



PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Washington Federal, National Association
Charter Number 25073

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Office of the Comptroller of the Currency

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

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Overall CRA Rating

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

The following table indicates the performance level of Washington Federal, National Association with respect to the Lending, Investment, and Service Tests:

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

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

The major factors that support this rating include:

- Good volume of Home Mortgage Disclosure Act reportable mortgage loans and non-reportable rate and foreclosure prevention modifications with good concentration and dispersion of lending inside bank AAs.
- Good geographic loan distributions, with adequate to good performance across rating areas, and good performance in the four rating areas with the most significant volumes of activity.
- Adequate borrower income distributions, with adequate to good performance in most rating areas, and good performance in the rating area with the most significant volume of activity.
- Good community development lending with reasonable volume and responsiveness to community needs.
- Adequate volume and responsiveness of qualified investments to community needs, with a significant increase in investment activity over prior review periods.
- Good services with generally good to excellent branch distributions and accessibility to low- or moderate-income areas, and generally adequate volume and responsiveness CD services.

Definitions and Common Abbreviations

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

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

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

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

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

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

Activities that revitalize or stabilize-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

Washington Federal, National Association (Washington Federal) is a wholly owned subsidiary of Washington Federal, Inc., a unitary bank holding company, both headquartered in Seattle, WA. The bank converted from a federal savings association to a national bank in 2013. The bank's CRA performance was last evaluated as of September 30, 2009, covering activity from January 1, 2006 through December 31, 2008. The bank was rated Low Satisfactory in each of the Performance Tests, for an Overall Rating of Satisfactory.

Washington Federal is an interstate bank that operates 165 branches across 31 assessment areas (AA) in eight states, including Arizona, Idaho, Nevada, New Mexico, Oregon, Texas, Utah, and Washington, and the Portland-Vancouver-Hillsboro, OR-WA multistate MSA. Bank activities are concentrated in the Seattle-Bellevue-Everett, WA Metropolitan Division (Seattle AA), with nearly a quarter of branches, and Phoenix-Mesa-Glendale, AZ MSA (Phoenix AA), with 8 percent of branches. Operations in many AAs are limited, often with only one branch per county within those AAs.

The bank has grown from \$12 billion, and 1,100 employees in March 2009, to \$13 billion and 1,430 employees in December 2012. The bank grew through the acquisitions of three institutions and branches of a fourth between 2010 and 2012. The bank acquired two failed institutions, Horizon Bank, Bellingham, WA in 2010 and Western National Bank, Phoenix, AZ in 2012, and branches of the failed Charter Bank in New Mexico in 2011. South Valley Bank, Klamath Falls, OR, merged into Washington Federal in December 2012. The acquisitions of the failed banks contributed to significant fluctuation in assets, which rose following the purchases, but declined subsequently as the bank consolidated operations. The bank combined branches located within reasonable proximity of existing branches.

Washington Federal operated historically as a traditional and conservative thrift institution, concentrating on 30 year fixed rate home mortgage loans, home equity loans and consumer savings products. The bank holds all of its loans in portfolio, encouraging comparatively conservative underwriting standards. While the limited product offerings and conservative underwriting constrained its competitive position, the strategy insulated the bank from the financial problems related to housing market collapse. Portfolio lending did provide the bank the flexibility to modify, rather than refinance, loans as market rates declined.

In 2007, the bank implemented a diversification strategy to accommodate changes in the economy and future growth.

The bank expanded product offerings to include consumer and business checking, on-line banking, adjustable rate mortgage loans, and business loans. The bank continues to operate as a portfolio lender, which limits its ability to absorb the risk but provides the flexibility to modify loans easily, often not possible with investor owned secondary market loans. The addition of more flexible and innovative product offerings will enhance the bank's ability to compete in broader segments of the AAs.

In 2008, Washington Federal implemented the Mortgage Resource Center (MRC) to assist financially distressed customers, often in areas with depressed property values, modify loans to prevent foreclosure. These activities contributed to overall modification activity, which supplanted refinance activities. Modifications benefit consumers through the relief provided with lower payments, changes in loan terms not otherwise possible given depressed property values, and significantly lower closing costs to the borrower. Modifications assisted borrowers across all income levels and geographic areas.

Deposits grew from \$7.6 billion to \$9.3 billion over the same period. Net loans declined from \$9.4 billion to \$8.0 billion, which represents 61 percent of total assets. That decline is attributed to market conditions and financial constraints that resulted largely from the acquisition of assets and liabilities from failed institutions:

- One-to-four family residential loans continue to represent a significant majority, at 73 percent, of balances, despite declining from \$6.9 to \$5.8 billion over the period. The reduction of loans in default through foreclosure prevention modifications and foreclosure activities contributed to that decline. The bank approved 5899 rate modifications with \$1.4 billion in total outstanding balances, and made advances on 534 additional loans.
- Loans past due or in non-accrual status declined from \$800 to \$293 million, while restructured loans rose to \$356 million from \$74 million at the beginning of the period. In 2009, 78 percent of past due and non-accrual balances involved construction and land development loans; by 2012, those declined to 16 percent of default balances. Residential loans now represent the majority of loans in default, rising from \$147 to \$258 million in December 2010 before declining to \$193 million.
- Investment in loans for construction and land development declined from \$1.4 billion to \$560 million. In 2009, \$624 million in construction and land development loans were late or in default. By December 2012, the bank had reduced those balances to \$48 million.
- Consumer lending declined from \$143 to \$71 million.
- Other real estate owned increased through foreclosure activity from \$62 million at the beginning of the period, peaking at \$244 million in December 2010, before declining to \$199 million.
- The allowance for loans losses more than doubled from \$55 million to \$127 million. As a result of the acquisition of failed institutions, the bank had \$41 million in loans covered by Federal Deposit Insurance Corporation (FDIC) loss sharing agreements.

Tier 1 Capital of \$1.6 billion represents 12 percent of total assets, slightly higher than the 11 percent ratio exhibited by peer group. While the bank itself had no legal, financial or other factors impeding its ability to help meet credit needs in its AAs, the acquisition of failed institutions placed constraints on the bank's resources. The acquisitions included troubled assets, covered by loss sharing agreements with the FDIC, but that required resolution by the bank.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation covers activity from January 1, 2009 through December 31, 2012. The primary product through the review period remained HMDA reportable residential mortgage loans, despite expansion of commercial real estate and business lending. Lending activity in 2009 through 2011 was evaluated primarily against 2011 HMDA Aggregate Peer Mortgage Data, and secondarily, 2000 US Census Bureau (Census) data on the distribution of families or owner-occupied housing units, as applicable. Changes in census tract delineations based on 2010 census data became effective January 1, 2012. Lending performance in 2012 was compared to the 2010 census distribution of families or owner-occupied housing units, as applicable. Peer Data for 2012 was not available for comparison as of the date of this evaluation.

The aggregate HMDA data contained in the tables includes peer mortgage distributions for all loan products offered, including government sponsored loan programs and loans purchased from other institutions. We performed supplemental analysis for the full-scope AAs in Oregon to assess the bank's performance relative to comparable first lien conventional one-to-four family loans originated by the reporting lenders. That analysis, discussed in the individual rating area sections, often reflected significant reduction in the proportion of LMI loans in the geographic and borrower distributions of industry lending activity. The analysis suggests a significant portion of aggregate LMI lending activity involves government and other loan products the bank did not offer. Banks are expected to offer loans consistent with safety and soundness and their specific expertise. We considered the lower industry proportion of LMI loans, where appropriate, in evaluating the bank's performance.

Although the distribution of all years of data were considered, the PE Tables and narrative focus on lending activity between 2009 and 2011, because of the availability of both census and peer data. Generally, lending performance in 2012 was comparable to the 2009 through 2011 performance unless otherwise noted. Home purchase and to a lesser degree refinance loans comprise the majority of HMDA loans. Washington Federal completed a significant volume of loan modifications, significantly reducing the volume of reportable refinances. The bank originated a limited volume of home improvement loans. The average \$279 thousand balance of home improvement loans indicates these loans were refinances with a home improvement component.

The bank did not collect income or location data, except on modifications originated through the MRC. As a result, we did not evaluate the borrower and census tract income distributions of modifications other than those generated through foreclosure prevention activities. The remaining modifications, which likely reflect distributions reasonably comparable to the bank's historical lending distributions, were considered only to the extent they positively impacted overall lending volumes.

The bank originated insufficient volumes of CRA reportable small business and small farm loans in its assessment areas, other than the Seattle AA to support distribution analysis. As a result, small loans to business and farms were not considered in this evaluation.

Data Integrity

In May 2012, the Consumer Financial Protection Bureau (CFPB) performed a review of the bank's Home Mortgage Disclosure Act (HMDA) data reporting. At that time, the CFPB identified violations of

the HMDA and weaknesses in the bank's HMDA data collection and reporting processes that deemed the data unreliable. We performed an on-site verification of the accuracy of the bank's publically reported small business loan data (CRA data) and a validation of the bank's community development activities, as of November 26, 2012. We performed follow-up examinations on January 22, 2013, and again on July 8, 2013, in order to allow the bank to provide additional supporting documentation of its CD activities and to test the effectiveness of corrective actions taken with respect to its HMDA and CRA reporting.

At the conclusion of these reviews, we determined that management was accurately obtaining and reporting its HMDA reportable loans. However, we continued to identify inaccuracies in the Bank's CRA data. Management performed a scrub of its small business loans and corrected the errors.

Selection of Areas for Full-Scope Review

We selected a sample of assessment areas (AAs) in each state and multistate metropolitan area for full-scope reviews where the bank has an office. The AA with the largest presence and volume of activity in each rating area was selected, along with a smaller AA intended to assess consistency of bank activities regardless of market size.

Ratings

The bank's overall rating is a blend of the multistate metropolitan area (multistate) rating and state ratings. The multistate and state ratings are based primarily on AAs that received full-scope reviews. Full-scope areas were weighted based on the relative proportion of activities in each area to arrive at the respective multistate or state ratings. Performance in limited-scope areas were evaluated for consistency with performance in full-scope areas. Significant variances in performance between areas were considered in the final rating for each multistate and state rating area.

Refer to the "Scope" section under each State and Multistate Metropolitan Area Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Fair Lending or Other Illegal Credit Practices Review

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

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

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

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's overall Lending Test performance is High Satisfactory. Retail lending performance across AAs is adequate to good, with good to excellent volume, good in/out ratio, good geographic and adequate borrower distributions. CD lending activity was good, with good volume and adequate responsiveness.

Lending Activity

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

The volume of lending activity is good considering the bank's traditional portfolio lending model, highly competitive markets, and significant loan modification volume. The table below summarizes total loan origination and modification activity.

Loan Category	Total Lending	
	Number	Dollar Volume (in millions)
Home Mortgage Loans	12,130	\$3,894
Mortgage Rate Modifications	5,610	1,354
MRC Modifications	1,349	NA
Small Business Loans	501	124
CD Loans	361	225
Total	19,951	\$5,597

The volume of lending is good, considering the bank's loan-to-deposit ratio as a portfolio lender. Although the ratio declined from 125 percent, due to increases in the deposit base and decreases in loan balances, it remains high at 88 percent. The change is attributed largely to the acquisition of failed banks and the resolution of troubled loans. While modifications added substantially to the volume of lending activity, they did not contribute to substantive changes in balance sheet assets.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

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

The geographic distribution of loans across AAs is good. The distributions ranged from adequate to good across AAs and rating areas, with distributions in a reasonable range of industry lending reflected in the 2011 Aggregate HMDA data. Geographic distributions in four rating areas comprising 75 percent of residential mortgage lending activities exhibited good levels of performance.

Home purchase and refinance mortgage loans comprised the majority or the entirety of lending in most AAs. The geographic distribution of those loans ranged from adequate to good across AAs and rating areas, with distributions within a reasonable range of industry lending. Multifamily loans generally reflected significantly stronger geographic distributions than bank home purchase and refinance loans, and industry and demographic comparators in the markets that those loans were made.

Lending Gap Analysis

The level of dispersion of lending activity in census tracts of all income levels across AAs is good. Washington Federal delineated AAs based on MSAs and counties with branches and a substantial portion of deposits. As a result, no LMI communities were arbitrarily excluded. The penetration of LMI areas varied across AAs, from adequate to excellent, particularly in those MSAs and non-MSA counties where the bank operates a very limited number of branches. Many of the AAs exhibited this characteristic, creating competitive challenges in areas with significant presence from other banks and credit unions.

The correlation between branch location and lending is significant, because lending activities have historically been conducted through the branches. Although loan application forms and contact information for loan officers are available on the bank's website, the bank does not accept on-line applications or mortgage broker referrals. As branch hours are limited, branch managers and lending staff meet off-site and outside business hours at the convenience of loan applicants. The bank is increasing its presence through acquisitions, and gradually improving the potential to increase lending across markets.

Inside/Outside Ratio

The proportion of loans in AAs is excellent. The proportion of loans originated across states with AAs is generally comparable to branch, deposit, and population concentrations. Thus, the distribution of loans across markets is considered excellent.

The following table shows the proportion, by state, of HMDA reportable loans and non-reportable modifications that Washington Federal originated in the review period. Nearly half of all loans and modifications were made in Washington.

2009 - 2012	HMDA		Rate Modifications		Foreclosure Prevention Modifications		Total		Deposits
	#	% #	#	% #	#	% #	#	% #	% \$
WA	5,580	46%	2,764	49%	481	38%	8,825	46%	49%
AZ	1,806	15%	405	7%	199	16%	2,410	13%	14%
OR	1,598	13%	850	15%	227	18%	2,675	14%	15%
UT	1,174	10%	645	12%	108	9%	1,927	10%	4%
ID	698	6%	655	12%	91	7%	1,444	8%	7%
NM	617	5%	137	2%	39	3%	793	4%	8%
TX	438	4%	91	2%	10	1%	539	3%	1%
NV	216	2%	63	1%	97	8%	376	2%	2%
all	12,127	100%	5,610	100%	1,252	100%	18,989	100%	100%

Ninety-four percent, the substantial majority of mortgage loans, were originated in bank's AAs. The average ratio of loans inside AAs in each state is 92 percent, because the proportions of loans in AAs in Texas and Utah were significantly lower. However, even in those states more than 70 percent of loans were inside AAs.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

The borrower income distribution of loans is adequate. The distributions ranged from poor to good across AAs and rating areas, with distributions in a reasonable range of industry lending reflected in the 2011 Aggregate HMDA data. Borrower income distributions in two rating areas comprising 52 percent of residential mortgage lending activities exhibited good levels of performance, while five exhibited adequate performance and one, poor performance.

Home purchase and refinance mortgage loans comprised the majority or the entirety of lending in most AAs. The borrower income distribution of those loans ranged from poor to good across AAs and rating areas, with most reflecting adequate performance. Distributions were routinely below or significantly below industry lending. In some markets, the bank's lending was below industry levels as a result of high volumes of FHA, VA, and other government sponsored loan programs that enhance lending flexibility for LMI borrowers.

Lending to LMI borrowers was often limited by relatively high median housing values, which in LMI tracts can average four to six times LMI income levels. In many AAs, very low percentages of the first lien conventional loans originated in those tracts by the industry in 2011 benefited LMI borrowers.

Community Development Lending

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

CD lending is good. CD lending ranged from poor to excellent across AAs and rating areas. Community Development lending levels in five rating areas comprising 63 percent of CD lending activities exhibited good levels of performance and one with 29 percent exhibited excellent performance. Two rating areas exhibited adequate performance, and one, poor performance.

Community Development loans were comprised primarily of multifamily loans that qualify as CD loans. Opportunities for this type of lending were defined by the composition of AA housing stock. As a result, CD lending was limited in rural markets and in areas where staff lacked multifamily lending experience.

The bank also processed a significant volume of foreclosure prevention modifications to borrowers across income levels and geographic areas through the MRC. The borrower income and geographic distributions of those loans were generally excellent compared with AA demographic factors.

- Low-income borrowers comprised 24 percent of MRC activity;
- Moderate-income borrowers comprised 28 percent of MRC activity;
- Low-income tracts comprised 2 percent of MRC activity;
- Moderate-income tracts comprised 20 percent of MRC activity;
- Distressed or underserved middle-income tracts comprised 5 percent of MRC activity.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's Investment Test performance is Low Satisfactory. The volume and responsiveness of qualified investment is generally adequate. The level of qualified investments in five rating areas comprising 74 percent of investment activities exhibited good levels of performance, while four exhibited adequate performance.

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

The bank made 111 qualified investments and grants totaling \$85 million. Eighty-four percent represent current period investments, the remainder prior period investments. These investments represent, by dollar volume, over 5 percent of Tier 1 Capital. Investments range from highly responsive CRA funds and Low Income Housing Tax Credit, New Market Tax Credit and Economic Development projects to adequately responsive CRA mortgage backed securities. Grants supported a wide range of affordable housing and community service organizations that assist LMI resident and areas.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's Service Test performance is High Satisfactory. Services and the distribution of branch based delivery systems are generally good to excellent with reasonable accessibility to geographies and individuals of different income levels in most of the AAs. Community Development services are generally adequate to good across AAs.

Retail Banking Services

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

Washington Federal offers an expanding range of consumer and commercial deposit and loan products, delivered primarily through the branch network. Lending remains highly concentrated in residential mortgage lending, primarily home purchase and refinance. The bank migrated its on-line banking from informational to transactional, and now offers bill pay; funds transfers; fee, balance, pending and posted transaction information; check imaging; electronic statements; and email balance notification. Loan

application materials are available on-line, although applications are processed exclusively through the branches.

Services and business hours do not vary in a way that inconveniences any portion of the AAs, particularly LMI geographies or individuals. Branch office hours, offered during traditional business hours from Monday through Thursday with extended hours on Friday, vary slightly from market to market based on transaction volume and local demand. Washington Federal does not offer Saturday hours. Availability of drive through or ATM facilities is based on location characteristics, physical feasibility for each facility, and, for acquired branches, existing services provided by predecessor banks.

