.64      | 34.76           | 35.16                | 14.42        | 0.02       |
| Median Family Income  | = \$100,890 |            |                 |                      |              |            |
| HUD Adjusted Median Family Income for 2012                                  | = \$105,700 |            |                 |                      |              |            |
| Households Below the Poverty Level  | =7%         |            |                 |                      |              |            |
|   |             |            |                 | Median Housing Value | = \$424,530  |            |
|   |             |            |                 | Unemployment Rate    | = 5.3%       |            |

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 U.S. Census, 2012 HUD updated MFI, and December 31, 2012 unemployment rate

ETSB's AA consists of the Washington-Arlington-Alexandria DC-VA-MD-WV MD in its entirety and includes the District of Columbia and Calvert, Charles, and Prince George's counties in Maryland, and Jefferson County in West Virginia. It also includes the following counties in Virginia: Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, Stafford, Warren, Alexandria City, Fairfax City, Falls Church City, Fredericksburg City, Manassas City, and Manassas Park City. The Washington-Arlington-Alexandria, DC-VA-MD-WV MD is within the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA. The AA meets the legal requirements and does not arbitrarily exclude any low- or moderate-income geographies.

The recession has not adversely affected the AA economy as much as the rest of the country. The presence of the federal government helps to create a relatively stable employment base for the region. The Public Sector is the largest employer in the AA. Other major industries in the area include professional and business services, education and health services, and retail trade. Top employers for the area are the Federal Government, Northrop Grumman Corp., SAIC Inc., Inova Health System, Lockheed Martin, and Booz Allen Hamilton.

According to the Bureau of Labor Statistics, the non-seasonally adjusted national unemployment rate was 7.8 percent as of December 31, 2012. The December 31, 2012 non-seasonally adjusted unemployment rate for the District of Columbia was 8.6 percent,



and the unemployment rate for the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA was 5.3 percent.

Based on statistics from the National Association of Realtors, the Washington DC housing market has stabilized following the effects of the recession. As of the fourth quarter of 2012, median home prices in the AA were \$362,300. This represents an increase of \$46,800 dollars over the past 3 years but an overall decrease of \$79,900 over the past 7 years. In the past 3 years, homeowners have recovered about 15 percent of the equity lost during the recession. Based on the 2010 U.S. Census data, the median housing value was \$424,530, and a low-income individual or family earns less than \$52,850 and a moderate-income individual or family earns less than \$84,560. The high cost of living associated with this area continues to make home ownership for low- and moderate-income individuals or families difficult.

ETSB has one branch in this AA, and it is located in an upper-income geography in the District of Columbia. Based on the June 30, 2012 FDIC Summary of Deposit Market Share report, there were 97 FDIC insured depository institutions in the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA. Capital One, Wells Fargo Bank, and Bank of America control approximately 37 percent of the insured deposit market.

ETSB's specialized market and product offerings are more consistent with on-line and broker-dealer related financial institutions, and ETSB's principal peers are financial institutions such as Ameriprise Bank, Raymond James Bank, ING Bank, Charles Schwab Bank, Stifel Bank & Trust and Ally Bank. These institutions have limited, if any, branch locations. None have branch locations in this AA.

There are ample community development opportunities within the AA. Identified needs by both the bank and community leaders within the AA include affordable housing (rental housing and revitalization), funding for non-profit entities, small business development and financing, technical assistance for small businesses, financing for working capital, and preservation of affordable and workforce housing. The District of Columbia has developed a Five Year Consolidated Plan to include housing priorities in rental and homeownership. In addition, the District of Columbia has developed an economic strategy to stabilize neighborhood housing by combining support for retention and growth of neighborhood businesses as a source of local jobs, economic opportunity, and neighborhood vitality.

## Appendix D: 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. [Note: Do not renumber the tables.]

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 AAmay 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.

**Tables of Performance Data**

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**1. STATE OF ARIZONA**

**Table 1. Lending Volume**

| LENDING VOLUME            |                                     | Geography: ARIZONA |            |                           |            | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |            |                               |            |                      |           |                                      |
|---------------------------|-------------------------------------|--------------------|------------|---------------------------|------------|---|------------|-------------------------------|------------|----------------------|-----------|--------------------------------------|
| Assessment Area:          | % of Rated Area Loans (#) in MA/AA* | Home Mortgage      |            | Small Loans to Businesses |            | Small Loans to Farms                                    |            | Community Development Loans** |            | Total Reported Loans |           | % of Rated Area Deposits in MA/AA*** |
|                           |                                     | #                  | \$ (000's) | #                         | \$ (000's) | #   | \$ (000's) | #                             | \$ (000's) | #                    | \$(000's) |                                      |
| <b>Full Review:</b>       |                                     |                    |            |                           |            |   |            |                               |            |                      |           |                                      |
| Phoenix-Mesa-Glendale MSA | 100.00                              | 35                 | 6,072      | 0                         | 0          | 0   | 0          | 0                             | 0          | 35                   | 6,072     | 100.00                               |

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

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

\*\*\* Deposit Data as of December 31, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

| Geographic Distribution: HOME MORTGAGE LOANS |                           | Geography: ARIZONA |                        |                  |                             | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                           |              |                          |              |   |      |      |      |
|--|---------------------------|--------------------|------------------------|------------------|-----------------------------|---|---------------------------|--------------|--------------------------|--------------|---|------|------|------|
| Assessment Area:                             | Total Home Mortgage 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>                          |                           |                    |                        |                  |                             |   |                           |              |                          |              |   |      |      |      |
| Phoenix-Mesa-Glendale MSA                    | 35                        | 100.00             | 3.66                   | 0.00             | 21.50                       | 8.57  | 38.07                     | 34.29        | 36.77                    | 57.14        | 0.00  | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

\*\* Home Mortgage loans originated and purchased in the MA/AA as a percentage of all home Mortgage 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 2010 Census information.

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

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

| Borrower Distribution: HOME MORTGAGE |                           |              | Geography: ARIZONA   |                  |                           |                  | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                  |                        |                  | Aggregate Lending Data |      |      |      |
|--------------------------------------|---------------------------|--------------|----------------------|------------------|---------------------------|------------------|---|------------------|------------------------|------------------|------------------------|------|------|------|
| Assessment Area:                     | Total Home Mortgage Loans |              | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers                                 |                  | Upper-Income Borrowers |                  | Low                    | Mod  | Mid  | Upp  |
|                                      | #                         | % of Total** | % Families***        | % BANK Loans**** | % Families***             | % BANK Loans**** | % Families***   | % BANK Loans**** | % Families***          | % BANK Loans**** |                        |      |      |      |
| <b>Full Review:</b>                  |                           |              |                      |                  |                           |                  |   |                  |                        |                  |                        |      |      |      |
| Phoenix-Mesa-Glendale MSA            | 35                        | 100.00       | 21.18                | 22.86            | 17.76                     | 8.57             | 20.47   | 20.00            | 40.59                  | 48.57            | 0.00                   | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

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

\*\*\* Percentage of Families is based on the 2010 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.

\*\*\*\*\* Percentage of Families is based on the 2010 Census information.



**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS     |                           | Geography: ARIZONA |                            |           |                   | Evaluation Period: AUGUST 10, 2010 TO DECEMBER 31, 2012 |            |                        |           |
|---------------------------|---------------------------|--------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| 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>       |                           |                    |                            |           |                   |   |            |                        |           |
| Phoenix-Mesa-Glendale MSA | 0                         | 0                  | 2                          | 40        | 2                 | 40  | 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: ARIZONA  |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012             |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| 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>   |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Phoenix-Mesa-Glendale MSA   | 100.00                         | 1                  | 100.00                         | 0.00  | 0.00 | 0.00 | 100.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 8.18                                  | 24.70 | 36.00 | 30.95 |

**2. STATE OF CALIFORNIA**

**Table 1. Lending Volume**

| LENDING VOLUME                          |                                     |               |            |                           |            |                      |            |                               |            |                      |            | Geography: CALIFORNIA                |  | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |  |
|---|-------------------------------------|---------------|------------|---------------------------|------------|----------------------|------------|-------------------------------|------------|----------------------|------------|--------------------------------------|--|---|--|
| Assessment Area:                        | % of Rated Area Loans (#) in MA/AA* | Home Mortgage |            | Small Loans to Businesses |            | Small Loans to Farms |            | Community Development Loans** |            | Total Reported Loans |            | % of Rated Area Deposits in MA/AA*** |  |   |  |
|   |                                     | #             | \$ (000's) | #                         | \$ (000's) | #                    | \$ (000's) | #                             | \$ (000's) | #                    | \$ (000's) |                                      |  |   |  |
| <b>Full Review:</b>                     |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |  |   |  |
| Los Angeles-Long Beach-Glendale MD      | 27.91                               | 60            | 18,761     | 0                         | 0          | 0                    | 0          | 0                             | 0          | 60                   | 18,761     | 14.82                                |  |   |  |
| San Jose-Sunnyvale-Santa Clara MSA      | 24.19                               | 52            | 18,157     | 0                         | 0          | 0                    | 0          | 0                             | 0          | 52                   | 18,157     | 36.85                                |  |   |  |
| <b>Limited Review:</b>                  |                                     |               |            |                           |            |                      |            |                               |            |                      |            |                                      |  |   |  |
| Sacramento-Arden-Arcade-Roseville MSA   | 9.77                                | 21            | 4,317      | 0                         | 0          | 0                    | 0          | 0                             | 0          | 21                   | 4,317      | 3.40                                 |  |   |  |
| San Diego-Carlsbad-San Marcos MSA       | 16.28                               | 35            | 8,693      | 0                         | 0          | 0                    | 0          | 0                             | 0          | 35                   | 8,693      | 12.23                                |  |   |  |
| San Francisco-San Mateo-Redwood City MD | 11.63                               | 25            | 9,883      | 0                         | 0          | 0                    | 0          | 0                             | 0          | 25                   | 9,883      | 24.33                                |  |   |  |
| Santa Ana-Anaheim-Irving MD             | 10.23                               | 22            | 5,238      | 0                         | 0          | 0                    | 0          | 0                             | 0          | 22                   | 5,238      | 8.37                                 |  |   |  |

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

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

\*\*\* Deposit Data as of December 31, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

| Geographic Distribution: HOME MORTGAGE  |                           | Geography: CALIFORNIA |                        |                  |                             |              | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |              |                          |              |  |      |      |      |
|---|---------------------------|-----------------------|------------------------|------------------|-----------------------------|--------------|---|--------------|--------------------------|--------------|--|------|------|------|
| Assessment Area:                        | Total Home Mortgage Loans |                       | Low-Income Geographies |                  | Moderate-Income Geographies |              | Middle-Income Geographies                               |              | Upper-Income Geographies |              | Aggregate HMDA Lending (%) by Tract Income |      |      |      |
|   | #                         | % of Total**          | % Owner Occ Units***   | % BANK Loans**** | % Owner Occ Units***        | % BANK Loans | % Owner Occ Units***                                    | % BANK Loans | % Owner Occ Units***     | % BANK Loans | Low  | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                     |                           |                       |                        |                  |                             |              |   |              |                          |              |  |      |      |      |
| Los Angeles-Long Beach-Glendale MD      | 60                        | 27.91                 | 2.13                   | 1.67             | 16.61                       | 10.00        | 28.65   | 20.00        | 52.61                    | 68.33        | 0.00                                       | 0.00 | 0.00 | 0.00 |
| San Jose-Sunnyvale-Santa Clara MSA      | 52                        | 24.19                 | 4.35                   | 3.85             | 18.70                       | 9.62         | 39.49   | 44.23        | 37.45                    | 42.31        | 0.00                                       | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>                  |                           |                       |                        |                  |                             |              |   |              |                          |              |  |      |      |      |
| Sacramento-Arden-Arcade-Roseville MSA   | 21                        | 9.77                  | 3.73                   | 4.76             | 17.99                       | 9.52         | 41.15   | 28.57        | 37.13                    | 57.14        | 0.00                                       | 0.00 | 0.00 | 0.00 |
| San Diego-Carlsbad-San Marcos MSA       | 35                        | 16.28                 | 3.31                   | 0.00             | 14.32                       | 11.43        | 38.78   | 28.57        | 43.59                    | 60.00        | 0.00                                       | 0.00 | 0.00 | 0.00 |
| San Francisco-San Mateo-Redwood City MD | 25                        | 11.63                 | 3.41                   | 4.00             | 14.46                       | 12.00        | 39.92   | 40.00        | 42.21                    | 44.00        | 0.00                                       | 0.00 | 0.00 | 0.00 |
| Santa Ana-Anaheim-Irving MD             | 22                        | 10.23                 | 2.99                   | 0.00             | 19.61                       | 9.09         | 33.21   | 54.55        | 44.19                    | 36.36        | 0.00                                       | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

\*\* Home Mortgage loans originated and purchased in the MA/AA as a percentage of all home Mortgage 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 2010 Census information.

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

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

| Borrower Distribution: HOME MORTGAGE    |                           | Geography: CALIFORNIA |                      |                  |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                         |                  |                        |                  |      | Aggregate Lending Data |      |      |  |
|---|---------------------------|-----------------------|----------------------|------------------|---------------------------|---|-------------------------|------------------|------------------------|------------------|------|------------------------|------|------|--|
| Assessment Area:                        | Total Home Mortgage Loans |                       | Low-Income Borrowers |                  | Moderate-Income Borrowers |   | Middle-Income Borrowers |                  | Upper-Income Borrowers |                  | Low  | Mod                    | Mid  | Upp  |  |
|   | #                         | % of Total**          | % Families***        | % BANK Loans**** | % Families***             | % BANK Loans****  | % Families***           | % BANK Loans**** | % Families***          | % BANK Loans**** |      |                        |      |      |  |
| <b>Full Review:</b>                     |                           |                       |                      |                  |                           |   |                         |                  |                        |                  |      |                        |      |      |  |
| Los Angeles-Long Beach-Glendale MD      | 60                        | 27.91                 | 24.05                | 5.00             | 16.43                     | 13.33   | 17.64                   | 10.00            | 41.88                  | 70.00            | 0.00 | 0.00                   | 0.00 | 0.00 |  |
| San Jose-Sunnyvale-Santa Clara MSA      | 52                        | 24.19                 | 23.65                | 13.46            | 16.34                     | 7.69  | 19.49                   | 23.08            | 40.51                  | 55.77            | 0.00 | 0.00                   | 0.00 | 0.00 |  |
| <b>Limited Review:</b>                  |                           |                       |                      |                  |                           |   |                         |                  |                        |                  |      |                        |      |      |  |
| Sacramento-Arden-Arcade-Roseville MSA   | 21                        | 9.77                  | 22.01                | 19.05            | 17.00                     | 14.29   | 19.98                   | 19.05            | 41.01                  | 42.86            | 0.00 | 0.00                   | 0.00 | 0.00 |  |
| San Diego-Carlsbad-San Marcos MSA       | 35                        | 16.28                 | 22.36                | 5.71             | 17.55                     | 11.43   | 18.75                   | 11.43            | 41.34                  | 71.43            | 0.00 | 0.00                   | 0.00 | 0.00 |  |
| San Francisco-San Mateo-Redwood City MD | 25                        | 11.63                 | 23.97                | 8.00             | 16.18                     | 12.00   | 18.63                   | 12.00            | 41.22                  | 68.00            | 0.00 | 0.00                   | 0.00 | 0.00 |  |
| Santa Ana-Anaheim-Irving MD             | 22                        | 10.23                 | 22.02                | 4.55             | 17.33                     | 9.09  | 19.49                   | 31.82            | 41.16                  | 54.55            | 0.00 | 0.00                   | 0.00 | 0.00 |  |

\* 2012 aggregate lending data was not available

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 0.9% of loans originated and purchased by BANK.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS                                |                                       | Geography: CALIFORNIA |                            |           |                   | Evaluation Period: AUGUST 10, 2010 TO DECEMBER 31, 2012 |            |                                    |           |
|--|---------------------------------------|-----------------------|----------------------------|-----------|-------------------|---|------------|------------------------------------|-----------|
| 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>                                  |                                       |                       |                            |           |                   |   |            |                                    |           |
| Los Angeles-Long Beach-Glendale MD                   | 1                                     | 1,234                 | 6                          | 199       | 7                 | 1,433   | 7.89       | 0                                  | 0         |
| San Jose-Sunnyvale-Santa Clara MSA                   | 0                                     | 0                     | 3                          | 40        | 3                 | 40  | 0.22       | 0                                  | 0         |
| Sacramento-Arden-Arcade-Roseville MSA <sup>^</sup>   | 0                                     | 0                     | 1                          | 50        | 1                 | 50  | 0.27       | 0                                  | 0         |
| San Diego-Carlsbad-San Marcos MSA <sup>^</sup>       | 0                                     | 0                     | 2                          | 118       | 2                 | 118   | 0.65       | 0                                  | 0         |
| San Francisco-San Mateo-Redwood City MD <sup>^</sup> | 3                                     | 8,140                 | 17                         | 184       | 20                | 8,324   | 45.82      | 0                                  | 0         |
| Santa Ana-Anaheim-Irving MD <sup>^</sup>             | 1                                     | 8,021                 | 6                          | 180       | 7                 | 8,201   | 45.15      | 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.