Delivery systems are reasonably accessible to geographies and individuals of different income levels in each of the AAs. Branch distribution in LMI census tracts relative to the percentage of the population in these tracts ranges from adequate to excellent. A reasonable proportion of the branches are located in or contiguous to LMI or distressed or underserved middle-income tracts providing reasonable access to all segments of the communities. The bank acquired a number of branches from failed institutions, which limited their control over the location of branch activities in several markets.

The bank's record of opening and closing branches has not adversely affected the accessibility of delivery systems, particularly in low- or moderate-income geographies or to low- or moderate-income families. Washington Federal opened or acquired 19 branches and closed or sold 6 branches during the period. The bank also opened one branch in Yakima in September 2012 and acquired South Valley Bank with 24 branches in December 2012. Those branches were not included in this PE because the bank has less than six months of activity in those areas.

Community Development Services

Washington Federal's record of providing CD services is adequate with a good responsiveness to meeting identified community needs. The bank provided a total of 9,091 hours of CD services across the AAs. This is a significant increase from the prior review period.

Financial services primarily involved foreclosure prevention counseling and assistance to LMI borrowers, and LMI or distressed census tracts through the MRC. This service is particularly responsive in AA's with high rates of foreclosure. Community contacts identified affordable housing and foreclosure assistance as primary needs in many of the AAs. Bank employees served on affordable housing and community service organization boards, finance and loan committees and provided financial literacy training to LMI individuals across a range of AAs through the Save@School programs.

Multistate Metropolitan Area Rating

Portland-Vancouver-Hillsboro, OR-WA Multistate MSA

CRA rating for the Portland-Vancouver-Hillsboro, OR-WA Multistate MSA:

	Satisfactory
The lending test is rated:	Low Satisfactory
The investment test is rated:	High Satisfactory
The service test is rated:	High Satisfactory

Major factors that support this rating of performance in the delineated counties of the Portland-Vancouver-Hillsboro, OR-WA Multistate MSA (Portland AA) include:

- Adequate Lending Test performance considering good lending activity, and adequate geographic and borrower distributions. Non-reportable loan modifications and CD lending have a positive impact on overall lending performance.
- Good Investment Test performance based on a good volume of qualified investments that are responsive to the identified needs in the assessment area.
- Good Service Test performance based on excellent branch and ATM distribution and an adequate level of CD services.

Description of Institution's Operations in Portland-Vancouver-Hillsboro, OR-WA Multistate MSA

Washington Federal has delineated five counties in two states of the Multistate MSA as an assessment area. As an interstate MSA, the Riegle-Neal Interstate banking and Branching Efficiency Act of 1994 requires evaluation separate from the remainder of Oregon AAs. Those are assessed in a separate section of this Performance Evaluation.

Branches provide moderate coverage of Clackamas, Multnomah, Washington, and Yamhill Counties in Oregon, and Clark County in Washington. The eight branches in the Portland AA and deposits of \$429 million equal 5 percent of the bank's total branches and deposits. Refer to Appendix C - Oregon for the market profile containing performance context information for the Portland AA.

LENDING TEST

Washington Federal's overall Lending Test performance in Portland is Low Satisfactory. Retail lending is adequate while CD lending is good.

Lending Activity

Washington Federal's lending activity in the Portland AA is good, considering the bank's traditional portfolio lending model, high loan-to-deposit ratio, significant loan modification volume and the highly competitive markets. Refer to Appendix D - Oregon - Table 1 for the facts and data used to evaluate the bank's lending performance.

The table below summarizes total mortgage originations and modifications in the AA, which represent 99 percent of credit extensions in the AA.

Loan Category	Portland AAs	
	Number	Dollar Volume (in millions)
Home Mortgage Loans	764	\$409
Mortgage Rate Modifications	378	114
Small Business Loans	2	0
Community Development Loans	103	76
Total	1,247	\$599

The evaluation of lending performance in the Portland AA emphasized home purchase loans as those represent 66 percent of reportable activity. Multifamily and refinance loans received secondary consideration as the next most substantive categories of loans. Home improvement loans comprised an insufficient portion of mortgage lending to derive substantive conclusions about performance. Rate modifications across the AA equate 49 percent of mortgage loans. The distribution of modifications could not be analyzed because of insufficient geographic and income data.

FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data shows that the bank faced significantly fewer competitors in the deposit market. Despite stronger competition for loans, the bank's lending market share percentile was equal to or better than that of deposits.

- 70th percentile: 12th of 40 insured institutions with 0.97 percent of deposits;
- 87th percentile: 42nd of 319 lenders with 0.4 percent of purchase loans;
- 71st percentile: 118th of 402 lenders with 0.04 percent of refinance loans.

Inside/Outside Ratio

The proportion of review period loans originated in the Portland AA exceeds branch and demographic concentrations. The bank originated 7 percent of all residential mortgage loans, and 11 percent of the dollar volume, in Portland. Five percent of branches and deposits are located in the AA.

Ninety-eight percent, the substantial majority of mortgage loans statewide were originated inside the bank's AAs. Forty-four percent of those loans were originated in the Portland AA, with the remainder in the Oregon rating area, which is evaluated separately. This exceeds the statewide concentration of 29 percent of branches and 33 percent of deposits in the AA.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans in the Portland AA is adequate. Refer to Appendix D - Oregon - Tables 2, 3, and 4 for the facts and data used to evaluate the geographic distribution of home mortgage loans.

The proportion of home purchase loans in low-income census tracts is slightly below the percentage of 2011 HMDA aggregate loans and owner-occupied housing units in those tracts. In 2012, the bank's proportion exceeded the percentage of units in low-income tracts. The proportion of home purchase

loans in moderate-income census tracts is significantly below the percentages of aggregate loans and housing units in those tracts.

The proportion of refinance loans in LMI tracts is below the aggregate and demographic percentages. The proportion of multifamily loans, from 2009 through 2011, in low-income tracts exceeds the percentages of aggregate loans and multifamily housing units in those tracts. The proportion of multifamily loans in moderate-income tracts is below the aggregate but equal to the demographic percentage. The number and proportions of LMI tracts changed following the 2010 census. The proportion of 2012 multifamily lending declined relative to the percentage of low-income tract multifamily housing but increased relative to the percentage of moderate-income tract units.

Lending Gap Analysis

The location of loans and branches throughout the Portland AA was analyzed. The branches provide moderate to limited coverage of both states and four of the seven counties that comprise the MSA. Geographic dispersion of loans is good within the MSA. The bank made loans in 79 percent of census tracts, including LMI tracts.

Distribution of Loans by Income Level of the Borrower

The borrower income distribution of loans is poor. Refer to Appendix D - Oregon - Tables 7, 8, and 9 for the facts and data used to evaluate the borrower distribution of home mortgage loans.

The proportion of home purchase and refinance loans to LMI borrowers is significantly below the percentage of 2011 HMDA aggregate loans to LMI borrowers, and the percentage of 2000 census LMI families.

Community Development Lending

Community Development lending in the Portland AA is excellent. The bank originated a reasonable volume of CD loans. The concentration of CD loans was high relative to the proportion of deposits derived from the AA.

The bank originated 103 CD loans totaling \$75.5 million in the AA, 29 percent of the total number and 34 percent of the dollar volume of CD loans originated during the review period. This concentration is excellent relative to the 5 percent of total bank deposits derived from the AA. The dollar volume of CD loans equates to 18 percent of 2012 AA deposits. These CD loans address affordable housing needs within the AA.

The bank processed 81 modifications in the Portland AA through the MRC to prevent foreclosures by providing temporary and permanent relief to borrowers across income levels and geographic areas experiencing financial difficulties. The borrower income and census tract distributions of those modifications are excellent compared with AA demographic factors reflected in Appendix C – Oregon

- Low-income borrowers comprised 36 percent of modification activity;
- Moderate-income borrowers comprised 26 percent of modification activity;
- Low-income tracts comprised 2 percent of modification activity, and;
- Moderate-income tracts comprised 38 percent of modification activity.

INVESTMENT TEST

Washington Federal's Investment Test performance in the Portland AA is High Satisfactory. The volume and responsiveness of qualified investment in the AAs subject to full-scope reviews is good, and represent a significant increase in investment activity. Refer to Appendix D – Oregon - Table 14 for the facts and data used to evaluate the qualified investments in the Portland AA.

Qualified Investments

The bank made eight qualified investments and grants totaling \$13 million in the multistate MSA. Nineteen percent represent prior period investments in low-income housing tax credits, the remainder current period investments in housing and economic development funds, and CRA mortgage backed securities.

Investments in the AA represent 7 percent of the total number and 16 percent of the dollar volume of bank investments. The level of investment is good relative to the 5 percent of total bank deposits derived from the AA, and represents, by dollar volume, 16 percent of allocated Tier 1 Capital. FDIC reported MSA deposits remained relatively stable from June 30, 2011 through June 30, 2012, at \$440.7 million.

SERVICE TEST

Conclusions

The bank's performance under the Service Test is rated High Satisfactory. Performance in the Portland AA is good. Refer to Appendix D - Oregon - Table 15 for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Retail Banking Services

Washington Federal's delivery systems are highly accessible to geographies and individuals of different income levels. An excellent proportion of AA branches, reflected in Table 15, are in LMI census tracts. In addition, one branch in an upper-income tract is a block from a moderate-income tract. The bank did not open or close any branches.

Community Development Services

The bank's record of providing CD services is adequate with a good responsiveness to meeting identified community needs. The community contact identified affordable housing and foreclosure assistance as primary needs in the AA. Financial services primarily involved the MRC with 486 hours of foreclosure prevention counseling and assistance to LMI borrowers, and six hours to borrowers in LMI or distressed census tracts. This service is particularly responsive to the high rate of foreclosure in the AA.

State Rating

State of Washington

CRA Rating for Washington:	Satisfactory
The lending test is rated:	High Satisfactory
The investment test is rated:	High Satisfactory
The service test is rated:	High Satisfactory

Major factors that support this rating derive primarily from performance in the full-scope AAs, with emphasis on the Seattle-Bellevue-Everett, WA MD (Seattle AA), and include:

- Good Lending Test performance considering excellent lending activity, and good geographic and borrower distributions. Non-reportable loan modifications and CD lending have a positive impact on overall lending performance.
- Good Investment Test performance based on a good volume of qualified investments that are responsive to the identified needs in the assessment area.
- Good Service Test performance based on excellent branch and ATM distribution, and good level of CD services.

Description of Institution's Operations in Washington

Washington Federal has delineated seven AAs in the state of Washington, including six MSAs and one non-MSA comprised of six counties. Washington is the largest rating area for the bank. The bank operates 64 branches with statewide deposits \$4 billion, 49 percent of the bank's total deposits.

With 61 percent of branches and 71 percent of deposits, activities are concentrated in the Seattle AA. As a result, the Seattle AA received a full-scope review, and carries the greatest weight in the state performance ratings. The Olympia, WA MSA (Olympia AA) and Tacoma, WA MD (Tacoma AA) also received full-scope reviews, to assess the consistency of bank performance across smaller AAs. The remaining AAs are analyzed using limited-scope procedures. Refer to Appendix C – Washington for the market profiles containing performance context information for the full-scope AAs.

Washington Federal operates one branch in Clark County, Washington in the Portland-Vancouver-Beaverton, OR-WA Multistate MSA. Deposits from this area are not included in the deposit totals noted above. The multistate AA is analyzed separately.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's overall Lending Test performance in the state of Washington is rated High Satisfactory. Performance in the Seattle AA is good, and adequate in the Tacoma AA and Olympia AA. Community Development lending in the full-scope areas is good.

Lending Activity

Lending activity in the State of Washington is excellent considering the bank's traditional portfolio lending model, highly competitive markets and significant loan modification volume. Refer to Appendix D, Washington - Table 1 for the facts and data used to evaluate the bank's lending performance.

The table below summarizes total loan origination and modification activity in Washington.

Loan Category	Washington AAs	
	Number	Dollar Volume (in millions)
Home Mortgage Loans	5,425	\$1,900.0
Mortgage Rate Modifications	2,764	749.2
Small Business Loans	326	92.3
Community Development Loans	96	59.6
Total	8,611	\$2,801.1

Mortgage loans and modifications represent 95 percent of the number of credit extensions in the state. Rate modifications, which substituted for refinance loans, equated to half the volume of mortgage activity but double the volume of refinances. Sixty-seven percent of mortgage loans were home purchase loans, and 27 percent were refinance loans. Home improvement and multifamily loans comprised the small remainder of mortgage lending. As a result, home purchase and refinances were most heavily weighted in the evaluation of lending performance in Washington.

Washington Federal has a significant branch presence in the Seattle AA, but limited presence in the Tacoma AA and Olympia AA, reflected in Appendix D - Washington - Table 15. The majority of mortgage and small business loans in the state are concentrated in the Seattle AA.

Seattle AA

The volume of Washington Federal's lending activity in the Seattle AA is excellent.

The \$1.3 billion volume of the 3,241 mortgage and small business loans and 51 community development loans equates to 43 percent of assessment area deposits as of June 30, 2012. This is a significant volume for a portfolio mortgage lender, considering the bank's overall 88 percent loan to deposit ratio and significant volume of modifications. Residential mortgage lending represented the significant majority, at 92 percent, of that lending.

FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data shows that the bank faced significantly fewer competitors in the deposit market. The market share percentile for lending was equivalent to or better than the deposit percentile.

- 90th percentile: 6th of 59 insured institutions with 5 percent of deposits;
- 95th percentile: 19th of 352 lenders with 1 percent of home purchase loans;
- 86th percentile: 59th of 412 lenders with 0.2 percent of refinance loans, and;
- 94th percentile: 7th of 117 lenders with 3 percent of home improvement loans.

Tacoma AA

Washington Federal's lending activity in the Tacoma AA is excellent.

The \$174.0 million volume of the 487 mortgage and small business loans, and 14 community development loans equates to 168 percent of assessment area deposits as of June 30, 2012. This represents an excellent level of portfolio lending.

Lending in the AA was substantially concentrated in residential mortgage lending. FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data shows that the bank faced significantly fewer competitors in the deposit market. The market share percentile for lending was equivalent to or better than the deposit percentile.

- 53rd percentile: 14th of 30 insured institutions with 1 percent of deposits;
- 87th percentile: 30th of 230 lenders with 0.6 percent of home purchase loans;
- 74th percentile: 80th of 309 lenders with 0.1 percent of refinance loans, and;
- 82nd percentile: 15th of 83 lenders with 2 percent of home improvement loans.

Considering the bank's portfolio lending strategy, modification volume and the number and nature of mortgage loan competitors, the percentiles reflect good lending performance.

Olympia AA

Washington Federal's lending activity in the Olympia AA is excellent.

The \$70.0 million volume of the 229 HMDA and small business loans, and three community development loans equates to 82 percent of assessment area deposits as of June 30, 2012. This represents an excellent level of portfolio lending.

Lending in the AA was substantially concentrated, at 98 percent, in residential mortgage lending. FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data shows that the bank faced significantly fewer competitors in the deposit market such that the market share percentile for lending was equivalent to or better than the deposit percentile.

- 32nd percentile: 13th of 19 insured institutions with 3 percent of deposits;
- 84th percentile: 27th of 164 lenders with 1 percent of home purchase loans;
- 62nd percentile: 92nd of 240 lenders with 0.1 percent of refinance loans, and;
- 34th percentile: 37th of 56 lenders with 0.5 percent of home improvement loans.

Considering the bank's portfolio lending strategy, modification volume and the number and nature of mortgage loan competitors, the percentiles reflect good lending performance.

Inside/Outside Ratio

Forty-seven percent of residential mortgage loans between 2009 and 2012 were made in the state of Washington. This is comparable to the proportion of bank deposits, at 49 percent, collected in the state.

Washington Federal originated 97 percent, the substantial majority of residential loans in Washington,

inside the bank's seven assessment areas. With 51 percent of total mortgage volume and 55 percent of total modification volume in the state, the proportion of lending is low relative to the concentration of branches and deposits. However, these proportions significantly exceed the proportions of total delineated area population and owner-occupied housing units in the state. Twenty percent of the population and 23 percent of the housing units in all delineated AAs are in the Washington rating area.

Seattle AA

The 55 percent of rating area loans in the Seattle AA is substantially lower than the 71 percent concentration of state deposits, but correlates reasonably to the proportions of rating area population and owner-occupied units in the AA. Seattle comprises 58 percent of the population and 56 percent of the housing units in the Washington rating area.

Tacoma AA

The 9 percent of rating area loans in the Tacoma AAs is substantially higher than the 3 percent proportion of deposits, but correlate to the proportions of rating area population and owner-occupied units in the AA. Tacoma comprises 17 percent of the population and 16 percent of the housing units in the Washington rating area.

Olympia AA

The 4 percent of rating area loans in the Olympia AAs is higher than the 2 percent proportion of deposits, but correlate to the proportions of rating area population and owner-occupied units in the AA. Olympia comprises 6 percent of both the population and housing units in the Washington rating area.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans is excellent. Refer to Appendix D - Washington - Tables 2, 3, and 4 for the facts and data used to evaluate the geographic distribution of home mortgage loans.

Seattle AA

The geographic distribution of loans in the Seattle AA is good. The proportions of home purchase, refinance, and home improvement loans in LMI census tracts are equivalent to the proportions of 2011 HMDA aggregate loans and owner-occupied housing units in those tracts. Significantly less than 1 percent of loans and owner-occupied units were located in those tracts based on 2000 census data. Although the proportion of 2012 loans in LMI tracts improved, the number of low-income tracts increased following the 2010 census. The distribution of 2012 loans remained equivalent to the proportion of LMI tracts in the AA.

Considering the limited volume, the proportion of multifamily loans in LMI tracts are equivalent to the proportion of aggregate lending and multifamily housing units in those tracts.

Single family lending in LMI tracts is hindered by relatively high median housing values, averaging \$260 thousand in low-, and \$285 thousand in moderate-income tracts, according to 2010 census data. Housing is not readily affordable to LMI residents with incomes below \$44 thousand and \$71 thousand,

respectively. As a result, only 38 percent of the first lien conventional loans originated in those tracts by the industry in 2011 benefited LMI borrowers.

Tacoma AA

The geographic distribution of loans in the Tacoma AA is good. The volume of home improvement and multifamily loans is insufficient to derive substantive conclusions about performance. None of the home improvement loans were located in LMI tracts, while seven of 13 multifamily loans were on properties located in those tracts.

The proportion of home purchase loans in low-income tracts is equivalent to the percentage of aggregate loans and owner-occupied units in those tracts. The proportion of loans in moderate-income census tracts is below the percentages of aggregate lending and housing units in those tracts. The bank's distribution improved significantly in 2012, exceeding the proportion of owner-occupied units in both LMI tracts following the 2010 census update.

The bank originated no refinance loans in low-income tracts, but significantly less than 1 percent of loans and units were located in those tracts. The percentage of refinance loans in moderate-income tracts exceeds the proportion of aggregate loans, and is comparable to the percentage of owner-occupied units. The moderate-income percentage in 2012 significantly exceeds the percentage of owner-occupied units reflected in the 2010 census.

Olympia AA

The geographic distribution of loans in the Olympia AA is excellent. The bank originated too few home improvement and multifamily loans to derive substantive conclusions about performance. Although none of the home improvement loans were in LMI tracts, three of six multifamily property loans were made in those tracts.

There were no low-income tracts designated pursuant to the 2000 census, but one designated low-income subsequent to the 2010 census. The bank originated no loans in that tract. However, the number of housing units was limited, as a mall, medical center and several large apartment complexes occupy the majority of land. The only large housing development consists of a mobile home community, which represents a highly specialized form of non-mortgage consumer lending.

The proportion of both home purchase and refinance loans in moderate-income tracts exceeds both the percentages of aggregate loans and owner-occupied housing units in those tracts. In 2012, the bank made no refinance loans. The 2012 proportion of home purchase loans, though, is comparable to the percentage of owner-occupied units in moderate-income tracts. Lack of refinance activity is attributed to the substantial modification volume in the state.

Lending Gap Analysis

The location of loans and branches throughout each full-scope AA was analyzed. There were no conspicuous gaps identified in the any of the AAs.

Seattle AA

With 39 branches in the Seattle AA, the geographic dispersion of loans was excellent. The bank made loans in 95 percent of census tracts, including LMI tracts.

Tacoma AA

The bank operates four branches in the Tacoma AA with limited and dispersed coverage. However, the bank made loans in 85 percent of AA tracts, including LMI tracts. The proportion in LMI tracts was significantly lower in the Tacoma AA.

Olympia AA

The bank operates only two branches in the Olympia AA, resulting in very limited coverage. Nonetheless, the bank made loans in 91 percent of AA tracts, including LMI tracts.

Distribution of Loans by Income Level of the Borrower

The borrower income distribution of loans is good. Refer to Appendix D - Washington - Tables 7, 8, and 9 for the facts and data used to evaluate the borrower distribution of home mortgage loans.

With median housing values averaging \$367 thousand, according to 2010 census data for the full-scope areas, income levels below \$66 thousand limit LMI lending. Although 38 percent of families are LMI, only 21 percent of first lien conventional loans originated across the three AAs by the industry in 2011 benefited LMI borrowers.

The supplemental analysis of first lien conventional one-to-four family loans originated by the reporting lenders significantly reduced the proportion of home purchase loans to LMI borrower. The proportion of originated conventional loans to LMI borrowers declined approximately one-third in each AA, ranging from 15 to 24 percent. The bank's lending was more comparable to the resulting percentages.

Seattle AA

The borrower income distribution of loans in the Seattle AA is good. The distribution of loans is generally within reasonable ranges of 2011 HMDA aggregate lending and family income distributions.

The proportion of home purchase loans to low-income borrowers is equivalent to the aggregate percentage. The percentage of loans to moderate-income borrowers is significantly below the aggregate. The percentages of bank loans to LMI borrowers are moderately below the percentages of LMI families in the AA.

The proportions of refinance loans to LMI borrowers exceed the aggregate. Bank and aggregate proportions are both below the percentages of LMI families. However, in 2012, the percentage of the bank's refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families based on 2010 census data.

The proportions of home improvement loans to LMI borrowers are below the aggregate, both of which are below the percentages of LMI families in the AA.

Tacoma AA

The distribution of loans by borrower income in the Tacoma AA is poor. The bank originated too few home improvement loans in the AA to derive substantive conclusions about lending performance.

The proportions of home purchase loans to LMI borrowers are significantly below both the percentage of aggregate loans, and LMI families in the AA. In 2012, the percentage of home purchase loans to moderate-income borrowers did improve to become equivalent to the percentage of moderate-income families in the AA.

The proportion of refinance loans to low-income borrowers exceeds the 2011 HMDA aggregate percentage. Conversely, the proportion of loans to moderate-income borrowers is significantly below the aggregate percentage. The distributions are below the percentages of LMI families. In 2012, the percentage of moderate-income refinance loans did improve to exceed the moderate-income family percentage, but the bank made no refinance loans to low-income borrowers.

Olympia AA

The distribution of loans by borrower income in the Olympia AA is poor. The bank originated too few home improvement loans in the AA to derive substantive conclusions about lending performance.

The proportions of home purchase loans to LMI borrowers are significantly below both the percentage of aggregate LMI loans and LMI families in the AA. However, in 2012, home purchase lending to moderate-income borrowers improved to become comparable to the percentage of moderate-income families in the AA.

From 2009 through 2011, the bank originated no refinance loans to low-income borrowers. The proportion of loans to moderate-income borrowers for that period is significantly below the percentage of 2011 HMDA aggregate refinances and moderate-income families in the AA. In 2012, the distribution of bank refinances to LMI borrowers remained well below the percentages of LMI families in the AA.

Community Development Lending

Community development lending within the State of Washington is good. Refer to Appendix D - Washington - Table 1 for the facts and data used to evaluate the bank's CD lending.

The bank originated 96 CD loans totaling \$59.6 million in the state, 27 percent of the number and volume of CD lending. Although this percentage is well below the 51 percent of total bank deposits derived from the state, the lending represents a substantive complement to retail mortgage and modification activity. The dollar volume of CD lending represents 7 percent of allocated Tier 1 Capital.

The bank also processed 481 modifications in Washington through the MRC to prevent foreclosures by providing temporary and permanent relief to borrowers across income levels and geographic areas experiencing financial difficulties.

Seattle AA

Community development lending in the AA is excellent. The bank originated 51 CD loans totaling \$29.7 million, 53 percent of the number and 50 percent of the volume of CD loans in the state. This proportion is low relative to the concentration of branches, deposits and multifamily properties in the AA, but comparable to the proportion of state population in Seattle. The dollar volume equates to 5 percent of allocated Tier 1 Capital.

Thirty-eight percent of multifamily properties are located in LMI tracts, not all primarily serving LMI residents, limiting the number of loans that qualify as community development. The performance is good considering competition and high demand for housing in a rapidly growing metropolitan market. Rents in the Seattle market increased an average of over 32 percent between 2000 and 2010, and by 60 percent in low-income tracts, which reflects increasing pressure on housing affordability. These factors confined CD lending opportunities in the AA.

The bank processed 197 modifications, 41 percent of state activity, in the Seattle AA through the MRC program. The borrower income and census tract distributions of those loans compare favorably with AA demographic factors reflected in Appendix C.

- Low-income borrowers comprised 21 percent of modification activity;
- Moderate-income borrowers comprised 34 percent of modification activity;
- Low-income tracts comprised 2 percent of modification activity, and;
- Moderate-income tracts comprised 19 percent of modification activity.

Tacoma AA

Community development lending in the AA is excellent. The bank originated 14 CD loans totaling \$7.7 million in the Tacoma AA, 15 percent of the number and 13 percent of the volume of CD loans in the state. This proportion is high relative to the concentration of branches, deposits and multifamily properties, but comparable to the proportion of state population in Tacoma. The dollar volume equates to 8 percent of deposits and 39 percent of allocated Tier 1 Capital.

The bank processed 65 modifications, 13 percent of the state activity, in the Tacoma AA through the MRC program. The borrower income distribution of those loans is excellent compared with AA demographic factors reflected in Appendix C. With a negligible percentage of owner occupied units in low-income tracts, and low percentage in moderate-income tracts, the census tract distribution is reasonable.

- Low-income borrowers comprised 40 percent of modification activity;
- Moderate-income borrowers comprised 37 percent of modification activity;
- Low-income tracts comprised 0 percent of modification activity, and;
- Moderate-income tracts comprised 5 percent of modification activity.

Olympia AA

Community development lending in the AA is good. The bank originated three CD loans totaling \$3.3 million in the Olympia AA, 3 percent of the number and 6 percent of the volume of CD loans in the state. This proportion is comparable to the concentration of branches, population and multifamily

properties in Olympia but high relative to deposits in the AA. The dollar volume equates to 4 percent of deposits and 21 percent of allocated Tier 1 Capital.

The bank processed 35 modifications, 7 percent of state activity, in the Olympia AA through the MRC program. The borrower income and census tract distributions of those loans are excellent compared with AA demographic factors reflected in Appendix C.

- Low-income borrowers comprised 11 percent of modification activity;
- Moderate-income borrowers comprised 49 percent of modification activity, and;
- Moderate-income tracts comprised 17 percent of modification activity.

Conclusions for Areas Receiving Limited-Scope Reviews

The bank's performance under the Lending Test in the limited-scope AAs is reasonably consistent with the bank's performance in the full-scope AAs. The bank's borrower and geographic income distributions in full-scope areas were variable across products, and performance in limited-scope areas exhibited similar variability. With 32 percent of both deposits and HMDA reportable loans, a significant portion of the bank's activities are concentrated in the limited-scope areas. The performance in limited-scope AAs reinforced the assessment of overall performance in the state, and, as a result neither positively nor negatively impacted the conclusions or ratings.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's Investment Test performance in the State of Washington is High Satisfactory. The volume and responsiveness of qualified investment in the AAs subject to full-scope reviews is good, and represent a significant increase in investment activity. Refer to Appendix D, Washington - Table 14 for the facts and data used to evaluate qualified investments in Washington.

Qualified Investments

The bank made 46 investments and grants totaling \$30 million in the state, 41 percent of the total number and 35 percent of the dollar volume of qualified investments. Although low relative to the 49 percent of total bank deposits derived from the state, it represents a significant increase in investments, from \$5 million in the prior review. The investments represent, by dollar volume, 4 percent of allocated Tier 1 Capital. They include low-income housing, new market tax credits, municipal housing and economic development bonds, that are generally very responsive to community needs.

Seattle AA

Activities were concentrated in the Seattle-Bellevue-Everett AA, where the majority of rating area branches are located. The bank made 32 investments totaling \$15 million in the Seattle assessment area. These represent the majority of qualified investments in Washington and 50 percent of the dollar volume. The dollar volume equates to 3 percent of allocated Tier 1 Capital. Deposits, which increased by \$59 million from June 30, 2011 to \$3 billion as of June 30, 2012, represent 71 percent of the total state deposits.

Qualified investments include three limited partnerships involving low-income housing tax credits and a municipal bond that provided funding for an affordable senior housing development. The bank also invested in CRA targeted mortgage backed securities. Grants supported affordable housing activities, neighborhood revitalization, financial and education assistance for LMI residents, homelessness intervention and emergency shelters, mental health and counseling services for at-risk segments of the population. The transactions were responsive to a broad range of needs within the AA.

Tacoma AA

The bank invested \$307 thousand in qualified mortgage backed securities in the Tacoma assessment area. The investment represents 1 percent of the dollar volume of bank investments in Washington and equates to 2 percent of allocated Tier 1 Capital. Deposits increased by \$3 million from June 30, 2011 to \$104 million as of June 30, 2012, representing less than 3 percent of state deposits, and 1 percent of total bank deposits.

Olympia AA

The bank invested \$909 thousand in qualified mortgage backed securities in the Olympia assessment area. The investment represents 3.0 percent of the dollar volume of bank investments in Washington; and equates to 5.6 percent of allocated Tier 1 Capital. Deposits remained relatively stable from June 30, 2011 to June 30, 2012, at \$85 million as of June 30, 2012, representing 2 percent of state deposits, and 1 percent of total bank deposits.

Conclusions for Areas Receiving Limited-Scope Reviews

Investment test performance in the limited-scope AAs is consistent with performance in the state overall. The number and dollar volume of qualified investments in the Bellingham and Mount Vernon AAs is excellent, while the performance in Bremerton and Non-MSA AAs is poor.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's Service Test performance in Washington is High Satisfactory. Performance is good in the full-scope AAs. Refer to Table 15 in the Washington 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.

Retail Banking Services

Seattle AA

Washington Federal's delivery systems in the Seattle AA are highly accessible to geographies and individuals of different income levels. An excellent proportion of AA branches, reflected in Table 15, are in moderate-income census tracts. The distribution of branches that the bank operates in LMI tracts exceeds the percentage of the population in these tracts.

The bank's record of opening and closing branches has not adversely affected the accessibility of delivery systems, particularly in LMI geographies or to LMI families in the area. The bank acquired a

failed institution and closed one branch in moderate-income CTs. The branch was in close proximity to, and consolidated with, another acquired branch, which is also located in a moderate-income CT.

Tacoma AA

Washington Federal's delivery systems are highly accessible across income levels. An excellent proportion of AA branches, reflected in Table 15, are in LMI tracts. The bank did not open or close any banking offices in the AA.

Olympia AA

Washington Federal's delivery systems are highly accessible across income levels. The small number of branches, however, limits access across the entire AA. Both branches are located in moderate-income tracts.

Community Development Services

Seattle AA

The bank's record of providing CD services is good with a good responsiveness to meeting identified community needs. The bank significantly increased its CD services from the prior period. Financial services primarily involved the MRC with 1,182 hours of foreclosure prevention counseling and assistance to LMI borrowers. Washington Federal also provided 57 hours of financial literacy training to LMI students through the Save@School program.

Bank employees provided CD services through board and committee memberships with three organizations that provide affordable housing and LMI homeless youth services. Some specific examples are:

- A bank employee serves on the Advisory board for a local Habitat for Humanity office, which provides affordable housing to LMI individuals. The employee provides stewardship to help the agency continue to provide affordable housing. Another employee serves on the fundraising committee for a different Habitat for Humanity office.
- A bank employee serves on a fundraising committee for a non-profit organization that provides services to LMI homeless youth.
- A bank employee serves on the Board of Directors for a non-profit organization that provides food to LMI individuals.

Tacoma AA

Washington Federal's record of providing CD services is adequate based on limited responsiveness in meeting the needs of the AA. A significant number of qualified CD organizations operate in this AA, but the bank did not establish relationships with those entities. The bank provided 396 hours of foreclosure prevention counseling and assistance to LMI borrowers through the MRC. This represents a significant increase in CD services from the prior period.

Olympia AA

Washington Federal's record of providing CD services is adequate based on limited responsiveness in meeting the needs of the AA. A significant number of qualified CD organizations operate in this AA, but the bank did not establish relationships with those entities. The bank provided 210 hours of foreclosure prevention counseling and assistance to LMI borrowers through the MRC. This represents a significant increase in CD services from the prior period.

Conclusions for Areas Receiving Limited-Scope Reviews

The bank's performance in the limited-scope areas is consistent with the bank's overall performance under the Service Test in the State of Washington. Refer to Appendix D – Washington - Table 15 for the facts and data on branch distribution, openings and closings. Community Development service consisted primarily of foreclosure prevention counseling to LMI borrowers through the MRC and financial literacy to LMI students, CD services to an affordable housing non-profit organization, and foreclosure prevention counseling to LMI borrowers. The bank provided 120 hours of CD services in the Bremerton AA, 290 hours in the Bellingham AA, 290 hours in the Mount Vernon AA, and 582 hours in the non-MSA AA.

State Rating

State of Arizona

CRA Rating for Arizona:	Satisfactory
The lending test is rated:	Low Satisfactory
The investment test is rated:	Low Satisfactory
The service test is rated:	High Satisfactory

Major factors that support this rating derive primarily from performance in the AAs reviewed under full-scope procedures, with emphasis on the Phoenix-Mesa-Glendale, AZ MSA (Phoenix AA), and include:

- Adequate Lending Test performance considering adequate lending activity, adequate geographic and borrower distributions. Non-reportable loan modifications have a positive impact on overall lending performance.
- Adequate Investment Test performance considering adequate volume and responsiveness of qualified investments. The bank substantially increased volume of investments over the prior period.
- Good Service Test performance based on good branch distribution, and a good level of CD services.

Description of Institution's Operations in Arizona

Washington Federal has delineated three AAs in Arizona, all of which are MSAs. The full-scope AAs are the Phoenix and Prescott, AZ MSAs (Prescott AA), and the limited-scope AA is Tucson, AZ MSA (Tucson AA). Refer to Appendix D - Arizona - Table 15 for the facts and data on the bank's branches.

The Phoenix, Prescott, and Tucson AA branches equate to 15 percent of the bank's branches. Deposits in these three AAs total \$1.1 billion, or 14 percent of the bank's total deposits.

The distribution of deposits is consistent with the distribution of branches and population across the AAs. Deposits are concentrated in the Phoenix and Tucson AAs. Phoenix accounts for 46 percent of deposits, Tucson for 42 percent, and Prescott for the remaining 2 percent. Refer to Appendix C - Arizona for the market profiles containing performance context information for the full-scope AAs.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's overall Lending test performance in Arizona is Low Satisfactory. Retail lending performance in the full-scope AA reviews is adequate, while CD lending is good. Performance in the limited-scope AA exceeded the full-scope areas and positively influenced the Lending Test rating.

Lending Activity

Washington Federal's lending activity in the Phoenix AA and Prescott AA reflect good responsiveness to AA credit needs. Refer to Appendix D - Arizona - Table 1 for the facts and data used to evaluate the bank's lending performance.