<sup>^</sup> Limited-Scope AAs under the Large Bank Evaluation Period

**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, 2012 TO DECEMBER 31, 2012             |                                |                    |                                |   |      |        |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Assessment Area:  | Deposits                       | Branches           |                                |   |      |        |        | Branch Openings/Closings |                      |   |     |     |     | Population                            |       |       |       |
|   | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) |      |        |        | # of Branch Openings     | # of Branch Closings | Net change in Location of Branches (+ or -) |     |     |     | % of Population within Each Geography |       |       |       |
|   |                                |                    |                                | Low   | Mod  | Mid    | Upp    |                          |                      | Low   | Mod | Mid | Upp | Low                                   | Mod   | Mid   | Upp   |
| <b>Full Review:</b>   |                                |                    |                                |   |      |        |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Los Angeles-Long Beach-Glendale MD                                  | 14.82                          | 2                  | 25.00                          | 0.00  | 0.00 | 0.00   | 100.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 8.01                                  | 29.43 | 28.26 | 33.92 |
| San Jose-Sunnyvale-Santa Clara MSA                                  | 36.85                          | 2                  | 25.00                          | 0.00  | 0.00 | 0.00   | 100.00 | 1                        | 0                    | 0   | 0   | 0   | +1  | 8.95                                  | 25.33 | 37.20 | 28.38 |
| <b>Limited Review:</b>  |                                |                    |                                |   |      |        |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Sacramento-Arden-Arcade-Roseville MSA                               | 3.40                           | 1                  | 12.50                          | 0.00  | 0.00 | 0.00   | 100.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 7.15                                  | 23.70 | 37.93 | 30.90 |
| San Diego-Carlsbad-San Marcos MSA                                   | 12.23                          | 1                  | 12.50                          | 0.00  | 0.00 | 0.00   | 100.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 9.80                                  | 21.57 | 35.24 | 33.05 |
| San Francisco-San Mateo-Redwood City MD                             | 24.33                          | 1                  | 12.50                          | 100.00  | 0.00 | 0.00   | 0.00   | 0                        | 0                    | 0   | 0   | 0   | 0   | 11.07                                 | 19.31 | 37.59 | 31.74 |
| Santa Ana-Anaheim-Irving MD   | 8.37                           | 1                  | 12.50                          | 0.00  | 0.00 | 100.00 | 0.00   | 0                        | 0                    | 0   | 0   | 0   | 0   | 6.49                                  | 29.75 | 31.47 | 32.28 |

**Table 1. Lending Volume**

| LENDING VOLUME               |                                     | Geography: COLORADO |            |                           |            | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |            |                                |            |                      |           |                                      |
|------------------------------|-------------------------------------|---------------------|------------|---------------------------|------------|---|------------|--------------------------------|------------|----------------------|-----------|--------------------------------------|
| Assessment Area:             | % of Rated Area Loans (#) in MA/AA* | Home Mortgage       |            | Small Loans to Businesses |            | Small Loans to Farms                                    |            | Community Development Loans ** |            | Total Reported Loans |           | % of Rated Area Deposits in MA/AA*** |
|                              |                                     | #                   | \$ (000's) | #                         | \$ (000's) | #   | \$ (000's) | #                              | \$ (000's) | #                    | \$(000's) |                                      |
| <b>Full Review:</b>          |                                     |                     |            |                           |            |   |            |                                |            |                      |           |                                      |
| Denver-Aurora-Bloomfield MSA | 100.00                              | 52                  | 11,170     | 0                         | 0          | 0   | 0          | 0                              | 0          | 52                   | 11,170    | 100.00                               |

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

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

\*\*\* Deposit Data as of December 31, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.



**3. STATE OF COLORADO**

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

| Geographic Distribution: HOME MORTGAGE<br>2012 |                           | Geography: COLORADO |                        |                  |                             |              |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, |                          |              |  |      |      |      |
|--|---------------------------|---------------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--|--------------------------|--------------|--|------|------|------|
| Assessment Area:                               | Total Home Mortgage 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>                            |                           |                     |                        |                  |                             |              |                           |  |                          |              |  |      |      |      |
| Denver-Aurora-Bloomfield MSA                   | 52                        | 100.00              | 6.31                   | 0.00             | 19.13                       | 17.31        | 36.08                     | 19.23  | 38.48                    | 63.46        | 0.00                                       | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

\*\* Home Mortgage loans originated and purchased in the MA/AA as a percentage of all home Mortgage 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 2010 Census information.

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

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

| Borrower Distribution: HOME MORTGAGE |                           | Geography: COLORADO |                      |                  |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                         |                  |                        |                  |                        |      |      |      |
|--------------------------------------|---------------------------|---------------------|----------------------|------------------|---------------------------|---|-------------------------|------------------|------------------------|------------------|------------------------|------|------|------|
| Assessment Area:                     | Total Home Mortgage Loans |                     | Low-Income Borrowers |                  | Moderate-Income Borrowers |   | Middle-Income Borrowers |                  | Upper-Income Borrowers |                  | Aggregate Lending Data |      |      |      |
|                                      | #                         | % of Total**        | % Families***        | % BANK Loans**** | % Families***             | % BANK Loans****  | % Families***           | % BANK Loans**** | % Families***          | % BANK Loans**** | Low                    | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                  |                           |                     |                      |                  |                           |   |                         |                  |                        |                  |                        |      |      |      |
| Denver-Aurora-Bloomfield MSA         | 52                        | 100.00              | 21.90                | 3.85             | 17.14                     | 15.38   | 20.30                   | 21.15            | 40.66                  | 51.92            | 0.00                   | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 7.7% of loans originated and purchased by BANK.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS        |                           | Geography: COLORADO |                            |           |                   | Evaluation Period: AUGUST 10, 2010 TO DECEMBER 31, 2012 |            |                        |           |
|------------------------------|---------------------------|---------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| 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>          |                           |                     |                            |           |                   |   |            |                        |           |
| Denver-Aurora-Bloomfield MSA | 0                         | 0                   | 1                          | 26        | 1                 | 26  | 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: COLORADO   |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012             |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| 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>   |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Denver-Aurora-Bloomfield MSA  | 100.00                         | 1                  | 100.00                         | 0.00  | 0.00 | 0.00 | 100.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 11.14                                 | 23.08 | 33.37 | 32.36 |

**4. STATE OF FLORIDA**

**Table 1. Lending Volume**

| LENDING VOLUME                                   |                                    | Geography: FLORIDA |            |                           |            | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |            |                                |            |                      |            |                                       |
|--|------------------------------------|--------------------|------------|---------------------------|------------|---|------------|--------------------------------|------------|----------------------|------------|---------------------------------------|
| Assessment Area:                                 | % of Rated Area Loans (#) in MA/AA | Home Mortgage      |            | Small Loans to Businesses |            | Small Loans to Farms                                    |            | Community Development Loans ** |            | Total Reported Loans |            | % of Rated Area Deposits in MA/AA *** |
|  |                                    | #                  | \$ (000's) | #                         | \$ (000's) | #   | \$ (000's) | #                              | \$ (000's) | #                    | \$ (000's) |                                       |
| <b>Full Review:</b>                              |                                    |                    |            |                           |            |   |            |                                |            |                      |            |                                       |
| Tampa-St. Petersburg-Clearwater MSA              | 50.00                              | 19                 | 4,021      | 0                         | 0          | 0   | 0          | 0                              | 0          | 19                   | 4,021      | 37.56                                 |
| <b>Limited Review:</b>                           |                                    |                    |            |                           |            |   |            |                                |            |                      |            |                                       |
| Fort Lauderdale-Pompano Beach-Deerfield Beach MD | 23.68                              | 9                  | 1,969      | 0                         | 0          | 0   | 0          | 0                              | 0          | 9                    | 1,969      | 35.72                                 |
| Orlando-Kissimmee-Sanford MSA                    | 26.32                              | 10                 | 1,815      | 0                         | 0          | 0   | 0          | 0                              | 0          | 10                   | 1,815      | 26.72                                 |

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

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

\*\*\* Deposit Data as of December 31, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

| Geographic Distribution: HOME MORTGAGE           |                           | Geography: FLORIDA |                        |                  |                             |              |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                          |              |  |      |      |      |
|--|---------------------------|--------------------|------------------------|------------------|-----------------------------|--------------|---------------------------|---|--------------------------|--------------|--|------|------|------|
| Assessment Area:                                 | Total Home Mortgage 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>                              |                           |                    |                        |                  |                             |              |                           |   |                          |              |  |      |      |      |
| Tampa-St. Petersburg-Clearwater MSA              | 19                        | 50.00              | 1.78                   | 0.00             | 22.22                       | 0.00         | 43.76                     | 36.84   | 32.24                    | 63.13        | 0.00                                       | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>                           |                           |                    |                        |                  |                             |              |                           |   |                          |              |  |      |      |      |
| Fort Lauderdale-Pompano Beach-Deerfield Beach MD | 9                         | 23.68              | 1.73                   | 0.00             | 27.32                       | 22.22        | 37.11                     | 22.22   | 33.84                    | 55.56        | 0.00                                       | 0.00 | 0.00 | 0.00 |
| Orlando-Kissimmee-Sanford MSA                    | 10                        | 26.32              | 0.48                   | 0.00             | 20.03                       | 0.00         | 43.78                     | 30.00   | 35.71                    | 70.00        | 0.00                                       | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

\*\* Home Mortgage loans originated and purchased in the MA/AA as a percentage of all home Mortgage 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 2010 Census information.