The table below summarizes total loan origination and modification activity in Arizona.

Loan Category	Arizona AAs	
	Number	Dollar Volume (in millions)
Home Mortgage Loans	1,758	\$425
Mortgage Rate Modifications	405	83
Small Business Loans	12	3
Community Development Loans	28	23
Total	2,203	\$534

Mortgage loans and modifications represent 98 percent of the number of credit extensions in the state. Eighty percent of mortgage loans were home purchase loans, while 18 percent were refinance loans, with modifications substituting for refinances. The evaluation of lending performance in Arizona focused primarily on home purchase and secondarily on refinance loans, with qualitative consideration of the other factors. Home improvement and multifamily loan volume is insufficient to derive substantive conclusions about performance. Limited geographic and income data prevented analysis of the distribution of rate modifications.

The supplemental analysis of aggregate HMDA data for first lien conventional one-to-four family loans reflected significant reduction in the proportion of LMI loans in the borrower distributions of industry home purchase lending activity. The proportion of home purchase loans to LMI borrowers declined 4 to 9 percent. The resulting distribution was more closely comparable to the bank's performance in the Phoenix AA.

Phoenix AA

Washington Federal's lending activity in the Phoenix AA is excellent, given residential mortgage lending, modifications, and performance context considerations.

The \$248 million volume of the 1,023 mortgage and CRA reportable loans and 20 CD loans equates to 40 percent of AA deposits as of June 30, 2012. The volume of activity is substantial for a portfolio mortgage lender, considering the high loan to deposit ratio, significant statewide modification volume, and competition.

FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data shows that the bank faced fewer competitors in the deposit market and that the market share percentile for lending was equivalent to or better than the deposit percentile, with the exception of home improvement loans:

- 79th percentile: 13th of 63 insured institutions with 0.98 percent of deposits;
- 88th percentile: 66th of 564 lenders with 0.21 percent of home purchase loans;

- 76th percentile: 120th of 504 lenders with 0.05 percent of refinance loans, and;
- 30th percentile: 87th of 125 lenders with 0.07 percent of home improvement loans.

Prescott AA

Washington Federal's lending activity in the Prescott AA is good, considering the bank's limited presence.

The \$22 million volume of 57 mortgage and CRA reportable loans and 8 CD loans equates to 160 percent of AA deposits as of June 30, 2012. FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data shows that the bank faced significantly more competitors in lending. The market share percentiles for loans were equivalent to or better than deposits despite significantly more lenders than depositories:

- 20th percentile: 12th of 15 insured institutions with 1.1 percent of deposits;
- 83rd percentile: 30th of 174 lenders with 0.57 percent of home purchase loans;
- 19th percentile: 145th of 179 lenders with 0.03 percent of refinance loans.

Inside/Outside Ratio

The proportion of loans originated in Arizona is comparable to branch and demographic concentrations. Washington Federal originated 15 percent of residential mortgage loans and 7 percent of modifications in Arizona. This concentration of lending activity equates to the 14 percent of bank deposits collected in the state. Loans are concentrated in the Phoenix and Tucson AAs. Ninety-seven percent, the substantial majority of mortgage loans in Arizona were originated inside the three AAs.

Phoenix AA

The bank originated 58 percent of rating area mortgage loans in the Phoenix AA. This exceeds the 51 percent concentration of deposits.

Prescott AA

The bank originated 3 percent of rating area mortgage loans in the Prescott AA. This equals the 3 percent concentration of delineated area deposits.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans is good given home purchase and refinance distributions. Refer to Appendix D - Arizona - Tables 2, 3, and 4 for the facts and data used to evaluate the geographic distribution of home mortgage loans.

Phoenix AA

The geographic distribution of loans in the Phoenix AA is good, considering housing market conditions where foreclosures peaked at over 10,000 units annually during the review period. The proportion of home purchase loans in low-income census tracts is below the percentages of 2011 HMDA aggregate loans and owner-occupied housing units in those tracts. However, the percentage of low-income tracts

is insufficient to draw substantive conclusions. Lending in moderate-income tracts exceeds the aggregate percentage. Although lending through 2011 is below the 2000 census proportion of owner occupied units in moderate-income tracts, 2012 lending exceeds the 2010 census distribution of such units.

The proportion of refinance loans in LMI tracts exceeds the 2011 HMDA aggregate percentages. The proportions exceed 2000 census owner-occupied units in low-income tracts but below the proportion of units in moderate-income tracts. Although the percentage of 2012 refinance loans in moderate-income tracts improved, it remained below the proportion of units in those tracts.

Prescott AA

The geographic distribution of loans in the Prescott AA is adequate, given the limited volume and demographics. There are no low- and few moderate-income census tracts in Prescott. The bank originated only 56 loans in the AA, none in moderate-income tracts. The volume is insufficient to draw substantive conclusions.

Lending Gap Analysis

The location of loans and branches throughout each full-scope AA was analyzed. Considering the moderate coverage of 14 branches across two counties that comprise the Phoenix AA, the geographic dispersion of loans is adequate. The bank made loans in 45 percent of census tracts, including LMI tracts.

The bank operates one branch in the Prescott AA, resulting in limited coverage. The bank made loans in 73 percent of the tracts, but none in moderate-income tracts. A lack of proximity to those areas limited opportunities.

Distribution of Loans by Income Level of the Borrower

The borrower income distribution is adequate given home purchase and refinance distributions. Refer to Appendix D - Arizona - Tables 7, 8, and 9 for the facts and data used to evaluate the borrower distribution of home mortgage loans.

Phoenix AA

The borrower income distribution of loans in the Phoenix AA is adequate. The proportion of home purchase loans to LMI borrowers is below both the percentage of 2011 HMDA aggregate loans to LMI borrowers, and percentage of LMI families. However, the bank's distribution is more comparable to the proportion of aggregate first lien conventional loans of the type originated by the bank. Seven percent of those loans were made to low-income borrowers, 14 percent to moderate-income borrowers.

The proportion of refinance loans is below the percentages of the aggregate loans to LMI borrowers and LMI families in the AA. The proportion of refinances to low-income borrowers is comparable to aggregate first lien conventional loans, at 7 percent, but remains low for moderate-income borrowers.

Prescott AA

The borrower income distribution of loans in the Prescott AA is adequate. Although the bank made no loans to low-income borrowers, the number of loans in the AA was insufficient to draw substantive conclusions. The proportion of home purchase and refinance loans to moderate-income borrowers sufficiently exceeds both the percentage of aggregate loans to moderate-income borrowers, and LMI families to compensate for the lack of loans to low-income borrowers.

Community Development Lending

CD lending in Arizona is good. The limited-scope of branch operations and the relative distance from the bank's headquarters constrained resources and expertise available to pursue more significant CD lending opportunities in the AAs. Refer to Appendix D - Arizona - Tables 1 and 15 for the facts and data used to evaluate the bank's CD lending.

The bank originated 28 CD loans in Arizona totaling \$24 million, 8 percent by number and 10 percent by dollar volume of total CD lending. This concentration is adequate relative to the 14 percent of total bank deposits from the Arizona AAs.

The bank processed 233 modifications in Arizona through the MRC to prevent foreclosures by providing temporary and permanent relief to borrowers across income levels and geographic areas experiencing financial difficulties.

Phoenix AA

Community Development lending in the AA is good. The bank originated 20 CD loans totaling \$15.4 million in the Phoenix AA, 71 percent of CD loans in Arizona by number and 65 percent by dollar volume. Community Development loan volume equates to 3 percent of AA deposits. These CD loans address affordable housing needs in the AA.

The bank processed 149 modifications, representing 64 percent of state activity through the MRC program. The borrower income and census tract distributions of those loans are excellent compared with AA demographic factors reflected in Appendix C - Arizona.

- Low-income borrowers comprised 34 percent of MRC activity;
- Moderate-income borrowers comprised 23 percent of MRC activity;
- Low-income census tracts comprised 2 percent of MRC activity; and
- Moderate-income tracts comprised 31 percent of MRC activity.

Prescott AA

Community Development lending in the AA is poor. The bank originated no CD loans in the Prescott AA, but did process 7 modifications, representing 3 percent of state activity, through the MRC program. The borrower income and census tract distributions of those loans are excellent compared with AA demographic factors reflected in Appendix C - Arizona.

- Low-income borrowers comprised 29 percent of MRC activity;

- Moderate-income borrowers comprised 29 percent of MRC activity;
- Low-income census tracts comprised 0 percent of MRC activity; and
- Moderate-income tracts comprised 29 percent of MRC activity.

Conclusions for Areas Receiving Limited-Scope Reviews

The bank's performance under the Lending Test in the Tucson AA is excellent as it exceeds performance in the full scope AAs. Community Development loan and MRC modification volume in the AA were significant. Refer to the Appendix D - Arizona - Tables 1 through 11 for the facts and data that support these conclusions.

The bank processed 43 modifications, representing 18 percent of state activity through the MRC program. The borrower income and census tract distributions of those loans are excellent compared with AA demographic factors reflected in Appendix C - Arizona.

- Low-income borrowers comprised 26 percent of MRC activity;
- Moderate-income borrowers comprised 16 percent of MRC activity;
- Low-income census tracts comprised 16 percent of MRC activity; and
- Moderate-income tracts comprised 21 percent of MRC activity.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's Investment Test performance in Arizona is Low Satisfactory. The volume and responsiveness of qualified investment is adequate in the full-scope AAs. The volume represents a significant increase in investment activity. Refer to the Appendix D - Arizona - Table 14 for the facts and data used to evaluate qualified investments in Arizona.

Qualified Investments

The bank made eight investments, concentrated in CRA mortgage backed securities, totaling \$10 million in the state. Ninety percent represent current period investments, a significant increase over prior period investments. Investments in the state represent 7 percent of the total number and 11 percent of the dollar volume of bank investments. The concentration of investments is adequate relative to the 14 percent of total bank deposits derived in Arizona, and represents, by dollar volume, over 4 percent of allocated Tier 1 Capital.

Phoenix AA

Qualified investment (QI) in the AA is good. Activities are concentrated in the Phoenix AA where 14 of the 23 branches are located. The bank made six qualified investments totaling \$7 million, equal to 75 percent of the number and dollar volume of QI in the state. Deposits of \$602 million as of June 30, 2012, represent 51 percent of Arizona deposits, and 7 percent of total bank deposits.

Prescott AA

Qualified investment in the AA is poor, the bank made no qualified investments in the AA. The bank operates one branch with deposits of \$32 million as of June 30, 2012. The branch provides only 3 percent of state deposits, and less than 1 percent of total bank deposits.

Conclusions for Areas Receiving Limited-Scope Reviews

Investment test performance in the limited-scope AA is consistent with performance in the Phoenix AA.

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

The bank's Service Test performance in Arizona is High Satisfactory. Performance is adequate in the full-scope AAs. Refer to Appendix D - Arizona - Table 15 for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings in Arizona.

Retail Banking ServicesPhoenix AA

Washington Federal's delivery systems in the Phoenix AA are accessible to geographies and individuals of different income levels. A good proportion of AA branches, reflected in Table 15, are in moderate-income tracts, but none in low-income tracts. Twenty-seven percent of the families in branch tracts are LMI. Although the branch distribution is lower than the percentage of the population in LMI tracts, that distribution is defined by the historic location of existing and acquired branches.

Washington Federal did not open or close any branches in this AA. The bank acquired three branches with the purchase of failed Western National. Two were consolidated with Washington Federal branches due to proximity. These consolidations did not adversely affect the accessibility of delivery systems.

Prescott AA

Washington Federal's delivery systems in the Prescott AA are reasonably accessible to geographies and individuals of different income levels. Washington Federal operates one branch and has not opened or closed any offices in the Prescott AA. The branch is located in a middle-income tract, but one of three contiguous tracts is moderate-income. The single location is reasonably accessible in Prescott, including the four moderate-income tracts, but is otherwise limited across the entire AA.

Community Development ServicesPhoenix AA

Washington Federal's record of providing CD services is good and responsive to meeting identified community needs. Financial services primarily involved the MRC with 858 hours of foreclosure

prevention counseling and assistance to LMI borrowers, and 36 hours to borrowers in LMI or distressed tracts.

Four bank employees provided 60 hours of CD services to two affordable housing organizations in the AA through participation on committees and in financial literacy classes for LMI individuals. This is a significant increase from the prior period. Some specific examples are:

- Two bank employees serve on the Advisory board for a local Habitat for Humanity office that provides affordable housing to LMI individuals. They assisted with the homeowner interview and selection process. A third employee serves on the fundraising committee of another Habitat for Humanity office in the AA.
- Two bank employees taught homebuyer's financial literacy classes to low- and moderate-income individuals for a non-profit organization that provides affordable housing to LMI individuals.

Prescott AA

Washington Federal's record of providing CD services is poor based on limited responsiveness in meeting community needs. A significant number of qualified CD organizations operate in this AA. The community contact identified affordable housing as a primary need. The branch provided CD services in the AA solely through the MRC program with 42 hours of foreclosure prevention counseling and assistance to LMI borrowers, of which 12 were to borrowers in LMI or distressed tracts.

Conclusions for Areas Receiving Limited-Scope Reviews

The bank's performance in Tucson, the limited-scope area, exceeds the bank's overall performance under the Service Test in Arizona.

State Rating

State of Oregon

CRA Rating for Oregon:	Satisfactory
The lending test is rated:	Low Satisfactory
The investment test is rated:	High Satisfactory
The service test is rated:	High Satisfactory

Major factors that support this rating derive primarily from performance in the full-scope AAs, although the strength of performance in limited-scope areas mitigated some weaknesses in the full-scope areas. Considerations include:

- Adequate Lending Test performance considering good lending activity, and adequate geographic and borrower distributions. Non-reportable loan modifications and CD lending have a positive impact on overall lending performance.
- Good Investment Test performance based on a significant volume of qualified investments that are responsive to the identified needs in the assessment area.
- Good Service Test performance based on excellent branch and ATM distribution and an adequate level of CD services.

In conjunction with the acquisition of South Valley Bank, Washington Federal made a five-year, \$250 million community development funding pledge in Oregon. This includes investments in non-for-profit organizations, funding to support small businesses, farms, and senior housing, and \$50 million to support a new 95 percent loan-to-value financing program to assist low- to moderate-income borrowers.

Performance in the full-scope review AAs received more consideration in the rating of performance in the state, although the strength of performance in limited-scope areas mitigated weaknesses in the full-scope areas.

Description of Institution's Operations in Oregon

Washington Federal has delineated six AAs, including five MSAs and one non-MSA comprised of nine counties, in the Oregon rating area. In addition, Washington Federal delineated a separate rating area that consists of the Portland-Vancouver-Beaverton, OR-WA Multistate MSA (Portland Multistate MSA). The Multistate MSA is analyzed in a separate section of this PE, consistent with the requirements of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994.

Deposits of \$903 million from the 20 Oregon rating area branches is equal to 10 percent of total bank deposits. Branches are broadly dispersed across the state, with the largest concentrations in the Salem, OR, Bend, OR, and Eugene, OR MSAs. The non-MSA branches, although one AA, are dispersed across six counties, providing limited coverage.

Deposits are concentrated with 34 percent in the non-MSA counties and 28 percent in the Salem, OR MSA (Salem AA). As a result, these two AAs received full-scope reviews and were weighted equally in the State performance test ratings. Refer to the market profile in Appendix C - Oregon for performance

context information for the Salem and non-MSA AAs.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's overall Lending Test performance in the Oregon rating area is Low Satisfactory. Performance in the AAs subject to full-scope review is adequate. Community Development lending in those areas is good. Performance in the limited-scope AAs improved the Lending Test rating for Oregon.

Lending Activity

Lending activity in the State of Oregon is good considering the bank's traditional portfolio lending model, high loan-to-deposit ratio, highly competitive markets, and significant loan modification volume. Refer to Appendix D - Oregon - Table 1 for the facts and data used to evaluate the bank's lending performance. Unless otherwise noted, lending performance in 2012 is comparable to lending activity between 2009 and 2011.

The table below summarizes total loan origination and modification activity in the Oregon rating area.

Loan Category	Oregon AAs	
	Number	Dollar Volume (in millions)
Home Mortgage Loans	871	\$273
Mortgage Rate Modifications	476	101
Community Development Loans	27	22
Total	1,374	\$396

Rate modifications equate to 55 percent of mortgage loans in the state rating area, with balances equivalent to 37 percent of mortgage dollar volume. Modifications significantly exceed the number of refinances in the rating area.

The evaluation of lending performance in Oregon focused primarily on home purchase and refinance loans (including modifications), with qualitative consideration of the other factors. Multifamily loans comprise a small, but important portion of mortgage lending. Home improvement origination volume in Oregon is insufficient to derive substantive conclusions about performance. The distribution of modifications could not be analyzed because of insufficient geographic and income data. Washington Federal has a limited presence in both full-scope areas, reflected in Appendix D - Oregon State -Table 15. The bank operates only one branch each in five of the six non-MSA counties.

Salem AA

Washington Federal's lending activity in the Salem AA is good, given mortgage and modification lending activities and performance context considerations.

The \$68 million volume of the 161 HMDA reportable loans and 15 CD loans equates to 23 percent of AA deposits as of June 30, 2012. The volume of activity is adequate for a portfolio mortgage lender,

considering the high loan-to-deposit ratio, significant modification volume and competition. FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data, shows that the bank faced significantly fewer competitors in the deposit market. The market share percentile for lending was better than the deposit percentile.

- 59th percentile: 7th of 17 insured institutions with 6.0 percent of deposits;
- 86th percentile: 29th of 147 lenders with 0.6 percent of purchase loans; and,
- 71st percentile: 62nd of 219 lenders with 0.2 percent of refinance loans.

Non-MSA AA

Washington Federal's lending activity in the Non-MSA AA is adequate, given HMDA and modification lending activities and performance context considerations.

The \$51 million volume of the 219 HMDA reportable loans and one CD loan equates to 15 percent of AA deposits as of June 30, 2012. The volume is reasonable for a portfolio mortgage lender, considering the high loan-to-deposit ratio, significant modification volume, and competition. FDIC deposit data as of June 30, 2012, compared to 2011 HMDA aggregate data, shows that the bank faced significantly fewer competitors in the deposit market. The market share percentile for lending, except for home improvement loans where volume was minimal, was better than the deposit percentile.

- 68th percentile: 7th of 22 insured institutions with 5 percent of deposits;
- 86th percentile: 25th of 182 lenders with less than 1 percent of purchase loans;
- 71st percentile: 71st of 245 lenders with 0.1 percent of refinance loans;
- 38th percentile: 36th of 58 lenders with 0.3 percent of home improvement loans.

Inside/Outside Ratio

The proportion of loans originated in the Oregon rating area is good relative to branch and demographic concentrations. Washington Federal originated 8 percent of all residential mortgage loans and 9 percent of modifications in the state rating area. This concentration of lending activity is reasonably comparable the 10 percent of total bank deposits collected in the area.

Ninety-eight percent, the substantial majority of mortgage loans in Oregon were originated inside bank AAs. Fifty-six percent of those loans were originated in the Oregon rating area, with the remainder in the Portland Multistate MSA, which is evaluated separately. This compares adequately to the statewide concentration of 71 percent of branches and 67 percent of deposits in the Oregon rating area. The disparity is attributed to comparatively limited competition for deposits, discussed in the previous section.

Salem AA

Nineteen percent of rating area mortgage loans were originated in the Salem AA. This percentage is low compared to the 28 percent deposit concentration, but comparable to the 22 percent proportion of population.

Non-MSA AA

Twenty-three percent of rating area mortgage loans were originated in the non-MSA AA. This percentage is low relative to the 34 percent concentration of deposits and 32 percent of the population that resides there. The low volume is attributed to limited branch presence, with seven branches spread across six counties where over 100 branches of banks and credit unions operate.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans is adequate. Refer to Appendix D - Oregon - Tables 2, 3, and 4 for the facts and data used to evaluate the geographic distribution of home mortgage loans. The supplemental analysis of aggregate HMDA data for first lien conventional 1-4 family loans reflects a significant reduction in the proportion of LMI loans in the geographic distributions of industry lending activity. The proportion of home purchase and refinance loans in LMI tracts declined by 20 to 30 percent. The bank's lending was more comparable to the resulting percentages.

Salem AA

The geographic distribution of loans in the Salem MSA is adequate, considering poor home purchase loan distribution, but good refinance and multifamily loan distributions.

The bank originated no loans in the only low-income census tract in the AA. Less than 1 percent of the population resides in the tract, which contains 187 housing units. Nearly half of the units are in multifamily properties, and 64 percent of units are rental. Only 68 units are owner-occupied, presenting a very limited market for the level of competition that exists in the MSA. In 2011, aggregate HMDA lenders reported only seven loan originations in the tract. The 2010 census reclassified the income level of the tract, and as of 2012, there are no longer any low-income tracts in the MSA. The lack of lending in this tract prior to 2012 did not adversely affect the evaluation of the bank's performance.

The bank originated one home purchase loan between 2009 and 2012 in a moderate-income tract. The resulting percentage of loans is significantly below the proportion of both 2011 HMDA aggregate loans and owner-occupied housing units in those tracts. The market for first lien conventional loans in moderate-income tracts is limited, representing just 35 percent of the 298 loans originated in those tracts.

The proportion of refinance and multifamily loans in moderate-income tracts is comparable to the aggregate distributions, considering the low number of loans originated. The proportion of moderate-income tract refinances exceeds the 8 percent proportion of aggregate industry first lien conventional loans comparable to the type of loans originated by the bank.

Non-MSA AA

The geographic distribution in the non-MSA AA is adequate, given adequate home purchase and good refinance distributions, with improvement in the distributions over the course of the review period. The volume of multifamily originations in the AA is insufficient to derive substantive conclusions about performance. There are no low-income census tracts in this AA

The proportion of home purchase loans in moderate-income tracts in 2009 through 2011 is below both the percentage of 2011 HMDA aggregate lending and owner-occupied housing in those tracts. In 2012, the proportion of home purchase loans in moderate-income tracts improved, to exceed the aggregate distribution and compare reasonably to the demographic.

The proportion of refinance loans in moderate-income tracts is below, but reasonably comparable to the aggregate and demographic percentages reflected in Table 4a. Those refinances exceed the 5 percent proportion of aggregate industry first lien conventional loans comparable to the type of loans originated by the bank. The proportion of moderate-income tract refinances improved in 2012 to approximate the percentage of housing units in those tracts.

Lending Gap Analysis

The location of loans and branches throughout each full-scope AA was analyzed. The geographic dispersion of loans is good, considering the limited coverage of the branch network.

Salem AA

The branches in the Salem AA provide moderate coverage of a two county area. The geographic dispersion of loans is good. The bank made loans in 86 percent of census tracts, including moderate-income tracts. The bank made no loans in the only low-income tract, which had a limited number of primarily rental housing units, and minimal aggregate industry lending.

Non-MSA AA

The seven branches in the non-MSA AA provide limited and dispersed coverage of a six county area. The geographic dispersion of loans is good. The bank made loans in 84 percent of the tracts, including LMI tracts. There were no conspicuous gaps identified in the area.

Distribution of Loans by Income Level of the Borrower

The borrower income distribution of loans is adequate. Refer to Appendix D - Oregon - Tables 7, 8, and 9 for the facts and data used to evaluate the borrower distribution of home mortgage loans. The supplemental analysis of aggregate HMDA data for first lien conventional 1-4 family loans reflects a significant reduction in the proportion of LMI loans in the borrower distributions of industry lending activity. The proportion of home purchase and refinance loans to LMI borrower declined 10 to 22 percent for refinances and 27 to 54 percent for home purchase loans. The bank's lending was more comparable to the resulting percentages.

Salem AA

The borrower income distribution of loans in the Salem MSA is adequate, with adequate home purchase and refinance distributions. The bank did not grant any home purchase or refinance loans to LMI borrowers in 2012.

The proportion of home purchase loans from 2009 through 2011 to low-income borrowers is below the percentage of 2011 HMDA aggregate loans and significantly below the percentage of low-income families. The bank's proportion of low-income borrower loans is equivalent to the 7 percent of

aggregate industry first lien conventional loans made to low-income borrowers. These loans are more comparable to the type of loans originated by the bank.

The proportion of home purchase loans to moderate-income borrowers is significantly below the percentage of aggregate loans and below the percentage of moderate-income families. Again, the bank's proportion of moderate-income borrower loans is more comparable to the 17.0 percent of aggregate first lien conventional loans to those borrowers. In 2012, moderate-income borrower lending improved to equal to the aggregate percentages and exceeds the percentage moderate-income families in the AA.

The proportion of low-income borrower refinances exceeds the aggregate percentage. The proportion of moderate-income borrower refinances is comparable to the aggregate. Notably, moderate-income borrower loans exceed the 14.0 percent proportion of aggregate industry first lien conventional loans comparable to the type of loans originated by the bank.

Non-MSA AA

The borrower income distribution of loans in the AA is adequate, given poor home purchase but adequate refinance distributions.

The proportion of home purchase loans from 2009 through 2011 to LMI borrowers is significantly below the percentages of both aggregate LMI loans and LMI families. However, the bank's proportion of LMI loans is more comparable to the 5 and 11 percent proportions, respectively, of aggregate industry first lien conventional loans to LMI borrowers. The percentage of low-income borrower loans in 2012 is comparable to the percentage of low-income families based on 2010 census data.

The proportion of low-income borrower refinances is below the aggregate percentage of loans and significantly below the proportion of low-income families in the AA. The proportion of moderate-income borrower refinances exceeds both the moderate-income aggregate and family percentages. In 2012, the proportion of moderate-income borrower refinances is below the moderate-income family percentage based on the 2010 census.

Community Development Lending

Community development lending within the State of Oregon is good. Refer to Appendix D - Oregon - Table 1 for the facts and data used to evaluate the bank's CD lending. Community Development lending was generally responsive, in particular to the multifamily affordable housing needs of the communities.

The bank originated 27 CD loans totaling \$22 million within the state rating area, 8 percent by number and 10 percent by dollar volume of CD loans originated. This concentration exceeds the 7 percent of total bank deposits derived from those AAs, and represents, by dollar volume, 15 percent of allocated Tier 1 Capital.

The bank processed 145 modifications in Oregon through the MRC to prevent foreclosures by providing temporary and permanent relief to borrowers across income levels and geographic areas experiencing financial difficulties.

Salem AA

Community development lending in the Salem AA is good. Activities were concentrated in the AA, consistent with concentration of rating area branches and CD lending opportunities. CD loans address affordable housing needs within the AA.

The bank originated 15 CD loans totaling \$11 million in the AA, 50 percent by number and 47 percent by dollar volume of CD loans in the rating area. The level of CD lending is good relative to the concentration of 42 percent of rating area deposits in the AA. The dollar volume of CD loans equates to 22 percent of allocated Tier 1 Capital.

The bank processed 39 modifications, 27 percent of state activity, in the Salem AA through the MRC program. The borrower income and census tract distributions of those loans is excellent compared with AA demographic factors reflected in Appendix C - Oregon given a negligible percentage of owner-occupied units in low-income tracts.

- Low-income borrowers comprised 8 percent of modification activity;
- Moderate-income borrowers comprised 36 percent of modification activity;
- Low-income tracts comprised 0 percent of modification activity; and,
- Moderate-income tracts comprised 26 percent of modification activity.

Non-MSA AA

Community development lending in the AA is adequate. More rural non-MSA counties generally provide minimal opportunity for multifamily lending. The bank originated one CD loan totaling \$365 thousand in the AA. This represents 4 percent of rating area CD loans. The level of CD lending is low relative to the concentration of 34 percent of rating area deposits in the AA. Limited multifamily lending opportunities mitigate the low proportion of CD lending.

The bank processed 31 modifications, 21 percent of state activity, in the non-MSA AA through the MRC program. The borrower income distribution of those loans is excellent compared with AA demographic factors reflected in Appendix C - Oregon. The percentage of modifications in moderate-income tracts is strong.

- Low-income borrowers comprised 16 percent of modification activity;
- Moderate-income borrowers comprised 26 percent of modification activity;
- Moderate-income tracts comprised 6 percent of modification activity; and,
- Distressed middle-income tracts comprised 26 percent of modification activity.

Conclusions for Areas Receiving Limited-Scope Reviews

The bank's performance under the Lending Test in the Corvallis MSA is generally consistent with the bank's performance in the full-scope AAs. The bank's performance in the Bend, Eugene, and Medford MSAs is stronger than in the full-scope areas. With 39 percent of deposits and 59 percent of HMDA reportable loans, a significant portion of the bank's activities are concentrated in the limited-scope areas. As a result, the generally stronger performance in the limited-scope AAs improved the overall performance in the State.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's Investment Test performance in the Oregon rating area is High Satisfactory. The volume and responsiveness of qualified investments in the full-scope AAs is good, and represent a significant increase in investment activity. Refer to the Appendix D - Oregon - Table 14 for the facts and data used to evaluate qualified investments in Oregon.

Qualified Investments

The bank made 15 qualified investments totaling \$13 million within the Oregon rating area. This represents a significant increase over the prior review, when no qualified investments were made. Eight of the investment involved limited partnership shares in low-income housing tax credit projects, while three involved targeted CRA mortgage backed securities. The remainder involved grants to organizations that engage in affordable housing development and financial stability within LMI communities. Activities were generally responsive to CD needs.

Rating area investments represent 14 percent by number and 16 percent by dollar volume of total qualified investments. The concentration of investments is excellent relative to the 7 percent of total bank deposits derived in Oregon, and represents 9 percent by dollar volume of allocated Tier 1 Capital.

Salem AA

Investments in the AA is poor. However, good performance in the Non-MSA and limited-scope areas compensated for poor performance in the Salem AA.

The bank made only one qualified investment, a grant of \$3,000, in the Salem AA, despite the high concentration of rating area branches and deposits. The grant was provided to a Community Development Corporation that provides safe, stable, quality affordable housing, financial asset building opportunities and community & resident services to LMI income families. The grant represents a negligible proportion of investments in the state. In contrast, AA deposits of \$251 million, as of June 30, 2012, represent 28 percent of rating area deposits.

Non-MSA AA

Qualified investments in the AA is good. Consistent with branch distributions across the Oregon rating area, investments were concentrated in the non-MSA counties consistent with branch. The bank made five investments totaling \$1.4 million in the AA. These investments represent 33 percent by number and 11 percent by dollar volume of rating area investments. The proportion of investments in the AA is reasonable relative to the proportion of deposits. Deposits of \$304 million as of June 30, 2012, represent 35 percent of state deposits. The dollar volume equates to 3 percent of allocated Tier 1 Capital.

Investments consist of limited partnership shares in low-income housing tax credit developments that provide over 100 units of low-income housing in the community. Grants were provided toward the construction of a single family home for a low-income family, and to an organization that works to

address the conditions and causes of poverty in Klamath and Lake Counties. The transactions were responsive to needs within the AA.

Conclusions for Areas Receiving Limited-Scope Reviews

Investment Test performance in the limited-scope AAs is consistent with performance in the State overall. The number and dollar volume of qualified investments in the Bend and Eugene AAs is excellent, while the performance in Corvallis and Medford AAs is poor. Performance levels correlate to the level of branch presence, where bank presence is limited to one branch in each county within the AAs.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's Service Test performance in Oregon is High Satisfactory. Performance is adequate in the full-scope AAs. Refer to Appendix D - Oregon - Table 15 for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Retail Banking Services

Salem AA

Washington Federal's delivery systems in the Salem AA are highly accessible to geographies and individuals of different income levels. An excellent proportion of AA branches, reflected in Table 15, are in moderate-income census tracts. There was one low-income tract in the AA based on 2000 census delineations, but none following the 2010 census.

The bank's record of opening and closing branches has not adversely affected the accessibility of delivery systems, particularly in LMI geographies or to LMI families in the area. The bank did not close any banking offices in the AA, but opened one branch in an upper-income tract.

Non-MSA AA

Washington Federal's delivery systems in the AA are highly accessible to geographies and individuals of different income levels. An excellent proportion of AA branches, reflected in Table 15, are in moderate-income tracts. The bank did open or close any banking offices in the AA.

Community Development Services

Salem AA

The bank's record of providing CD services is adequate with a good responsiveness to meeting identified community needs. The community contact identified affordable housing and foreclosure assistance being a need in the AA. The bank significantly increased its CD services from the prior period. Financial services primarily involved the MRC with 36 hours of foreclosure prevention counseling and assistance to LMI borrowers, and six hours to borrowers in LMI or distressed census tracts. This service is particularly responsive to the high rate of foreclosure in the AA.

Two employees provided financial literacy training to LMI individuals through the Save@School program. Another employee taught financial literacy to LMI individuals.

Non-MSA AA

The bank's record of providing CD services is adequate with a good responsiveness to meeting identified community needs. The bank significantly increased its CD services from the prior period. Financial services primarily involved the MRC with 162 hours of foreclosure prevention counseling and assistance to LMI borrowers, and 24 hours to LMI borrowers in distressed census tracts. This service is particularly responsive to the high rate of foreclosure in the AA.

Eight employees provided financial literacy training to LMI individuals through the Save@School program at five schools. One bank employee served on the selection committee at a local Habitat for Humanity.

Conclusions for Areas Receiving Limited-Scope Reviews

The bank's performance in the limited-scope areas is consistent with the bank's overall performance under the Service Test in the Oregon rating area. Refer to Appendix D – Oregon - Table 15 for the facts and data on branch distribution, openings and closings. Community Development service consisted primarily of foreclosure prevention counseling to LMI borrowers through the MRC and financial literacy to LMI students, CD services to an affordable housing non-profit organization, and foreclosure prevention counseling to LMI borrowers. The bank provided 342 hours of CD services in the Bend AA, 28 hours in the Corvallis AA, 157 hours in the Eugene AA, and 59 hours in the Medford AA.

Refer to Appendix D - Oregon - Table 15 for the facts and data that support these conclusions.

State Rating

State of Utah

CRA Rating for Utah:	Satisfactory
The lending test is rated:	Low Satisfactory
The investment test is rated:	High Satisfactory
The service test is rated:	Low Satisfactory

Major factors that support this rating derive primarily from performance in the full-scope AAs, with emphasis on the Salt Lake County portion of the Salt Lake City, UT MSA (Salt Lake AA). The strength of performance in limited-scope areas mitigated some weaknesses in the full-scope areas.

Considerations include:

- Adequate Lending Test performance considering good lending activity, and good geographic and adequate borrower distributions. Non-reportable loan modifications and CD lending have a positive impact on overall lending performance.
- Good Investment Test performance based on a good volume of qualified investments that are responsive to the identified needs in the AA.
- Adequate Service Test performance based on good branch and ATM distribution, and adequate level of CD services.

Description of Institution's Operations in Utah

Washington Federal has delineated four AAs in Utah, including three MSAs and one non-MSA county. Deposits of \$338 million from the 10 Utah branches equal 8 percent of total bank deposits. Branches are concentrated in the Salt Lake AA. The Ogden-Clearfield, UT MSA (Ogden AA), the Logan, UT-ID MSA (Logan AA), and the non-MSA Carbon County are each limited to one branch.

The distribution of deposits is reasonably consistent with the distribution of branches and population across the AAs. As 72 percent of deposits are concentrated in the Salt Lake AA, the AA received a full-scope review. The AA carries the greatest weight in the state performance ratings. Carbon County provides 8 percent of deposits. The county received a full-scope review to assess the consistency of bank performance across smaller AAs.

The remaining AAs are analyzed using limited-scope procedures. Refer to Appendix C – Utah for the market profiles containing performance context information for the full-scope AAs.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's overall Lending Test performance in Utah is Low Satisfactory. Performance in the full-scope AAs is adequate, while CD lending in those areas is good. Performance in the limited-scope AAs is consistent with the full-scope AAs.