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

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

| Borrower Distribution: HOME MORTGAGE             |                           | Geography: FLORIDA |                      |                  |                           |                  | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                  |                        |                  |                         |      |      |      |
|--|---------------------------|--------------------|----------------------|------------------|---------------------------|------------------|---|------------------|------------------------|------------------|-------------------------|------|------|------|
| Assessment Area:                                 | Total Home Mortgage Loans |                    | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers                                 |                  | Upper-Income Borrowers |                  | Aggregate Lending Data* |      |      |      |
|  | #                         | % of Total**       | % Families***        | % BANK Loans**** | % Families***             | % BANK Loans**** | % Families***   | % BANK Loans**** | % Families***          | % BANK Loans**** | Low                     | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                              |                           |                    |                      |                  |                           |                  |   |                  |                        |                  |                         |      |      |      |
| Tampa-St. Petersburg-Clearwater MSA              | 19                        | 50.00              | 20.72                | 10.53            | 18.53                     | 5.26             | 19.74   | 5.26             | 41.01                  | 73.68            | 0.00                    | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>                           |                           |                    |                      |                  |                           |                  |   |                  |                        |                  |                         |      |      |      |
| Fort Lauderdale-Pompano Beach-Deerfield Beach MD | 9                         | 23.68              | 22.03                | 0.00             | 17.44                     | 22.22            | 19.79   | 0.00             | 40.73                  | 77.78            | 0.00                    | 0.00 | 0.00 | 0.00 |
| Orlando-Kissimmee-Sanford MSA                    | 10                        | 26.32              | 20.08                | 10.00            | 18.64                     | 10.00            | 20.77   | 10.00            | 40.51                  | 70.00            | 0.00                    | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 2.6% of loans originated and purchased by BANK.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS                             |                          | Geography: FLORIDA |                            |           |                   | Evaluation Period: AUGUST 10, 2010 TO DECEMBER 31, 2012 |            |                        |           |
|---|--------------------------|--------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| 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>                               |                          |                    |                            |           |                   |   |            |                        |           |
| Tampa-St. Petersburg-Clearwater MSA               | 0                        | 0                  | 4                          | 130       | 4                 | 130   | 1.27       | 0                      | 0         |
| Fort Lauderdale-Pompano Beach-Deerfield Beach MD^ | 0                        | 0                  | 0                          | 0         | 0                 | 0   | 0.00       | 0                      | 0         |
| Orlando-Kissimmee-Sanford MSA^                    | 0                        | 0                  | 3                          | 10,080    | 3                 | 10,080  | 98.73      | 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.

^ Limited-Scope AAs under the Large Bank Evaluation Period



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

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS |                                |                    |                                |   |        |      |        |                          |                      |   |     |            |     |                                       |       |       |       |
|---|--------------------------------|--------------------|--------------------------------|---|--------|------|--------|--------------------------|----------------------|---|-----|------------|-----|---------------------------------------|-------|-------|-------|
| Geography: FLORIDA  |                                |                    |                                |   |        |      |        |                          |                      |   |     |            |     |                                       |       |       |       |
| Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012             |                                |                    |                                |   |        |      |        |                          |                      |   |     |            |     |                                       |       |       |       |
| 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>   |                                |                    |                                |   |        |      |        |                          |                      |   |     |            |     |                                       |       |       |       |
| Tampa-St. Petersburg-Clearwater MSA                                 | 37.56                          | 1                  | 33.33                          | 0.00  | 100.00 | 0.00 | 0.00   | 0                        | 0                    | 0   | 0   | 0          | 0   | 3.63                                  | 25.12 | 41.40 | 29.66 |
| <b>Limited Review:</b>  |                                |                    |                                |   |        |      |        |                          |                      |   |     |            |     |                                       |       |       |       |
| Fort Lauderdale-Pompano Beach-Deerfield Beach MD                    | 35.72                          | 1                  | 33.33                          | 0.00  | 0.00   | 0.00 | 100.00 | 0                        | 0                    | 0   | 0   | 0          | 0   | 4.13                                  | 28.90 | 35.76 | 31.21 |
| Orlando-Kissimmee-Sanford MSA                                       | 26.72                          | 1                  | 33.33                          | 0.00  | 100.00 | 0.00 | 0.00   | 0                        | 0                    | 0   | 0   | 0          | 0   | 1.09                                  | 26.67 | 41.33 | 30.90 |

**5. STATE OF GEORGIA**

**Table 1. Lending Volume**

| LENDING VOLUME                      |                                     | Geography: GEORGIA |            |                           |            | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |            |                               |            |                      |           |                                      |
|-------------------------------------|-------------------------------------|--------------------|------------|---------------------------|------------|---|------------|-------------------------------|------------|----------------------|-----------|--------------------------------------|
| Assessment Area:                    | % of Rated Area Loans (#) in MA/AA* | Home Mortgage      |            | Small Loans to Businesses |            | Small Loans to Farms                                    |            | Community Development Loans** |            | Total Reported Loans |           | % of Rated Area Deposits in MA/AA*** |
|                                     |                                     | #                  | \$ (000's) | #                         | \$ (000's) | #   | \$ (000's) | #                             | \$ (000's) | #                    | \$(000's) |                                      |
| <b>Full Review:</b>                 |                                     |                    |            |                           |            |   |            |                               |            |                      |           |                                      |
| Atlanta-Sandy Springs-Marrietta MSA | 100.00                              | 40                 | 7,153      | 0                         | 0          | 0   | 0          | 0                             | 0          | 40                   | 7,153     | 100.00                               |

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

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

\*\*\* Deposit Data as of December 31, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

| Geographic Distribution: HOME MORTGAGE<br>2012 |                           | Geography: GEORGIA |                        |                  |                             |              |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, |                          |              |  |      |      |      |
|--|---------------------------|--------------------|------------------------|------------------|-----------------------------|--------------|---------------------------|--|--------------------------|--------------|--|------|------|------|
| Assessment Area:                               | Total Home Mortgage 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>                            |                           |                    |                        |                  |                             |              |                           |  |                          |              |  |      |      |      |
| Atlanta-Sandy Springs-Marrietta MSA            | 40                        | 100.00             | 2.82                   | 0.00             | 19.27                       | 7.50         | 41.63                     | 20.00  | 36.28                    | 72.50        | 0.00                                       | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

\*\* Home Mortgage loans originated and purchased in the MA/AA as a percentage of all home Mortgage 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 2010 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: GEORGIA       |                              |                              |                             |              |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                           |              |   |      |      |      |
|--------------------------------------|-------------------------|--------------------------|------------------------------|------------------------------|-----------------------------|--------------|---------------------------|---|---------------------------|--------------|---|------|------|------|
| 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>                  |                         |                          |                              |                              |                             |              |                           |   |                           |              |   |      |      |      |
| Atlanta-Sandy Springs-Marrietta MSA  | 0                       | 0.00                     | 16.84                        | 0.00                         | 35.08                       | 0.00         | 24.13                     | 0.00  | 23.95                     | 0.00         | 0.00  | 0.00 | 0.00 | 0.00 |

<sup>\*</sup> 2012 aggregate lending data was not available

<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 2010 Census information.

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

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

| Borrower Distribution: HOME MORTGAGE |                           | Geography: GEORGIA |                      |                  |                           |                  | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                  |                        |                  |                        |      |      |      |
|--------------------------------------|---------------------------|--------------------|----------------------|------------------|---------------------------|------------------|---|------------------|------------------------|------------------|------------------------|------|------|------|
| Assessment Area:                     | Total Home Mortgage Loans |                    | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers                                 |                  | Upper-Income Borrowers |                  | Aggregate Lending Data |      |      |      |
|                                      | #                         | % of Total**       | % Families***        | % BANK Loans**** | % Families***             | % BANK Loans**** | % Families***   | % BANK Loans**** | % Families***          | % BANK Loans**** | Low                    | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                  |                           |                    |                      |                  |                           |                  |   |                  |                        |                  |                        |      |      |      |
| Atlanta-Sandy Springs-Marrietta MSA  | 40                        | 100.00             | 22.01                | 12.50            | 17.22                     | 17.50            | 19.60   | 7.50             | 41.17                  | 62.50            | 0.00                   | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

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

\*\*\* Percentage of Families is based on the 2010 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.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS               |                           | Geography: GEORGIA |                            |           |                   | Evaluation Period: AUGUST 10, 2010 TO DECEMBER 31, 2012 |            |                        |           |
|-------------------------------------|---------------------------|--------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| 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>                 |                           |                    |                            |           |                   |   |            |                        |           |
| Atlanta-Sandy Springs-Marrietta MSA | 0                         | 0                  | 9                          | 321       | 9                 | 321   | 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: GEORGIA  |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012             |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| 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>   |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Atlanta-Sandy Springs-Marrietta MSA                                 | 100.00                         | 1                  | 100.00                         | 0.00  | 0.00 | 0.00 | 100.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 6.22                                  | 24.34 | 39.10 | 30.22 |

**6. STATE OF ILLINOIS**

**Table 1. Lending Volume**

| LENDING VOLUME               |                                     | Geography: ILLINOIS |            |                           |            | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |            |                               |            |                      |           |                                      |
|------------------------------|-------------------------------------|---------------------|------------|---------------------------|------------|---|------------|-------------------------------|------------|----------------------|-----------|--------------------------------------|
| Assessment Area:             | % of Rated Area Loans (#) in MA/AA* | Home Mortgage       |            | Small Loans to Businesses |            | Small Loans to Farms                                    |            | Community Development Loans** |            | Total Reported Loans |           | % of Rated Area Deposits in MA/AA*** |
|                              |                                     | #                   | \$ (000's) | #                         | \$ (000's) | #   | \$ (000's) | #                             | \$ (000's) | #                    | \$(000's) |                                      |
| <b>Full Review:</b>          |                                     |                     |            |                           |            |   |            |                               |            |                      |           |                                      |
| Chicago-Joliet-Naperville MD | 100.00                              | 46                  | 9,170      | 0                         | 0          | 0   | 0          | 0                             | 0          | 46                   | 9,170     | 100.00                               |

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

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

\*\*\* Deposit Data as of December 31, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.