Lending Activity

Lending activity in Utah is good considering the bank's traditional portfolio lending model, highly competitive markets and significant loan modification volume. Refer to Appendix D – Utah - Table 1 for the facts and data used to evaluate the bank's lending performance. The table below summarizes total loan origination and modification activity in Utah.

Loan Category	Utah AAs	
	Number	Dollar Volume (in millions)
Home Mortgage Loans	898	\$249
Mortgage Rate Modifications	645	141
CD Loans	52	28
Total	1595	\$ 418

Mortgage loans and modifications represent 86 percent of credit extensions in the state. Sixty-seven percent of mortgage loans were home purchase, while 21 percent were refinance loans. Home improvement and multifamily loans comprised a very small portion of lending, limiting conclusions about performance. The distribution of modifications could not be analyzed because of insufficient geographic and income data. As a result, the evaluation of lending performance in Utah focused primarily on home purchase and refinance loans. Washington Federal has a limited presence in both full-scope areas, reflected in Appendix D – Utah – Table 15.

Salt Lake AA

Washington Federal's lending activity in the Salt Lake City AA is good.

The Salt Lake AA has the largest concentration of deposits and loans. The bank originated 554 mortgage and 44 CD loans totaling \$196 million in the AA. FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data shows that the bank faced significantly fewer competitors in the deposit market. The market share percentile for lending was better than the deposit percentile.

- 42nd percentile: 26th of 45 insured institutions with 0.1 percent of deposits;
- 83rd percentile: 33rd of 198 lenders with 0.5 percent of purchase loans;
- 69th percentile: 72nd of 234 lenders with 0.1 percent of refinance loans.

Non-MSA AA

Washington Federal's lending activity in Carbon County is adequate.

In Carbon County, Washington Federal originated 68 mortgage loans totaling \$13 million. FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data shows that the bank faced significantly less competition in the deposit market. The market share percentile for lending was better than the deposit percentile.

- 20th percentile: 5th of 5 insured institutions with 13 percent of deposits;
- 80th percentile: 8th of 41 lenders with 3 percent of purchase loans;

- 61st percentile: 20th of 51 lenders with 1 percent of refinance loans.

Inside/Outside Ratio

The proportion of total review period loans originated in Utah is high relative to branch and demographic concentrations. The bank originated 10 percent of all residential mortgage loans, and 8 percent of dollar volume in Utah. This exceeds the six percent of bank branches and 4 percent of bank deposits in the state. Seventy-six percent, a majority of mortgage loans in Utah were originated inside the AAs.

Salt Lake AA

Lending is highly concentrated in the Salt Lake AA with 62 percent of rating area mortgage loans. This percentage is low compared to the 72 percent deposit concentration, but comparable to the 60 percent proportion of rating area population.

Non-MSA AA

Eight percent of rating area mortgage loans were originated in Carbon County. This percentage equals the percent of deposits in the county, and is high compared to the 1 percent proportion of rating area population.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans is good. Refer to Appendix D - Utah - Tables 2 through 5 for the facts and data used to evaluate the geographic distribution of home mortgage loans.

Salt Lake AA

The geographic distribution of loans in the Salt Lake AA is good. The aggregated percentage of total loans in LMI tracts for each loan type equals or exceeds the proportions of 2011 HMDA aggregate loans and owner-occupied housing units in those tracts.

The proportions of home purchase and home improvement loans in low-income tracts exceed the percentages of aggregate loans and owner-occupied units in those tracts. The proportion of purchase and improvement loans in moderate-income tracts is slightly below the aggregate. Both bank and industry percentages are below the proportion of owner-occupied units. In 2012, however, the proportion of purchase loans in moderate-income tracts exceeds the percentage of units in those tracts, based on 2010 census demographics. The bank did not originate a substantive volume of home improvement loans in the AA in 2012.

The proportions of refinance loans in LMI tracts significantly exceed the percentages of both aggregate loans and owner-occupied housing in those tracts. However, in 2012, the proportion in moderate-income tracts declined below the 2010 census demographics for owner-occupied units.

Although multifamily volume was limited, the proportion of those loans in moderate-income tracts significantly exceeds both the percentage of aggregate loans and multifamily housing units in those

tracts. The bank made no multifamily loans in low-income tracts except in 2012. The lending for 2012 exceeds the proportion of units in low-income tracts.

Non-MSA AA

The geographic distribution of loans in Carbon County is good. Over 14 percent of all loans in the county are in the moderate-income tract, equal to the percentage of aggregate loans and only slightly below the demographic percentage.

Of six census tracts from the 2000 census definitions, none were low-income and only one was moderate-income. The 2010 census delineations reduce the number of tracts to five, one moderate- and four middle-income. Although the bank originated no multifamily loans, those properties provide less than 4 percent of housing units in the AA. The bank originated too few home improvement loans to support conclusions.

The proportion of home purchase loans in the moderate-income tract is significantly below the percentages of aggregate loans and owner-occupied units in that tract. The proportion of LMI borrower refinances, on a very limited volume, significantly exceed the aggregate and demographic percentages.

Lending Gap Analysis

The location of branches throughout the AAs was analyzed. Geographic dispersion of loans is good, considering the limited coverage of the branch network.

Salt Lake AA

The branches in the Salt Lake AA provide moderate coverage of the county. The geographic dispersion of loans is good. The bank made loans in 79 percent of census tracts, including LMI tracts.

Non-MSA AA

The branch in Carbon County provides limited coverage of the AA. The geographic dispersion of loans is good. The bank made loans in five of the six 2000 census based tracts, including the moderate-income tract. The one tract with no loans had no population or housing, and was eliminated in the 2010 census delineation.

Distribution of Loans by Income Level of the Borrower

The borrower income distribution of loans is adequate. Refer to Appendix D - Utah - Tables 7, 8, and 9 for the facts and data used to evaluate the borrower distribution of home mortgage loans.

Salt Lake AA

The borrower income distribution of loans in the Salt Lake AA is adequate. The proportion of home purchase loans to LMI borrowers from 2009 through 2011 is significantly below the percentages of 2011 aggregate HMDA loans to LMI borrowers and LMI families in the AA. The proportion of loans to moderate-income borrowers improved in 2012 to exceed the percentage of moderate-income families.

The proportion of refinance loans to LMI borrowers exceeds the aggregate percentage of loans to LMI borrowers, and the proportion of moderate-income families in the AA. The bank originated three home improvement loans to low-income and one to moderate-income borrowers. The proportion of improvement loans to LMI borrowers was low overall, in comparison to aggregate LMI loans and LMI families.

Non-MSA AA

The borrower income distribution of loans in Carbon County is adequate. The proportion of home purchase loans to LMI borrowers from 2009 through 2011 is significantly below the percentages of 2011 aggregate HMDA loans to LMI borrowers and LMI families in the AA. The proportion of loans to moderate-income borrowers improved in 2012, and was equivalent to the percentage of moderate-income families. The proportion of LMI borrower refinances, on very limited refinance volume, significantly exceed the aggregate and demographic percentages.

Community Development Lending

Community development lending in Utah is good. The bank originated a reasonable volume of CD loans distributed across the AAs. Refer to Appendix D - Utah - Tables 1 and 15 for the facts and data used to evaluate the bank's CD lending.

The bank originated 52 CD loans totaling \$28 million in Utah. Those loans represent 14 percent of the total number and 13 percent of the dollar volume of CD loans originated. These concentrations significantly exceed the 4 percent of total bank deposits derived from the state.

The bank processed 117 modifications in Utah through the MRC to prevent foreclosures by providing temporary and permanent relief to borrowers across income levels and geographic areas experiencing financial difficulties.

Salt Lake AA

Community development lending in the AA is good. Activities were concentrated in the Salt Lake AA, consistent with deposit concentrations, and level of affordable housing lending opportunities. The bank originated 44 CD loans totaling \$25.1 million in the AA. These loans represent 85 percent of the total number and 88 percent of the dollar volume of CD loans in Utah. Deposits of \$236 million, as of June 30, 2012, represent 70 percent of Utah deposits. These CD loans address affordable housing needs within the AA.

The bank processed 73 MRC modifications, 62 percent of state activity, in the AA. The distribution of those loans is excellent by borrower income, and adequate by census tract income level compared with AA demographic factors reflected in Appendix C – Utah:

- Low-income borrowers comprised 32 percent of modification activity;
- Moderate-income borrowers comprised 15 percent of modification activity;
- Low-income tracts comprised 3 percent of modification activity;
- Moderate-income tracts comprised 4 percent of modification activity.

Non-MSA AA

The bank originated no CD loans in Carbon County. The more rural area provided minimal opportunity for multifamily lending. The bank processed 6 MRC modifications, 5 percent of state activity, in non-MSA areas but none were in the AA.

Conclusions for Areas Receiving Limited-Scope Reviews

The bank's performance under the lending test in the Logan AA and Ogden MSA is generally consistent with the bank's performance in the full-scope AAs. With 19 percent of deposits and 34 percent of HMDA reportable loans, a significant portion of the bank's activities are concentrated in the limited-scope areas.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's Investment Test performance in Utah is rated High Satisfactory. The volume and responsiveness of qualified investment in the full-scope AAs is good, and represent a significant increase in investment activity.

Qualified Investments

The bank made two qualified investments in CRA mortgage backed securities totaling \$6 million in Utah. This represents a significant increase in investments, as all are current period investments. Those investments equate to 2 percent of the total number and 7 percent of the dollar volume of bank investments. This compares very favorably to the 4 percent of total bank deposits derived from those AAs, and represents, by dollar volume, 9 percent of allocated Tier 1 Capital.

Salt Lake AA

Qualified investment in the AA is good. Portions of the two investments amounting to \$3 million were directed to the Salt Lake City AA. This represents half of the dollar volume of bank investments in Utah. The concentration is slightly low relative to deposits of \$243 million as of June 30, 2012, which represents 72 percent of Utah deposits. The dollar volume of investments equates to 6 percent of allocated Tier 1 Capital.

Non-MSA AA

Qualified investment in Carbon County is poor. The bank made no investments or grants in the Non-MSA AA. The bank operates one branch with deposits of \$28 million as of June 30, 2012, which represents 8 percent of Utah deposits, but less than 1 percent of total bank deposits.

Conclusions for Areas Receiving Limited-Scope Reviews

Investment test performance in the limited-scope AAs is consistent with performance in the Salt Lake AA. The level of investment in those areas is good. Refer to Appendix D – Utah - Tables 1 through 11 for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Utah is rated Low Satisfactory. Performance in the full-scope AAs is adequate. Since the last exam, the bank has not opened or closed any banking offices in the full-scope areas. Refer to Appendix D – Utah - Table 15 for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Retail Banking Services

Salt Lake AA

Washington Federal's delivery systems are reasonably accessible to geographies and individuals of different income levels in the Santa Fe AA. An adequate proportion of branches, reflected in Table 15, are reasonably accessible to LMI census tracts. The branches are in middle- and upper-income tracts. Thirty percent of families in branch tracts are LMI. Two are contiguous to a moderate-income tract, while a third is contiguous to three low- and three moderate-income tracts. As a result, services are accessible across income segments.

Non-MSA AA

Washington Federal's delivery systems are highly accessible to geographies and individuals of different income levels. The one branch is located in a moderate-income tract.

Community Development Services

Salt Lake AA

The bank's record of providing CD services is adequate with a good responsiveness to meeting identified community needs. Financial services primarily involved the MRC with 444 hours of foreclosure prevention counseling and assistance to LMI borrowers. The bank also provided 60 hours of financial literacy training to LMI students through the Save@School program.

Employees provided CD services through board and committee memberships to three organizations in the AA that provide affordable housing and economic development. Some specific examples are:

- A bank employee taught financial literacy at a local Habitat for Humanity office, which provides affordable housing to LMI individuals.
- Three employees serve on the loan committee at a non-profit organization that provides affordable housing to LMI individuals. They assist with approving loans.

- Two employees serve on planning committee for a community reinvestment corporation to determine how to use funds for services for LMI individuals.

Non-MSA AA

Washington Federal's record of providing CD services is poor with limited responsiveness to meeting AA needs. The bank provided six hours providing financial literacy training to LMI students.

Conclusions for Areas Receiving Limited-Scope Reviews

The bank's performance in the limited-scope areas is consistent with the bank's overall performance under the Service Test in Utah. Refer to Appendix D - Utah - Table 15 for the facts and data on branch distribution, openings and closings. Through the MRC, the bank provided 58 hours of foreclosure prevention counseling to LMI borrowers in the Logan AA, 264 hours in the Ogden AA, and 84 hours in the Provo AA. Refer to Appendix D – Utah - Table 15 for the facts and data that support these conclusions.

State Rating

State of Idaho

CRA Rating for Idaho:	Satisfactory
The lending test is rated:	Low Satisfactory
The investment test is rated:	Low Satisfactory
The service test is rated:	High Satisfactory

Major factors that support this rating derive primarily from performance in on the AAs reviewed under full-scope procedures, with emphasis on the delineated counties in the Boise City-Nampa, ID MSA (Boise AA), and include:

- Adequate Lending Test performance considering adequate lending activity and poor geographic and borrower distributions. Non-reportable loan modifications and CD lending have a positive impact on overall lending performance.
- Adequate Investment Test performance considering the volume and responsiveness of qualified investments in the AAs, and a significant increase in investment activity over the prior period.
- Good Service Test performance based on excellent branch and ATM distribution, and an adequate level of CD services.

Description of Institution's Operations in Idaho

Washington Federal has delineated four AAs in Idaho, including three MSAs and one non-MSA comprised of eight counties. The 16 branches, with deposits of \$577 million, across 13 counties in Idaho represent 10 percent of the bank's branches and 7 percent of total deposits. Branches are dispersed widely across Idaho with the largest concentration in the Boise AA. Branches provide moderate presence across the delineated Ada and Canyon Counties in the Boise AA and limited presence in Idaho Falls, ID MSA (Idaho Falls AA).

The distribution of deposits is reasonably consistent with the distribution of branches and population across the AAs. Deposits are concentrated in the Boise AA, with 50 percent of deposits. The Boise and Idaho Falls AAs were reviewed using full-scope procedures. The Pocatello, ID-UT MSA (Pocatello AA) and non-MSA counties were reviewed under limited-scope procedures. Refer to Appendix C – Idaho for the market profiles containing performance context information for the full-scope AAs.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's overall lending test performance in Idaho is Low Satisfactory. Retail lending performance in the full-scope AAs reviews is adequate, while CD lending is adequate. Performance in the limited-scope AAs was consistent with the full-scope areas and did not impact the lending test rating.

Lending Activity

Lending activity in Idaho is good considering the bank's traditional portfolio lending model, high loan-to-deposit ratio, significant loan modification volume and highly competitive markets. Refer to Appendix D - Idaho - Table 1 for the facts and data used to evaluate the bank's lending performance.

The table below summarizes total loan origination and modification activity in Idaho.

Loan Category	Idaho AAs	
	Number	Dollar Volume (in millions)
Home Mortgage Loans	646	\$132
Mortgage Rate Modifications	655	98
Small Business Loans*	2	0
Community Development Loans	22	7
Total	1,311	\$237

*Less than \$500,000

Mortgage loans and modifications represent 99 percent of the number of credit extensions in the state. Seventy-three percent of mortgage loans were home purchase loans, and 20 percent were refinance loans. Home purchase loans therefore received primary consideration in rating overall performance in Idaho. Secondary weighting was applied to refinance lending. Home improvement and multifamily loan volume is insufficient to derive substantive conclusions about performance. The distribution of modifications was not analyzed due to insufficient geographic and income data.

Boise AA

Washington Federal's lending activity in the Boise AA is adequate, given mortgage and modification lending activities, in light of performance context considerations. The \$76 million volume of the 309 mortgage loans and 11 CD loans equates to 20 percent of AA deposits as of June 30, 2012. The volume of activity is adequate for a portfolio mortgage lender, considering the high loan to deposit ratio, significant statewide modification volume and competition.

FDIC deposit data as of June 30, 2012, compared to the 2011 HMDA data shows that the bank faced significantly fewer competitors in the deposit market. The market share percentiles for deposits and loans were equivalent despite significantly more lenders than depositories.

- 77th percentile: 5th of 22 insured institutions with 5.1 percent of deposits;
- 78th percentile: 36th of 166 lenders with 0.5 percent of home purchase loans;
- 67th percentile: 64th of 194 lenders with 0.1 percent of refinance loans.

Idaho Falls AA

Washington Federal's lending in the Idaho Falls AA is good, considering the bank's limited presence. The \$11 million volume of 64 mortgage loans and three CD loans in the AA are equivalent to 34 percent of AA deposits as of June 30, 2012.

FDIC deposit data as of June 30, 2012, compared to the 2011 HMDA data shows that the bank faced more competition in the deposit FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data shows that the bank faced significantly more competitors in lending. The market share percentiles for loans were better than deposits despite significantly more lenders than depositories.

- 18th percentile: 9th of 11 insured institutions with 3.2 percent of deposits;
- 64th percentile: 27th of 74 lenders with 0.4 percent of home purchase loans;
- 69th percentile: 36th of 115 lenders with 0.3 percent of refinance loans.

Inside/Outside Ratio

The proportion of loans originated in Idaho is low relative to branch and demographic concentrations. The bank originated 6 percent of mortgage loans and modifications for 4 percent of total dollar volume in Idaho. Ten percent of the bank's branches with 7 percent of deposits are located in the state. Ninety-three percent, the substantial majority, of mortgage loans in Idaho were originated in the four AAs.

Boise AA

The bank originated 48 percent of rating area mortgage loans in the Boise AA. This proportion is low, however, compared to branch and deposit concentrations of 56 percent and 70 percent, respectively. Fifty-seven percent of the population in the bank's delineated areas in Idaho reside in the AA.

Idaho Falls AA

The bank originated 10 percent of mortgage loans in the Idaho Falls AA. This proportion exceeds the branch and deposit concentrations, both 6 percent. Thirteen percent of the population in the bank's delineated areas in Idaho reside in the AA.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans is adequate, considering adverse housing market conditions in the AAs during the review period. Refer to Appendix D - Idaho - Tables 2, 3, and 4 for the facts and data used to evaluate the geographic distribution of home mortgage loans.

Boise AA

The geographic distribution of loans in the Boise AA is adequate, considering housing market conditions where prices declined 46 percent during the housing crisis. The bank originated no loans in the two low-income census tracts; however, aggregate lending in those tracts was similarly negligible as a result of a limited number of housing units.

The proportion of home purchase loans in moderate-income census tracts is slightly below the percentage of 2011 HMDA aggregate loans in those tracts. The proportion of refinance loans in those tracts exceeds the aggregate percentage. The percentages of both the bank's and aggregate loans were below the proportion of owner-occupied housing units in those tracts. Three of four multifamily loans were located in moderate-income tracts.

Idaho Falls AA

The geographic distribution of loans in the Idaho Falls AA is adequate. There are no low-income tracts in the AA.

The proportions of home purchase and refinance loans in moderate-income census tracts are slightly below, but not unreasonably so given the single branch location, the percentage of 2011 HMDA aggregate loans in those tracts. The percentages of both the bank's and aggregate loans were below the proportion of owner-occupied housing units in those tracts. The only multifamily loan was located in a moderate-income tract.

In 2012, the proportion of purchase loans in moderate-income tracts exceeds the percentage owner-occupied housing units. However, the bank originated no refinances in those tracts in 2012.

Lending Gap Analysis

The location of loans and branches throughout each full-scope AA was analyzed. The geographic dispersion of loans is good, considering the limited to moderate coverage of the branch network.

Boise AA

The branches in the Boise AA provide moderate coverage of a two county area. The geographic dispersion of loans is good. The bank made loans in 92 percent of census tracts, including moderate-income tracts. The bank made no loans in the two low-income tracts, where housing supply and aggregate HMDA loan volume indicate limited opportunity.

Idaho Falls AA

The single branch in the Idaho Falls AA provides limited coverage of a two county area. The geographic dispersion of loans is good. The bank made loans in 77 percent of census tracts, including moderate-income tracts. There are no low-income tracts in the AA.

Distribution of Loans by Income Level of the Borrower

The borrower income distribution of loans is adequate. Refer to Appendix D - Idaho - Tables 7, 8, and 9 for the facts and data used to evaluate the borrower distribution of home mortgage loans. Refinance loans in both AAs, and home purchase loans in Idaho Falls, originated in 2012 to low-income borrowers exceed the 2010 census low-income family proportions, but are below moderate-income family percentages. This is attributed to a significant increase in the percentage of moderate-income families during the recession.

Boise AA

The borrower income distribution of loans in the AA is adequate, given home purchase and refinance distributions and performance context considerations.

The proportion of home purchase loans to LMI borrowers is below the percentage of 2011 HMDA aggregate loans to LMI borrowers, and the percentage of 2000 census LMI families. Conversely, the proportion of refinance loans to LMI borrowers significantly exceeds aggregate data and moderate-income family data.

Idaho Falls AA

The borrower income distribution of loans in the Idaho Falls AA is poor considering poor home purchase and refinance distributions and considering performance context considerations. Although the proportion of home purchase loans to LMI borrowers is below both the percentages of aggregate loans to LMI borrowers and percentage of LMI families, moderate-income loans are proportionate to the demographic percentage.

The proportion of refinance loans to LMI borrowers is equivalent to the percentage of the aggregate and demographic percentages. The proportion of 2012 refinances exceeds the percentage of low-income families but below moderate-income families based on 2010 census data.

Community Development Lending

Community development lending in Idaho is good. The bank originated a reasonable volume of CD loans distributed across the AAs. Refer to Appendix D - Idaho - Tables 1 and 15 for the facts and data used to evaluate the bank's CD lending.

The bank originated 22 CD loans totaling \$7.3 million in Idaho, 6 percent by number and 3 percent by dollar volume of CD loans originated. These concentrations are equivalent to the 7 percent of total bank deposits derived from the state.

The bank processed 94 modifications in Idaho through the MRC to prevent foreclosures by providing temporary and permanent relief to borrowers across income levels and geographic areas experiencing financial difficulties.

Boise AA

The bank originated 11 CD loans totaling \$5.3 million in the Boise AA, 50 percent of CD loans in Idaho by number and 73 percent by dollar volume. Community development loan volume equals over 1 percent of AA deposits as of June 30, 2012. These CD loans address affordable housing needs within the AA.

The bank processed 74 modifications, 79 percent of state activity through the MRC program. The borrower income and census tract distributions of those modifications are adequate compared with AA demographic factors reflected in Appendix C - Idaho.

- Low-income borrowers comprised 70 percent of MRC activity;
- Moderate-income borrowers comprised 7 percent of MRC activity, and;
- Moderate-income tracts comprised 9 percent of MRC activity.

Idaho Falls AA

The bank originated three CD loans totaling \$494 thousand in the Idaho Falls AA. These CD loans represent less than 1 percent of the total number and dollar volume of CD loans originated during the review period. The CD loans are 14 percent by number and 7 percent by dollar volume of Idaho's CD loans. The dollar volume of CD loans equals 1.5 percent of AA deposits as of June 30, 2012. These CD loans address affordable housing needs within the AA.

The bank processed six modifications in the Idaho Falls AA, or 6 percent of state activity through the MRC program. The borrower income and census tract distribution of those loans is adequate compared with AA demographic factors reflected in Appendix C - Idaho.

- Low-income borrowers comprised 17 percent of MRC activity, and;
- Moderate-income tracts comprised 33 percent of MRC activity.

Conclusions for Areas Receiving Limited-Scope Reviews

The bank's performance under the lending test in the Pocatello and the non-MSA AAs is generally consistent with the bank's performance in the full-scope AAs. As a result, the performance in the limited-scope AAs does not impact the overall performance rating in Idaho.

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

Washington Federal's Investment Test performance in Idaho is Low Satisfactory. The volume and responsiveness of qualified investment in the full-scope AAs is adequate, and represent a significant increase in investment activity. Refer to the Appendix D - Idaho - Table 14 for the facts and data used to evaluate qualified investments in Idaho.

Qualified Investments

The bank made 15 qualified investments totaling \$5 million in Idaho. Those investments represent 14 percent of the total number of investments, and 6 percent of the dollar volume of investments. The concentration of investments is adequate relative to the 7 percent of total bank deposits derived from those AAs, and represents, by dollar volume, 5 percent of allocated Tier 1 Capital.

Boise AA

Qualified investment in the AA is good. Activities are concentrated in the Boise AA, where nine of 16 Idaho branches are located. The bank made eight investments in low-income housing tax credit projects and CRA mortgage backed securities totaling \$5 million in the Boise AA. Fifty-five percent represent current period investments, the remainder prior period investments. Investments in the AA represent 7 percent of the total number and 6 percent of the dollar volume of bank investments. The level of investment is good relative to the 5 percent of total bank deposits derived in the AA, and represents, by dollar volume, 75 percent of allocated Tier 1 Capital.

Deposits of \$405 million as of June 30, 2012, represent 70 percent of total Idaho deposits, and 5 percent of total bank deposits.

Idaho Falls AA

Qualified investment in the AA is poor. The bank made no investments or grants in the Idaho Falls AA. The bank operates one branch with deposits of \$34 million as of June 30, 2012. This represents 6 percent of total Idaho deposits, but less than 1 percent of total bank deposits.

Conclusions for Areas Receiving Limited-Scope Reviews

Investment test performance in the limited-scope AAs is consistent with performance in the Idaho Falls AA. The bank made small grants in those areas. Performance levels correlate to the level of branch presence in each AA.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Idaho is rated High Satisfactory. Performance is adequate in the full-scope AAs. The bank did not open or close any branches in the state. Refer Appendix D - Idaho - Table 15 for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings in Idaho.

Retail Banking Services

Boise AA

Washington Federal's delivery systems are highly accessible to geographies and individuals of different income levels. Although none are in low-income tracts, an excellent proportion of AA branches, reflected in Table 15, are in moderate-income census tracts.

Idaho Falls AA

Washington Federal's delivery systems are highly accessible to geographies and individuals of different income levels. Although the single branch limits access across the entire AA, its location in a moderate-income tract, provides excellent access to all income segments of the community.

Community Development Services

Boise AA

The bank's record of providing CD services is good with a good responsiveness to meeting identified community needs. Financial services primarily involved the MRC with 432 hours of foreclosure prevention counseling and assistance to LMI borrowers, and 12 hours to LMI borrowers in distressed census tracts. The bank also provided 39 hours to LMI students through the Save@School program.

Idaho Falls AA

Washington Federal's record of providing CD services is adequate and responsive to meeting AA needs. The bank's CD services significantly increased from the prior period. The bank provided 36 hours of foreclosure prevention counseling and assistance to LMI borrowers.

Conclusions for Areas Receiving Limited-Scope Reviews

The bank's performance in the limited-scope areas is consistent with the bank's overall performance under the Service Test in Idaho. The bank had 151 hours of CD services in the non-MSA AA, but none in the Pocatello AA.

State Rating

State of New Mexico

CRA Rating for New Mexico:	Satisfactory
The lending test is rated:	Low Satisfactory
The investment test is rated:	Low Satisfactory
The service test is rated:	Low Satisfactory

Major factors that support this rating derive primarily from performance in the full-scope AAs, with emphasis on the Santa Fe, NM MSA (Santa Fe AA). The strength of performance in limited-scope areas mitigated some weaknesses in the full-scope areas. Considerations include:

- Adequate Lending Test performance considering good lending activity, and good geographic and borrower distributions. Non-reportable loan modifications have a positive impact on overall lending performance.
- Good Investment Test performance based on a good volume of qualified investments that are responsive to the identified needs in the AA.
- Adequate Service Test performance based on reasonable branch and ATM distribution, and adequate level of CD services.

Description of Institution's Operations in New Mexico

Washington Federal has delineated five AAs in New Mexico, including four MSAs and one non-MSA comprised of five counties. Deposits of \$698 million from the 16 New Mexico branches equal 8 percent of total bank deposits. Branches are concentrated in the Albuquerque AA and non-MSA counties. The Farmington, NM MSA (Farmington AA) has one branch, the Las Cruces, NM MSA (Las Cruces AA) and Santa Fe AA have two branches each. All but one of the five non-MSA counties is limited to one branch each.

Deposits are significantly more concentrated than branches and population in non-MSA counties, and less concentrated in the Las Cruces and Santa Fe AAs. As 46 percent of deposits are concentrated in the non-MSA counties, the AA received a full-scope review. The non-MSA AA carries the greatest weight in the state performance ratings. The Santa Fe AA provides 6 percent of deposits. The MSA received a full-scope review to assess the consistency of bank performance across smaller AAs.

The remaining AAs are analyzed using limited-scope procedures. Refer to Appendix C – New Mexico for the market profiles containing performance context information for the full-scope AAs.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's overall Lending Test performance in New Mexico is Low Satisfactory. Performance in the full-scope AAs is adequate, while CD lending in those areas is good. Performance in the limited-scope AAs is consistent with the full-scope AAs.

Lending Activity

Lending activity in New Mexico is good considering the bank's traditional portfolio lending model, highly competitive markets and significant loan modification volume. Refer to Appendix D – New Mexico - Table 1 for the facts and data used to evaluate the bank's lending performance.

The table below summarizes total loan origination and modification activity in New Mexico.

Loan Category	New Mexico AAs	
	Number	Dollar Volume (in millions)
Home Mortgage Loans	606	\$137
Mortgage Rate Modifications	137	17
CD Loans	10	4
Total	753	\$158

Mortgage loans and modifications represent 99 percent of credit extensions in the state. Forty percent of mortgage loans were home purchase, while 54 percent were refinance loans. Home improvement and multifamily loans comprised a very small portion of lending, limiting conclusions about performance. The distribution of modifications could not be analyzed because of insufficient geographic and income data. As a result, the evaluation of lending performance in New Mexico focused on home purchase and refinance loans.

Washington Federal has a limited presence in both full-scope areas, reflected in Appendix D – New Mexico - Table 15.

Non-MSA AA

Washington Federal's lending activity in non-MSA counties is *good*. In the non-MSA counties, Washington Federal originated 280 mortgage and four CD loans totaling \$33 million. FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data shows that the bank faced significantly less competition in the deposit market. The market share percentile for lending was better than the deposit percentile.

- 0 percentile: 5th of 5 insured institutions with 13 percent of deposits;
- 87th percentile: 21st of 154 lenders with 1 percent of purchase loans;
- 97th percentile: 5th of 174 lenders with 3 percent of improvement loans;
- 90th percentile: 18th of 175 lenders with 1 percent of refinance loans.

Santa Fe AA

Washington Federal's lending activity in the Santa Fe AA is good. The Santa Fe AA has the smallest concentration of deposits and loans. The bank originated 55 mortgage and two CD loans totaling \$22 million in the AA. FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data shows that the bank faced significantly fewer competitors in the deposit market. The market share percentile for lending was better than the deposit percentile.

- 42nd percentile: 16th of 45 insured institutions with 1 percent of deposits;
- 78th percentile: 29th of 129 lenders with 0.6 percent of purchase loans;
- 69th percentile: 56th of 180 lenders with 0.2 percent of refinance loans.

Inside/Outside Ratio

The proportion of total review period loans originated in New Mexico is low relative to branch and demographic concentrations. The bank originated 5 percent of all residential mortgage loans, and 3 percent of rate modifications in the state. Seven percent of bank deposits and 6 percent of delineated area population are in New Mexico. Ninety-eight percent, a substantial majority of mortgage loans in the state were originated inside the AAs.

Non-MSA AA

Lending is highly concentrated in non-MSA counties with 46 percent of rating area mortgage loans. This percentage equals the 46 percent deposit concentration, but significantly exceeds the 20 percent proportion of rating area population.

Santa Fe AA

Nine percent of rating area mortgage loans were originated in the Santa Fe AA. This percentage exceeds the 6 percent of deposits and equates to the 10 percent proportion of rating area population in the AA. The 15 percent of rating area dollar volume in the AA significantly exceeds deposit and demographic concentrations.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans is good. Refer to Appendix D - New Mexico - Tables 2 through 5 for the facts and data used to evaluate the geographic distribution of home mortgage loans.

Non-MSA AA

The geographic distribution of loans in non-MSA counties is good. The bank made one loan in a low-income census tract. In 2011, the industry reported no home improvement, refinance or multifamily loans low-income tracts, and the percentage of aggregate home purchase lending was negligible. The proportion of housing units, particularly owner-occupied units, was similarly negligible.

The proportions of home purchase, home improvement and refinance loans in the moderate-income tracts from 2009 through 2012 significantly exceed the percentage of 2011 aggregate HMDA loans. All are below the percentage of owner-occupied units in those tracts. Thirty percent of units in those tracts are reported as vacant, indicating continuing challenges in local housing markets.

Santa Fe AA

The geographic distribution of loans in the Santa Fe AA is poor. The bank originated too few home purchase, improvement, and refinance loans in the AA to draw meaningful conclusions by loan type. None of the home purchase or home improvement loans were in LMI tracts. The proportion of refinances in LMI tracts significantly exceeds both the percentages of 2011 HMDA aggregate loans and

owner-occupied units in those tracts. Four percent of total review period loans for all loan types are in low-income tracts, while 6 percent are in moderate-income tracts. The proportion of loans in low-income tracts significantly exceeds the aggregate and demographic percentages, but the proportion in moderate-income tracts is significantly below the comparators.

Lending Gap Analysis

The location of branches throughout the AAs was analyzed. Geographic dispersion of loans is adequate, considering the limited coverage of the branch network.

Non-MSA AA

The branches in the AA provide limited coverage of a five county area. The geographic dispersion of loans is adequate. The bank made loans in 61 percent of census tracts, including LMI tracts.

Santa Fe AA

The branches in the Santa Fe AA provide limited coverage of AA. The geographic dispersion of loans is good. The bank made loans in 79 percent of tracts, including LMI tracts.

Distribution of Loans by Income Level of the Borrower

The borrower income distribution of loans is good. Refer to Appendix D - New Mexico - Tables 7, 8, and 9 for the facts and data used to evaluate the borrower distribution of home mortgage loans.

Non-MSA AA

The borrower income distribution of loans in non-MSA counties is good. The proportion of home purchase and home improvement loans to LMI borrowers is equivalent to the percentages of 2011 aggregate HMDA loans to LMI borrowers. Both bank and industry loans are below the percentage of LMI families in the AA, but not substantially. The proportion of LMI borrower refinances significantly exceeds the aggregate, equating the demographic percentages.

Santa Fe AA

The borrower income distribution of loans in the Santa Fe AA is adequate. The bank originated too few home purchase, improvement, and refinance loans in the AA to draw meaningful conclusions by loan type. The bank originated 12 loans of 104 AA loans to low-income and 10 loans to moderate-income borrowers. The proportion of loans to low-income borrowers exceeds the aggregate percentage, but the proportion to moderate-income borrowers is well below aggregate. Both bank and industry loans were well below demographic measures, although not unreasonably for low-income borrowers.

Community Development Lending

Community development lending in New Mexico is adequate. The bank originated a reasonable volume of CD loans distributed across the AAs. Refer to Appendix D - New Mexico - Tables 1 and 15 for the facts and data used to evaluate the bank's CD lending.

The bank originated 10 CD loans totaling \$4 million in New Mexico. Those loans represent 3 percent of the total number and 2 percent of the dollar volume of CD loans originated. These concentrations are below the 7 percent of total bank deposits derived from the state.

The bank processed 39 modifications in New Mexico through the MRC to prevent foreclosures by providing temporary and permanent relief to borrowers across income levels and geographic areas experiencing financial difficulties.

Non-MSA AA

Community development lending in the AA is adequate. The proportion of activities was consistent with deposit concentrations, and level of affordable housing lending opportunities. The bank originated 4 CD loans totaling \$517 thousand in the AA. These loans represent 40 percent of the total number and 12 percent of the dollar volume of CD loans in New Mexico. Deposits of \$324 million, as of June 30, 2012, represent 46 percent of New Mexico deposits. These CD loans address affordable housing needs within the AA.