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

| Geographic Distribution: HOME MORTGAGE |                           | Geography: ILLINOIS |                        |                 |                             |                  |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                          |                  |  |      |      |      |
|--|---------------------------|---------------------|------------------------|-----------------|-----------------------------|------------------|---------------------------|---|--------------------------|------------------|--|------|------|------|
| Assessment Area:                       | Total Home Mortgage 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>                    |                           |                     |                        |                 |                             |                  |                           |   |                          |                  |  |      |      |      |
| Chicago-Joliet-Naperville MD           | 46                        | 100.00              | 3.95                   | 2.17            | 17.80                       | 13.04            | 38.25                     | 26.09   | 40.00                    | 58.70            | 0.00                                       | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

\*\* Home Mortgage loans originated and purchased in the MA/AA as a percentage of all home Mortgage 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 2010 Census information.

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

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

| Borrower Distribution: HOME MORTGAGE |                           | Geography: ILLINOIS |                      |                  |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                         |                  |                        |                  |                        |      |      |      |
|--------------------------------------|---------------------------|---------------------|----------------------|------------------|---------------------------|---|-------------------------|------------------|------------------------|------------------|------------------------|------|------|------|
| Assessment Area:                     | Total Home Mortgage Loans |                     | Low-Income Borrowers |                  | Moderate-Income Borrowers |   | Middle-Income Borrowers |                  | Upper-Income Borrowers |                  | Aggregate Lending Data |      |      |      |
|                                      | #                         | % of Total**        | % Families***        | % BANK Loans**** | % Families***             | % BANK Loans****  | % Families***           | % BANK Loans**** | % Families***          | % BANK Loans**** | Low                    | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                  |                           |                     |                      |                  |                           |   |                         |                  |                        |                  |                        |      |      |      |
| Chicago-Joliet-Naperville MD         | 46                        | 100.00              | 22.57                | 8.70             | 16.85                     | 10.87   | 19.53                   | 26.09            | 41.05                  | 50.00            | 0.00                   | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 4.4% of loans originated and purchased by BANK.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS        |                          | Geography: ILLINOIS |                            |           |                   | Evaluation Period: AUGUST 10, 2010 TO DECEMBER 31, 2012 |            |                        |           |
|------------------------------|--------------------------|---------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| 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>          |                          |                     |                            |           |                   |   |            |                        |           |
| Chicago-Joliet-Naperville MD | 0                        | 0                   | 11                         | 94        | 11                | 94  | 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: ILLINOIS   |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012             |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| 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>   |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Chicago-Joliet-Naperville MD  | 100.00                         | 1                  | 100.00                         | 0.00  | 0.00 | 0.00 | 100.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 9.20                                  | 23.41 | 34.27 | 33.11 |

**7. STATE OF MICHIGAN**

**Table 1. Lending Volume**

| LENDING VOLUME                  |   | Geography: MICHIGAN |            |                           |            | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |            |   |            |                      |            |  |
|---------------------------------|---|---------------------|------------|---------------------------|------------|---|------------|---|------------|----------------------|------------|--|
| Assessment Area:                | % 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>             |   |                     |            |                           |            |   |            |   |            |                      |            |  |
| Warren-Troy-Farmington Hills MD | 100.00  | 5                   | 1,106      | 0                         | 0          | 0   | 0          | 0   | 0          | 5                    | 1,106      | 100.00   |

<sup>\*</sup> Loan Data as of December 31, 2012. 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 December 31, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

| Geographic Distribution: HOME MORTGAGE<br>2012 |                           | Geography: MICHIGAN |                        |                  |                             |                  |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, |                          |                  |  |      |      |      |
|--|---------------------------|---------------------|------------------------|------------------|-----------------------------|------------------|---------------------------|--|--------------------------|------------------|--|------|------|------|
| Assessment Area:                               | Total Home Mortgage 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>                            |                           |                     |                        |                  |                             |                  |                           |  |                          |                  |  |      |      |      |
| Warren-Troy-Farmington Hills MD                | 5                         | 0.00                | 2.59                   | 0.00             | 18.58                       | 20.00            | 48.48                     | 0.00   | 30.35                    | 80.00            | 0.00                                       | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

\*\* Home Mortgage loans originated and purchased in the MA/AA as a percentage of all home Mortgage 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 2010 Census information.

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

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

| Borrower Distribution: HOME MORTGAGE |                           | Geography: MICHIGAN |                      |                  |                           |                  | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                  |                        |                  |                        |      |      |      |
|--------------------------------------|---------------------------|---------------------|----------------------|------------------|---------------------------|------------------|---|------------------|------------------------|------------------|------------------------|------|------|------|
| Assessment Area:                     | Total Home Mortgage Loans |                     | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers                                 |                  | Upper-Income Borrowers |                  | Aggregate Lending Data |      |      |      |
|                                      | #                         | % of Total**        | % Families***        | % BANK Loans**** | % Families***             | % BANK Loans**** | % Families***   | % BANK Loans**** | % Families***          | % BANK Loans**** | Low                    | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                  |                           |                     |                      |                  |                           |                  |   |                  |                        |                  |                        |      |      |      |
| Warren-Troy-Farmington Hills MD      | 5                         | 100.00              | 20.29                | 0.00             | 18.26                     | 20.00            | 21.47   | 20.00            | 39.99                  | 60.00            | 0.00                   | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

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

\*\*\* Percentage of Families is based on the 2010 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.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS           |                           | Geography: MICHIGAN |                            |           |                   | Evaluation Period: AUGUST 10, 2010 TO DECEMBER 31, 2012 |            |                        |           |
|---------------------------------|---------------------------|---------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| 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>             |                           |                     |                            |           |                   |   |            |                        |           |
| Warren-Troy-Farmington Hills MD | 0                         | 0                   | 1                          | 5         | 1                 | 5   | 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: MICHIGAN   |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012             |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| 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>   |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Warren-Troy-Farmington Hills MD                                     | 100.00                         | 1                  | 100.00                         | 0.00  | 0.00 | 0.00 | 100.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 4.31                                  | 20.12 | 46.54 | 28.99 |

**8. STATE OF MINNESOTA**

**Table 1. Lending Volume**

| LENDING VOLUME                       |                                     | Geography: MINNESOTA |            |                           |            | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |            |                               |            |                      |           |                                      |
|--------------------------------------|-------------------------------------|----------------------|------------|---------------------------|------------|---|------------|-------------------------------|------------|----------------------|-----------|--------------------------------------|
| Assessment Area:                     | % of Rated Area Loans (#) in MA/AA* | Home Mortgage        |            | Small Loans to Businesses |            | Small Loans to Farms                                    |            | Community Development Loans** |            | Total Reported Loans |           | % of Rated Area Deposits in MA/AA*** |
|                                      |                                     | #                    | \$ (000's) | #                         | \$ (000's) | #   | \$ (000's) | #                             | \$ (000's) | #                    | \$(000's) |                                      |
| <b>Full Review:</b>                  |                                     |                      |            |                           |            |   |            |                               |            |                      |           |                                      |
| Minneapolis-St. Paul-Bloomington MSA | 100.00                              | 26                   | 5,758      | 0                         | 0          | 0   | 0          | 0                             | 0          | 26                   | 5,758     | 100.00                               |

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

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

\*\*\* Deposit Data as of December 31, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

| Geographic Distribution: HOME MORTGAGE<br>2012 |                           | Geography: MINNESOTA |                        |                  |                             |                  |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, |                          |                  |  |      |      |      |
|--|---------------------------|----------------------|------------------------|------------------|-----------------------------|------------------|---------------------------|--|--------------------------|------------------|--|------|------|------|
| Assessment Area:                               | Total Home Mortgage 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>                            |                           |                      |                        |                  |                             |                  |                           |  |                          |                  |  |      |      |      |
| Minneapolis-St. Paul-Bloomington MSA           | 26                        | 100.00               | 2.67                   | 0.00             | 14.88                       | 15.38            | 52.09                     | 23.08  | 30.37                    | 61.54            | 0.00                                       | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

\*\* Home Mortgage loans originated and purchased in the MA/AA as a percentage of all home Mortgage 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 2010 Census information.

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

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

| Borrower Distribution: HOME MORTGAGE |                           | Geography: MINNESOTA |                      |                  |                           |                  |                         | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                        |                  |                        |      |      |      |
|--------------------------------------|---------------------------|----------------------|----------------------|------------------|---------------------------|------------------|-------------------------|---|------------------------|------------------|------------------------|------|------|------|
| Assessment Area:                     | Total Home Mortgage Loans |                      | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |   | Upper-Income Borrowers |                  | Aggregate Lending Data |      |      |      |
|                                      | #                         | % of Total**         | % Families***        | % BANK Loans**** | % Families***             | % BANK Loans**** | % Families***           | % BANK Loans****  | % Families***          | % BANK Loans**** | Low                    | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                  |                           |                      |                      |                  |                           |                  |                         |   |                        |                  |                        |      |      |      |
| Minneapolis-St. Paul-Bloomington MSA | 26                        | 100.00               | 19.55                | 3.85             | 17.98                     | 26.92            | 23.61                   | 15.38   | 38.86                  | 53.85            | 0.00                   | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

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

\*\*\* Percentage of Families is based on the 2010 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.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS                |                           | Geography: MINNESOTA |                            |           |                   | Evaluation Period: AUGUST 10, 2010 TO DECEMBER 31, 2012 |            |                        |           |
|--------------------------------------|---------------------------|----------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| 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>                  |                           |                      |                            |           |                   |   |            |                        |           |
| Minneapolis-St. Paul-Bloomington MSA | 0                         | 0                    | 5                          | 145       | 5                 | 145   | 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: MINNESOTA                              |      |      |        | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                      |   |     |            |     |                                       |       |       |       |
|---|--------------------------------|--------------------|--------------------------------|---|------|------|--------|---|----------------------|---|-----|------------|-----|---------------------------------------|-------|-------|-------|
| 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>   |                                |                    |                                |   |      |      |        |   |                      |   |     |            |     |                                       |       |       |       |
| Minneapolis-St. Paul-Bloomington MSA                                | 100.00                         | 1                  | 100.00                         | 0.00  | 0.00 | 0.00 | 100.00 | 0   | 0                    | 0   | 0   | 0          | 0   | 6.62                                  | 18.12 | 47.96 | 27.18 |

**9. STATE OF NEW YORK**

**Table 1. Lending Volume**

| LENDING VOLUME                 |   | Geography: NEW YORK |            |                           |            | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |            |   |            |                      |            |  |
|--------------------------------|---|---------------------|------------|---------------------------|------------|---|------------|---|------------|----------------------|------------|--|
| Assessment Area:               | % 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>            |   |                     |            |                           |            |   |            |   |            |                      |            |  |
| New York-White Plains-Wayne MD | 75.41   | 46                  | 12,638     | 0                         | 0          | 0   | 0          | 0   | 0          | 46                   | 12,638     | 82.83  |
| <b>Limited Review:</b>         |   |                     |            |                           |            |   |            |   |            |                      |            |  |
| Nassau-Suffolk MD              | 24.59   | 15                  | 4,473      | 0                         | 0          | 0   | 0          | 0   | 0          | 15                   | 4,473      | 17.17  |

<sup>\*</sup> Loan Data as of December 31, 2012. 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 December 31, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

| Geographic Distribution: HOME MORTGAGE |                           | Geography: NEW YORK |                        |                  |                             |                  |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                          |                  |  |      |      |      |
|--|---------------------------|---------------------|------------------------|------------------|-----------------------------|------------------|---------------------------|---|--------------------------|------------------|--|------|------|------|
| Assessment Area:                       | Total Home Mortgage 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>                    |                           |                     |                        |                  |                             |                  |                           |   |                          |                  |  |      |      |      |
| New York-White Plains-Wayne MD         | 46                        | 75.42               | 2.47                   | 2.17             | 12.25                       | 6.52             | 27.31                     | 28.26   | 57.97                    | 63.04            | 0.00                                       | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>                 |                           |                     |                        |                  |                             |                  |                           |   |                          |                  |  |      |      |      |
| Nassau-Suffolk MD                      | 15                        | 24.59               | 1.02                   | 0.00             | 14.16                       | 13.33            | 61.25                     | 66.67   | 23.57                    | 20.00            | 0.00                                       | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

\*\* Home Mortgage loans originated and purchased in the MA/AA as a percentage of all home Mortgage 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 2010 Census information.

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



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

| Borrower Distribution: HOME MORTGAGE |                           | Geography: NEW YORK |                      |                  |                           |                  |                         | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                        |                  |                        |      |      |      |
|--------------------------------------|---------------------------|---------------------|----------------------|------------------|---------------------------|------------------|-------------------------|---|------------------------|------------------|------------------------|------|------|------|
| Assessment Area:                     | Total Home Mortgage Loans |                     | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |   | Upper-Income Borrowers |                  | Aggregate Lending Data |      |      |      |
|                                      | #                         | % of Total**        | % Families***        | % BANK Loans**** | % Families***             | % BANK Loans**** | % Families***           | % BANK Loans****  | % Families***          | % BANK Loans**** | Low                    | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                  |                           |                     |                      |                  |                           |                  |                         |   |                        |                  |                        |      |      |      |
| New York-White Plains-Wayne MD       | 46                        | 75.41               | 25.67                | 0.00             | 15.46                     | 8.70             | 16.27                   | 6.52  | 42.61                  | 82.61            | 0.00                   | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>               |                           |                     |                      |                  |                           |                  |                         |   |                        |                  |                        |      |      |      |
| Nassau-Suffolk MD                    | 15                        | 24.59               | 19.01                | 6.67             | 18.46                     | 20.00            | 23.77                   | 13.33   | 38.76                  | 60.00            | 0.00                   | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 1.6% of loans originated and purchased by BANK.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS          |                          | Geography: NEW YORK |                            |           |                   | Evaluation Period: AUGUST 10, 2010 TO DECEMBER 31, 2012 |            |                        |           |
|--------------------------------|--------------------------|---------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| Assessment Area:               | Prior Period Investments |                     | Current Period Investments |           | Total Investments |   |            | Unfunded Commitments** |           |
|                                | #                        | \$(000's)           | #                          | \$(000's) | #                 | \$(000's)   | % of Total | #                      | \$(000's) |
| <b>Full Review:</b>            |                          |                     |                            |           |                   |   |            |                        |           |
| New York-White Plains-Wayne MD | 2                        | 1,752               | 35                         | 1,082     | 37                | 2,833   | 100.00     | 0                      | 0         |
| Nassau-Suffolk MD^             | 0                        | 0                   | 0                          | 0         | 0                 | 0   | 0.00       | 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.

^ Limited-Scope AA under the Large Bank Evaluation Period

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

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS |                                |                    |                                |   |       |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
|---|--------------------------------|--------------------|--------------------------------|---|-------|------|--------|--------------------------|----------------------|---|-----|-----|-----|---------------------------------------|-------|-------|-------|
| Geography: NEW YORK   |                                |                    |                                |   |       |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012             |                                |                    |                                |   |       |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Assessment Area:  | Deposits                       | Branches           |                                |   |       |      |        | Branch Openings/Closings |                      |   |     |     |     | Population                            |       |       |       |
|   | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) |       |      |        | # of Branch Openings     | # of Branch Closings | Net change in Location of Branches (+ or -) |     |     |     | % of Population within Each Geography |       |       |       |
|   |                                |                    |                                | Low   | Mod   | Mid  | Upp    |                          |                      | Low   | Mod | Mid | Upp | Low                                   | Mod   | Mid   | Upp   |
| <b>Full Review:</b>   |                                |                    |                                |   |       |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| New York-White Plains-Wayne MD                                      | 82.84                          | 3                  | 75.00                          | 0.00  | 33.33 | 0.00 | 66.67  | 0                        | 0                    | 0   | 0   | 0   | 0   | 12.88                                 | 25.24 | 25.91 | 35.76 |
| <b>Limited Review:</b>  |                                |                    |                                |   |       |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Nassau-Suffolk MD   | 17.16                          | 1                  | 25.00                          | 0.00  | 0.00  | 0.00 | 100.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 2.32                                  | 17.95 | 58.87 | 20.71 |

**10. STATE OF OREGON**

**Table 1. Lending Volume**

| LENDING VOLUME                   |                                    | Geography: OREGON |            |                           |            | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |            |                                |            |                      |            |                                       |
|----------------------------------|------------------------------------|-------------------|------------|---------------------------|------------|---|------------|--------------------------------|------------|----------------------|------------|---------------------------------------|
| Assessment Area:                 | % of Rated Area Loans (#) in MA/AA | Home Mortgage     |            | Small Loans to Businesses |            | Small Loans to Farms                                    |            | Community Development Loans ** |            | Total Reported Loans |            | % of Rated Area Deposits in MA/AA *** |
|                                  |                                    | #                 | \$ (000's) | #                         | \$ (000's) | #   | \$ (000's) | #                              | \$ (000's) | #                    | \$ (000's) |                                       |
| <b>Full Review:</b>              |                                    |                   |            |                           |            |   |            |                                |            |                      |            |                                       |
| Portland-Vancouver-Hillsboro MSA | 100.00                             | 22                | 3,453      | 0                         | 0          | 0   | 0          | 0                              | 0          | 22                   | 3,453      | 100.00                                |

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

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

\*\*\* Deposit Data as of December 31, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

| Geographic Distribution: HOME MORTGAGE |                           | Geography: OREGON |                        |                  |                             |                  |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                          |                  |  |      |      |      |
|--|---------------------------|-------------------|------------------------|------------------|-----------------------------|------------------|---------------------------|---|--------------------------|------------------|--|------|------|------|
| Assessment Area:                       | Total Home Mortgage 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>                    |                           |                   |                        |                  |                             |                  |                           |   |                          |                  |  |      |      |      |
| Portland-Vancouver-Hillsboro MSA       | 22                        | 100.00            | 1.25                   | 0.00             | 18.39                       | 22.73            | 50.44                     | 22.73   | 29.92                    | 54.55            | 0.00                                       | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

\*\* Home Mortgage loans originated and purchased in the MA/AA as a percentage of all home Mortgage 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 2010 Census information.

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

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

| Borrower Distribution: HOME MORTGAGE |                           | Geography: OREGON |                      |                  |                           |                  | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                  |                        |                  |                        |      |      |      |
|--------------------------------------|---------------------------|-------------------|----------------------|------------------|---------------------------|------------------|---|------------------|------------------------|------------------|------------------------|------|------|------|
| Assessment Area:                     | Total Home Mortgage Loans |                   | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers                                 |                  | Upper-Income Borrowers |                  | Aggregate Lending Data |      |      |      |
|                                      | #                         | % of Total**      | % Families***        | % BANK Loans**** | % Families***             | % BANK Loans**** | % Families***   | % BANK Loans**** | % Families***          | % BANK Loans**** | Low                    | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                  |                           |                   |                      |                  |                           |                  |   |                  |                        |                  |                        |      |      |      |
| Portland-Vancouver-Hillsboro MSA     | 22                        | 100.00            | 20.51                | 9.09             | 17.77                     | 9.09             | 21.44   | 4.55             | 40.27                  | 77.27            | 0.00                   | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

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

\*\*\* Percentage of Families is based on the 2010 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.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS            |                           | Geography: OREGON |                            |           |                   | Evaluation Period: AUGUST 10, 2010 TO DECEMBER 31, 2012 |            |                        |           |
|----------------------------------|---------------------------|-------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| Assessment Area:                 | Prior Period Investments* |                   | Current Period Investments |           | Total Investments |   |            | Unfunded Commitments** |           |
|                                  | #                         | \$(000's)         | #                          | \$(000's) | #                 | \$(000's)   | % of Total | #                      | \$(000's) |
| <b>Full Review:</b>              |                           |                   |                            |           |                   |   |            |                        |           |
| Portland-Vancouver-Hillsboro MSA | 0                         | 0                 | 0                          | 0         | 0                 | 0   | 0.00       | 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: OREGON   |                                |                    |                                |   |      |      |      |                          |                      |   |     |     |     |                                       |       |       |       |
| Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012             |                                |                    |                                |   |      |      |      |                          |                      |   |     |     |     |                                       |       |       |       |
| Assessment Area:  | Deposits                       | Branches           |                                |   |      |      |      | Branch Openings/Closings |                      |   |     |     |     | Population                            |       |       |       |
|   | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) |      |      |      | # of Branch Openings     | # of Branch Closings | Net change in Location of Branches (+ or -) |     |     |     | % of Population within Each Geography |       |       |       |
|   |                                |                    |                                | Low   | Mod  | Mid  | Upp  |                          |                      | Low   | Mod | Mid | Upp | Low                                   | Mod   | Mid   | Upp   |
| <b>Full Review:</b>   |                                |                    |                                |   |      |      |      |                          |                      |   |     |     |     |                                       |       |       |       |
| Portland-Vancouver-Hillsboro MSA                                    | 100.00                         | 1                  | 100.00                         | 100.00  | 0.00 | 0.00 | 0.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 2.69                                  | 23.70 | 48.22 | 25.37 |



**11. STATE OF PENNSYLVANIA**

**Table 1. Lending Volume**

| LENDING VOLUME      |                                     | Geography: PENNSYLVANIA |            |                           |            |                      |            | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |            |                      |           |                                      |
|---------------------|-------------------------------------|-------------------------|------------|---------------------------|------------|----------------------|------------|---|------------|----------------------|-----------|--------------------------------------|
| Assessment Area:    | % of Rated Area Loans (#) in MA/AA* | Home Mortgage           |            | Small Loans to Businesses |            | Small Loans to Farms |            | Community Development Loans**                           |            | Total Reported Loans |           | % of Rated Area Deposits in MA/AA*** |
|                     |                                     | #                       | \$ (000's) | #                         | \$ (000's) | #                    | \$ (000's) | #   | \$ (000's) | #                    | \$(000's) |                                      |
| <b>Full Review:</b> |                                     |                         |            |                           |            |                      |            |   |            |                      |           |                                      |
| Philadelphia MD     | 100.00                              | 29                      | 5,925      | 0                         | 0          | 0                    | 0          | 0   | 0          | 29                   | 5,925     | 100.00                               |

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

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

\*\*\* Deposit Data as of December 31, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

| Geographic Distribution: HOME MORTGAGE |                           | Geography: PENNSYLVANIA |                        |                  |                             |                  |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                          |                  |  |      |      |      |
|--|---------------------------|-------------------------|------------------------|------------------|-----------------------------|------------------|---------------------------|---|--------------------------|------------------|--|------|------|------|
| Assessment Area:                       | Total Home Mortgage 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>                    |                           |                         |                        |                  |                             |                  |                           |   |                          |                  |  |      |      |      |
| Philadelphia MD                        | 29                        | 100.00                  | 10.51                  | 0.00             | 15.70                       | 6.90             | 30.68                     | 27.59   | 43.11                    | 65.52            | 0.00                                       | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

\*\* Home Mortgage loans originated and purchased in the MA/AA as a percentage of all home Mortgage 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 2010 Census information.

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

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

| Borrower Distribution: HOME MORTGAGE |                           | Geography: PENNSYLVANIA |                      |                  |                           |                  |                         | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                        |                  |                        |      |      |      |
|--------------------------------------|---------------------------|-------------------------|----------------------|------------------|---------------------------|------------------|-------------------------|---|------------------------|------------------|------------------------|------|------|------|
| Assessment Area:                     | Total Home Mortgage Loans |                         | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers |   | Upper-Income Borrowers |                  | Aggregate Lending Data |      |      |      |
|                                      | #                         | % of Total**            | % Families***        | % BANK Loans**** | % Families***             | % BANK Loans**** | % Families***           | % BANK Loans****  | % Families***          | % BANK Loans**** | Low                    | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                  |                           |                         |                      |                  |                           |                  |                         |   |                        |                  |                        |      |      |      |
| Philadelphia MD                      | 29                        | 100.00                  | 23.44                | 10.34            | 16.43                     | 10.34            | 18.80                   | 10.34   | 41.33                  | 65.52            | 0.00                   | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 3.5% of loans originated and purchased by BANK.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS<br>2012 |                          | Geography: PENNSYLVANIA |                            |           |                   | Evaluation Period: AUGUST 10, 2010 TO DECEMBER 31, |            |                        |           |
|-------------------------------|--------------------------|-------------------------|----------------------------|-----------|-------------------|--|------------|------------------------|-----------|
| Assessment Area:              | Prior Period Investments |                         | Current Period Investments |           | Total Investments |  |            | Unfunded Commitments** |           |
|                               | #                        | \$(000's)               | #                          | \$(000's) | #                 | \$(000's)  | % of Total | #                      | \$(000's) |
| <b>Full Review:</b>           |                          |                         |                            |           |                   |  |            |                        |           |
| Philadelphia MD               | 3                        | 3,225                   | 2                          | 53        | 5                 | 3,278  | 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: PENNSYLVANIA   |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |  |
| Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012             |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |  |
| Assessment Area:  | Deposits                       | Branches           |                                |   |      |      |        | Branch Openings/Closings |                      |   |     |     |     | Population                            |       |       |       |  |
|   | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) |      |      |        | # of Branch Openings     | # of Branch Closings | Net change in Location of Branches (+ or -) |     |     |     | % of Population within Each Geography |       |       |       |  |
|   |                                |                    |                                | Low   | Mod  | Mid  | Upp    |                          |                      | Low   | Mod | Mid | Upp | Low                                   | Mod   | Mid   | Upp   |  |
| <b>Full Review:</b>   |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |  |
| Philadelphia MD   | 100.00                         | 1                  | 100.00                         | 0.00  | 0.00 | 0.00 | 100.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 16.29                                 | 17.66 | 28.84 | 36.80 |  |

**12. STATE OF TEXAS**

**Table 1. Lending Volume**

| LENDING VOLUME                |                                    | Geography: TEXAS |            |                           |            | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |            |                                |            |                      |            |                                       |
|-------------------------------|------------------------------------|------------------|------------|---------------------------|------------|---|------------|--------------------------------|------------|----------------------|------------|---------------------------------------|
| Assessment Area:              | % of Rated Area Loans (#) in MA/AA | Home Mortgage    |            | Small Loans to Businesses |            | Small Loans to Farms                                    |            | Community Development Loans ** |            | Total Reported Loans |            | % of Rated Area Deposits in MA/AA *** |
|                               |                                    | #                | \$ (000's) | #                         | \$ (000's) | #   | \$ (000's) | #                              | \$ (000's) | #                    | \$ (000's) |                                       |
| <b>Full Review:</b>           |                                    |                  |            |                           |            |   |            |                                |            |                      |            |                                       |
| Houston-Sugarland-Baytown MSA | 63.64                              | 21               | 3,637      | 0                         | 0          | 0   | 0          | 0                              | 0          | 21                   | 3,637      | 58.15                                 |
| <b>Limited Review:</b>        |                                    |                  |            |                           |            |   |            |                                |            |                      |            |                                       |
| Dallas-Plano-Irving MD        | 36.36                              | 12               | 2,086      | 0                         | 0          | 0   | 0          | 0                              | 0          | 12                   | 2,086      | 41.85                                 |

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

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

\*\*\* Deposit Data as of December 31, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

| Geographic Distribution: HOME MORTGAGE |                           | Geography: TEXAS |                        |                  |                             | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                           |                  |                          |                  |  |      |      |      |
|--|---------------------------|------------------|------------------------|------------------|-----------------------------|---|---------------------------|------------------|--------------------------|------------------|--|------|------|------|
| Assessment Area:                       | Total Home Mortgage 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>                    |                           |                  |                        |                  |                             |   |                           |                  |                          |                  |  |      |      |      |
| Houston-Sugarland-Baytown MSA          | 21                        | 63.64            | 4.14                   | 0.00             | 21.53                       | 4.76  | 30.58                     | 9.52             | 43.75                    | 85.71            | 0.00                                       | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>                 |                           |                  |                        |                  |                             |   |                           |                  |                          |                  |  |      |      |      |
| Dallas-Plano-Irving MD                 | 12                        | 36.36            | 5.36                   | 0.00             | 19.26                       | 16.67   | 30.12                     | 25.00            | 45.27                    | 58.33            | 0.00                                       | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

\*\* Home Mortgage loans originated and purchased in the MA/AA as a percentage of all home Mortgage 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 2010 Census information.

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

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

| Borrower Distribution: HOME MORTGAGE |                           | Geography: TEXAS |                      |                  |                           |                  | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                  |                        |                  |                         |      |      |      |
|--------------------------------------|---------------------------|------------------|----------------------|------------------|---------------------------|------------------|---|------------------|------------------------|------------------|-------------------------|------|------|------|
| Assessment Area:                     | Total Home Mortgage Loans |                  | Low-Income Borrowers |                  | Moderate-Income Borrowers |                  | Middle-Income Borrowers                                 |                  | Upper-Income Borrowers |                  | Aggregate Lending Data* |      |      |      |
|                                      | #                         | % of Total**     | % Families***        | % BANK Loans**** | % Families***             | % BANK Loans**** | % Families***   | % BANK Loans**** | % Families***          | % BANK Loans**** | Low                     | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                  |                           |                  |                      |                  |                           |                  |   |                  |                        |                  |                         |      |      |      |
| Houston-Sugarland-Baytown MSA        | 21                        | 63.64            | 23.85                | 9.52             | 16.60                     | 4.76             | 17.62   | 23.81            | 41.94                  | 61.90            | 0.00                    | 0.00 | 0.00 | 0.00 |
| <b>Limited Review:</b>               |                           |                  |                      |                  |                           |                  |   |                  |                        |                  |                         |      |      |      |
| Dallas-Plano-Irving MD               | 12                        | 36.36            | 23.23                | 0.00             | 16.67                     | 8.33             | 18.29   | 8.33             | 41.81                  | 83.33            | 0.00                    | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

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

\*\*\* Percentage of Families is based on the 2010 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.



**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS         |                           | Geography: TEXAS |                            |           |                   | Evaluation Period: AUGUST 10, 2010 TO DECEMBER 31, 2012 |            |                        |           |
|-------------------------------|---------------------------|------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| 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>           |                           |                  |                            |           |                   |   |            |                        |           |
| Houston-Sugarland-Baytown MSA | 0                         | 0                | 0                          | 0         | 0                 | 0   | 0.00       | 0                      | 0         |
| Dallas-Plano-Irving MD^       | 0                         | 0                | 0                          | 0         | 0                 | 0   | 0.00       | 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.

^ Limited-Scope AA under the Large Bank Evaluation Period

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

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
|---|--------------------------------|--------------------|--------------------------------|---|------|------|--------|--------------------------|----------------------|---|-----|-----|-----|---------------------------------------|-------|-------|-------|
| Geography: TEXAS  |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012             |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| 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>   |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Houston-Sugarland-Baytown MSA                                       | 58.15                          | 1                  | 0.00                           | 0.00  | 0.00 | 0.00 | 100.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 9.49                                  | 26.27 | 29.16 | 34.74 |
| <b>Limited Review:</b>  |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Dallas-Plano-Irving MD  | 41.85                          | 1                  | 0.00                           | 0.00  | 0.00 | 0.00 | 100.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 11.50                                 | 24.54 | 28.35 | 35.60 |

**13. DISTRICT OF COLUMBIA**

**Table 1. Lending Volume**

| LENDING VOLUME                     |                                     | Geography: DISTRICT OF COLUMBIA |            |                           |            |                      |            | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |            |                      |           |                                      |
|------------------------------------|-------------------------------------|---------------------------------|------------|---------------------------|------------|----------------------|------------|---|------------|----------------------|-----------|--------------------------------------|
| Assessment Area:                   | % of Rated Area Loans (#) in MA/AA* | Home Mortgage                   |            | Small Loans to Businesses |            | Small Loans to Farms |            | Community Development Loans**                           |            | Total Reported Loans |           | % of Rated Area Deposits in MA/AA*** |
|                                    |                                     | #                               | \$ (000's) | #                         | \$ (000's) | #                    | \$ (000's) | #   | \$ (000's) | #                    | \$(000's) |                                      |
| <b>Full Review:</b>                |                                     |                                 |            |                           |            |                      |            |   |            |                      |           |                                      |
| Washington-Arlington-Alexandria MD | 100.00                              | 69                              | 16,580     | 0                         | 0          | 0                    | 0          | 0   | 0          | 69                   | 16,580    | 0.00                                 |

\* Loan Data as of December 31, 2012. Rated area refers to either state or multi-state MA rating area.

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

\*\*\* Deposit Data as of December 31, 2012. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

| Geographic Distribution: HOME MORTGAGE |                           | Geography: DISTRICT OF COLUMBIA |                        |                  |                             |                  |                           | Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012 |                          |                  |  |      |      |      |
|--|---------------------------|---------------------------------|------------------------|------------------|-----------------------------|------------------|---------------------------|---|--------------------------|------------------|--|------|------|------|
| Assessment Area:                       | Total Home Mortgage 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>                    |                           |                                 |                        |                  |                             |                  |                           |   |                          |                  |  |      |      |      |
| Washington-Arlington-Alexandria MD     | 69                        | 100.00                          | 3.81                   | 7.25             | 19.35                       | 7.25             | 40.31                     | 36.23   | 36.53                    | 49.28            | 0.00                                       | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

\*\* Home Mortgage loans originated and purchased in the MA/AA as a percentage of all home Mortgage 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 2010 Census information.

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

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

| Borrower Distribution: HOME MORTGAGE<br>31, 2012 |                           | Geography: DISTRICT OF COLUMBIA |                      |                 |                           |                  |                         | Evaluation Period: JANUARY 1, 2012 TO DECEMBER |                        |                  |                        |      |      |      |
|--|---------------------------|---------------------------------|----------------------|-----------------|---------------------------|------------------|-------------------------|--|------------------------|------------------|------------------------|------|------|------|
| Assessment Area:                                 | Total Home Mortgage Loans |                                 | Low-Income Borrowers |                 | Moderate-Income Borrowers |                  | Middle-Income Borrowers |  | Upper-Income Borrowers |                  | Aggregate Lending Data |      |      |      |
|  | #                         | % of Total**                    | % Families***        | % BANK Loans*** | % Families***             | % BANK Loans**** | % Families***           | % BANK Loans****                               | % Families***          | % BANK Loans**** | Low                    | Mod  | Mid  | Upp  |
| <b>Full Review:</b>                              |                           |                                 |                      |                 |                           |                  |                         |  |                        |                  |                        |      |      |      |
| Washington-Arlington-Alexandria MD               | 69                        | 100.00                          | 21.26                | 7.25            | 17.54                     | 18.84            | 21.21                   | 27.54  | 39.99                  | 37.68            | 0.00                   | 0.00 | 0.00 | 0.00 |

\* 2012 aggregate lending data was not available

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

\*\*\* Percentage of Families is based on the 2010 Census information.

\*\*\*\* As a percentage of loans with borrower income information available. No information was available for 8.7% of loans originated and purchased by BANK.

**Table 14. Qualified Investments**

| QUALIFIED INVESTMENTS              |                           | Geography: DISTRICT OF COLUMBIA |                            |           |                   | Evaluation Period: AUGUST 10, 2010 TO DECEMBER 31, 2012 |            |                        |           |
|------------------------------------|---------------------------|---------------------------------|----------------------------|-----------|-------------------|---|------------|------------------------|-----------|
| 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>                |                           |                                 |                            |           |                   |   |            |                        |           |
| Washington-Arlington-Alexandria MD | 3                         | 2,711                           | 28                         | 395       | 31                | 3,106   | 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: DISTRICT OF COLUMBIA                                     |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Evaluation Period: JANUARY 1, 2012 TO DECEMBER 31, 2012             |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| 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>   |                                |                    |                                |   |      |      |        |                          |                      |   |     |     |     |                                       |       |       |       |
| Washington-Arlington-Alexandria MD                                  | 100.00                         | 1                  | 100.00                         | 0.00  | 0.00 | 0.00 | 100.00 | 0                        | 0                    | 0   | 0   | 0   | 0   | 8.76                                  | 23.53 | 36.51 | 30.96 |