The bank processed 29 MRC modifications, 74 percent of state activity, in the AA. The borrower and geographic distribution of those loans is excellent compared with AA demographic factors reflected in Appendix C.

- Low-income borrowers comprised 28 percent of modification activity;
- Moderate-income borrowers comprised 17 percent of modification activity;
- Low-income census tracts comprised 7 percent of modification activity;
- Moderate-income tracts comprised 28 percent of modification activity;
- Distressed middle-income tracts comprised 35 percent of modification activity.

Santa Fe AA

Community development lending in the AA is good. The proportion of activities exceeds deposit concentrations. The bank originated 2 CD loans totaling \$745 thousand in the AA. These loans represent 20 percent of the total number and 18 percent of the dollar volume of CD loans in New Mexico. Deposits of \$39 million, as of June 30, 2012, represent 6 percent of New Mexico deposits. These CD loans address affordable housing needs within the AA. The bank processed no MRC modifications in the AA.

Conclusions for Areas Receiving Limited-Scope Reviews

The bank's performance under the lending test in the Albuquerque, Farmington and Las Cruces AAs is generally consistent with the bank's performance in the full-scope AAs. With 48 percent of deposits and 45 percent of HMDA reportable loans, a significant portion of the bank's activities are concentrated in the limited-scope areas.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's Investment Test performance in New Mexico is rated Low Satisfactory. The volume and responsiveness of qualified investment in the full-scope AAs is adequate, and represent a significant increase in investment activity.

Qualified Investments

The bank made nine qualified investments totaling \$3 million within the state rating area. Those investments represent 8 percent of the total number, and 4 percent of the dollar volume of total bank investments. This compares reasonably to the 8 percent of total bank deposits derived from those AAs, and represents, by dollar volume, over 2 percent of allocated Tier 1 Capital. Activities were concentrated in the Santa Fe AA, with some smaller grants in the Albuquerque AA.

Non-MSA AA

Qualified investment in non-MSA counties is poor. The bank made no investments or grants in the non-MSA AA. The bank operates one branch with deposits of \$28 million as of June 30, 2012, which represents 8 percent of New Mexico deposits, but less than 1 percent of total bank deposits.

Santa Fe AA

Qualified investment in the AA is good. The bank made four investments totaling \$3 million in the Santa Fe AA, with a commitment to invest an additional \$3 million in future. This represents 45 percent of the number and 95 percent of dollar volume of bank investments in New Mexico. The concentration significantly exceeds the proportion of deposits, which represent 6 percent of New Mexico deposits. The dollar volume of investments equates to 43 percent of allocated Tier 1 Capital.

Conclusions for Areas Receiving Limited-Scope Reviews

Investment test performance in the limited-scope AAs is consistent with performance in the non-MSA AA. The level of investment in those areas is poor. Refer to Appendix D - New Mexico - Tables 1 through 11 for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in New Mexico is rated Low Satisfactory. Performance is adequate in the full-scope AAs. Refer to Appendix D - New Mexico - Table 15 for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings. The bank did not close or open any banking offices in the full-scope AAs.

Retail Banking Services

Non-MSA AA

Washington Federal's delivery systems are reasonably accessible in the AA. An adequate proportion of branches, reflected in Table 15, are in or proximal to moderate-income census tracts. Although none of the branches is in low-income tracts, and only one is in a moderate-income tract, proximity to those areas compensates. One branch is across a street from a moderate-income tract, and three are within four blocks of moderate-income tracts. One branch is in the town center of a large rural middle-income tract, with a range of income levels in the tract. Although the distribution of branches in LMI tracts is below the percentage of the population, branches are reasonably accessible to those populations.

Santa Fe AA

In the Santa Fe AA, Washington Federal's delivery systems are highly accessible to geographies and individuals of different income levels. The bank added the AA with the acquisition of two branches of a failed institution in 2011. One branch is in a low-income tract, providing excellent access to all segments of the community.

Community Development Services

Non-MSA AA

Washington Federal's record of providing CD services is good. Community development services demonstrate with a good responsiveness to meeting identified community needs, with significantly increased volume from the prior period. Financial services primarily involved the MRC with 246 hours of foreclosure prevention counseling and assistance to LMI borrowers, and 30 hours to LMI borrowers in distressed census tracts.

Three bank employees also provided financial literacy training to low- and moderate-income students at four schools in the AA. One employee served on the organization's board.

Santa Fe AA

Washington Federal's record of providing CD services is adequate with an adequate responsiveness to meeting identified community needs. Through the MRC, the bank provided six hours of foreclosure prevention counseling and assistance to LMI borrowers.

Conclusions for Areas Receiving Limited-Scope Reviews

The bank's performance in the limited-scope areas is consistent with the bank's overall performance under the Service Test in New Mexico. Refer to Appendix D - New Mexico - Table 15 for the facts and data on branch distribution, openings and closings. Through the MRC, the bank provided 60 hours of foreclosure prevention counseling to LMI borrowers in the Albuquerque AA, 18 hours in the Farmington AA, and 12 hours in the Las Cruces AA.

State Rating

State of Texas

CRA Rating for Texas:	Satisfactory
The lending test is rated:	Low Satisfactory
The investment test is rated:	Low Satisfactory
The service test is rated:	Low Satisfactory

Major factors that support this rating of performance in the Dallas-Irving-Plano, TX MD (Dallas AA) and include:

- Adequate Lending Test performance considering adequate lending activity, and adequate geographic and poor borrower distributions. Non-reportable loan modifications and CD lending have no impact on overall lending performance.
- Adequate Investment Test performance based on a good volume of qualified investments that are adequately responsive to the identified needs in the assessment area.
- Adequate Service Test performance based on reasonable branch and ATM distribution, and adequate level of CD services.

Description of Institution's Operations in Texas

Washington Federal has delineated one AA in Texas, based on the four branches located the Dallas AA. Deposits of \$104 million equal 1 percent of the bank's total deposits. The distribution of deposits is low compared to the 2 percent proportion of total bank branches. The Dallas AA received a full-scope review. Refer to Appendix C – Texas for the market profile containing performance context information for the Dallas AA.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's overall Lending Test performance in Texas is rated Low Satisfactory. Retail lending in the Dallas AA is adequate, while CD lending is good.

Lending Activity

Lending activity in the Dallas AA is adequate. Lending in Texas is concentrated in the AA, where all of the branches are located. Refer to Appendix D - Texas - Table 1 for the facts and data used to evaluate the bank's lending performance.

The table below summarizes total loan origination and modification activity in the Dallas AA.

Loan Category	Dallas AA	
	Number	Dollar Volume (in millions)
Home Mortgage Loans	316	\$124
Mortgage Rate Modifications	91	35
Community Development Loans	2	1
Total	409	\$160

The evaluation of lending performance in Dallas focused primarily on home purchase and refinance loans. Seventy-three percent of those loans were home purchase, while 24 percent were refinance loans. Rate modifications equate to 29 percent of mortgage loans in Texas, with balances equivalent to 28 percent of mortgage dollar volume. The number of modifications was greater than the volume of refinance activity. The distribution of modifications could not be analyzed because of insufficient geographic and income data.

FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data shows that the bank faced significantly fewer competitors in the deposit market. The lending market share percentiles are better than the deposit percentile.

- 45th percentile: 71st of 128 insured institutions with 0.1 percent of deposits;
- 79th percentile: 123rd of 575 lenders with 0.1 percent of purchase loans, and;
- 64th percentile: 196nd of 545 lenders with 0.03 percent of refinance loans.

Inside/Outside Ratio

The proportion of total review period loans originated in Texas is high relative to branch and demographic concentrations. The bank originated 4 percent of all residential mortgage loans and dollar volume in Texas. This exceeds the 2 percent of bank branches and 1 percent of bank deposits in the state. Seventy-two percent, a majority of mortgage loans in Texas were originated inside the Dallas AA.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans in the Dallas AA is adequate. Refer to Appendix D - Texas - Tables 2, 3, and 4 for the facts and data used to evaluate the geographic distribution of home mortgage loans.

The bank originated no multifamily loans in the AA. Home improvement loan volume is insufficient to derive substantive conclusion about performance. None of those loans are in LMI tracts. The proportion of home purchase loans in LMI tracts is slightly below the percentages of 2011 aggregate HMDA loans in those tracts. The bank made no refinance loans in low-income tracts, however, the proportion of units and industry volume were negligible on a percentage basis. The proportion of refinance loans in moderate-income tracts significantly exceeds the percentages of aggregate loans in those tracts.

Both bank and industry percentages for home purchase and refinance loans are significantly below the proportion of owner-occupied units in LMI tracts.

Lending Gap Analysis

The location of loans and branches throughout the Dallas AA was analyzed. The geographic dispersion of loans is adequate. The bank made loans in 29 percent of census tracts, including LMI tracts.

Distribution of Loans by Income Level of the Borrower

The borrower income distribution of loans is poor. Refer to Appendix D - Texas - Tables 7, 8, and 9 for the facts and data used to evaluate the borrower distribution of home mortgage loans.

While home improvement loan volume is insufficient to derive conclusions about performance, none are to LMI borrowers. The proportions of home purchase and refinance loans to LMI borrowers are significantly below the percentages of 2011 aggregate HMDA loans to those borrowers and of LMI families in the AA. The proportion of industry refinances to LMI borrowers is also significantly lower than demographics.

Community Development Lending

Community development lending in the Dallas AA is adequate. The bank originated a minimal volume and AA concentration of CD loans relative to the proportion of deposits derived from the assessment area.

The bank originated two CD loans totaling \$422.5 thousand in the AA. These loans represent less than 1 percent of the total number and less than half a percent of the dollar volume of bank CD loans originated during the review period. Deposits of \$99 million as of June 30, 2012, represent 1 percent of total bank deposits. The dollar volume of CD loans equates 2 percent of allocated Tier 1 Capital.

The bank processed 10 MRC modifications in the AA. The borrower income and census tract distributions of those loans are adequate compared with AA demographic factors reflected in Appendix C - Texas.

- Low-income borrowers comprised 50 percent of modification activity;
- Moderate-income borrowers comprised 10 percent of modification activity;
- Low-income tracts comprised 10 percent of modification activity, and;
- Moderate-income tracts comprised 0 percent of modification activity.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Washington Federal's Investment Test performance in Texas is Low Satisfactory. The volume of qualified investment in the AA and responsiveness are adequate. The volume represents a significant increase in investment activity.

Qualified Investments

The bank made two qualified investments in CRA mortgage backed securities totaling \$2 million in the Dallas AA, 2 percent of the total number and dollar volume of total bank investments. This compares favorably to the 1 percent of total bank deposits derived from those AAs, and represents, by dollar volume, 9 percent of allocated Tier 1 Capital.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Texas is rated Low Satisfactory. Performance in the Dallas AA is adequate. Refer to Appendix D - Texas - Table 15 for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Retail Banking Services

Washington Federal's delivery systems are reasonably accessible to geographies and individuals of different income levels in the Dallas AA. An adequate proportion of AA branches, reflected in Table 15, are accessible to LMI census tracts. The branch offices, added through acquisition in 2007, are located in upper-income census tracts. Although none are in LMI tracts, two are in tracts contiguous to four LMI tracts. In addition, 15 percent of families in branch tracts are LMI. As a result, services are accessible across income segments.

The bank did not open or close any banking offices in the AA. The bank sold both El Paso branches acquired late in 2007 to a local competitor. This eliminated operations in a former AA that was a significant distance from the bank's other AAs.

Community Development Services

The bank's record of providing CD services is adequate with a good responsiveness to meeting identified community needs. The community contact identified affordable housing and foreclosure assistance as primary needs in the AA. Financial services primarily involved the MRC with 66 hours of foreclosure prevention counseling and assistance to LMI borrowers. This service is particularly responsive to the high rate of foreclosure in the AA.

One bank employee provides CD services to a local Habitat for Humanity office, which provides affordable housing to LMI individuals. The employee provides her financial expertise serving on the underwriting and selection committee, and as an advisory member, provides stewardship to help the agency continue to provide affordable housing.

State Rating

State of Nevada

CRA Rating for Nevada:	Satisfactory
The lending test is rated:	Low Satisfactory
The investment test is rated:	Low Satisfactory
The service test is rated:	Low Satisfactory

Major factors that support this rating of performance in the Las Vegas-Henderson-Paradise, NV MSA (Las Vegas AA) include:

- Adequate Lending Test performance considering adequate lending activity, adequate borrower and income distributions. Non-reportable loan modifications and limited presence in the state have a positive impact on overall lending performance.
- Adequate Investment Test performance considering the volume and responsiveness of qualified investments in the AAs, and a significant increase in investment activity over the prior period.
- Adequate Service Test performance based on adequate branch and ATM distribution, and an adequate level of CD services.

Description of Institutions Operations in Nevada

Washington Federal has delineated one AA in Nevada, the Las Vegas-Henderson-Paradise, NV MSA. The four branches, with deposits of \$195 million, represent 2.5 percent of total bank deposits. Refer to Appendix C - Nevada for the market profile containing performance context information for the Las Vegas AA.

Washington Federal has a deposit market share of 0.2 percent in Nevada. Competition is strong with 48 financial institutions with banking offices. Multi-national banks and large regional institutions such as Charles Schwab Bank, Bank of America, Wells Fargo, Citibank, and Nevada State Bank provide primary competition for Washington Federal in Nevada.

LENDING TEST

Conclusions

Washington Federal's overall Lending Test performance in Nevada is Low Satisfactory. Performance in the Las Vegas AA is adequate. There was no community development lending in Nevada.

Lending Activity

Lending activity in Nevada is adequate considering the bank's traditional portfolio lending model, highly competitive markets, and significant loan modification volume. Refer to Appendix D - Nevada - Table 1 for the facts and data used to evaluate the bank's lending performance.

The table below summarizes total loan origination and modification activity in Nevada.

Loan Category	Nevada AAs	
	Number	Dollar Volume (in millions)
Home Mortgage Loans	214	\$64
Mortgage Rate Modifications	63	17
Total	277	\$81

Lending in Nevada was concentrated in the Las Vegas AA. The four branches provide Washington Federal a limited presence in the market. Eighty-eight percent of bank loans originated were home purchase, with the remainder refinance loans. The bank made no home improvement, multifamily, small business, or community development loans in the rating area.

FDIC deposit data as of June 30, 2012, compared to 2011 HMDA data shows that the bank faced significantly fewer competitors in the deposit market. The market share percentiles for deposits and home purchase loans were equivalent despite substantially more lenders than depositories. Although the percentile for refinances is significantly lower than deposits, modifications supplanted much of the potential for, and mitigated the limited volume of, refinances.

- 61st percentile: 15th of 38 insured institutions with less than 1 percent of deposits;
- 70th percentile: 89th of 298 lenders with 0.05 percent of home purchase loans;
- 25th percentile: 121st of 161 lenders with 0.03 percent of refinance loans.

Inside/Outside Ratio

The proportion of loans originated in Nevada is comparable to branch and demographic concentrations. The bank originated 2 percent of mortgage loans and modifications for 2 percent of total dollar volume in Nevada. Two percent of both bank branches and deposits are located in the state. Ninety-three percent, the substantial majority of mortgage loans in Nevada, were originated in the AA.

Distribution of Loans by Income Level of the Geography

The geographic distribution of loans is adequate. Refer to Appendix D - Nevada - Tables 2, 3, and 4 for facts and data used to evaluate the geographic distribution of home mortgage loans.

The bank made no home purchase or refinance loans in low-income census tracts during the review period. The 2011 aggregate HMDA data shows negligible lending in those tracts, with 33 loans, across the industry. This is attributed to the substantial impact that the housing and financial crisis had on the Las Vegas market. That impact translated into a substantial increase in the number and proportion of LMI tracts from the 2000 census to the 2010 census.

The proportion of 2009 through 2011 home purchase and refinance loans in moderate-income tracts was equivalent to the percentage of 2011 aggregate lending in those tracts. Both the percentages of bank and industry loans made in those tracts are substantially below the percentage of owner-occupied housing. The bank made no loans in those tracts in 2012. Lending in those areas were limited by the substantial impact the housing and financial crisis had on the Las Vegas market.

Lending Gap Analysis

The location of loans and branches across the AA was analyzed. The geographic dispersion of loans is adequate, considering the bank's limited and dispersed branch presence. The bank made loans in 40 percent of census tracts, including moderate-income tracts. The bank made no loans in the seven low-income tracts, where housing supply and aggregate HMDA loan volume indicate limited opportunity. The proportion of loans in moderate-income tracts is comparable to the industry aggregate percentages.

Distribution of Loans by Income Level of the Borrower

The borrower income distribution of loans is adequate, given home purchase and refinance distributions. Refer to Appendix D - Nevada - Tables 7, 8, and 9 for the facts and data used to evaluate the borrower distribution of home mortgage loans.

The proportion of home purchase loans to LMI borrowers is significantly below both the proportion of 2011 HMDA aggregate loans to those borrowers, and the proportion of LMI families. The proportion of refinance loans to low-income borrowers is significantly greater than the proportion of aggregate loans to those borrowers. The bank made no refinance loans to moderate-income borrowers in the AA, despite industry performance that was comparable to the proportion of moderate-income families. Limited refinance activity is attributed to rate modification volume and foreclosure prevention activities in the Las Vegas AA.

Community Development Lending

The bank made no community development loans, or multifamily loans that qualify as community development loans, in the Las Vegas AA. The minimal branch operations and relative distance from bank headquarters limited resources and expertise available to pursue significant community development lending opportunities in the AA.

The bank processed 114 modifications in Nevada through the MRC to prevent foreclosures by providing temporary and permanent relief to borrowers across income levels and geographic areas experiencing financial difficulties. Ninety-seven of those modifications, or 85 percent, were in the AA. The borrower income and census tract distributions of those loans are excellent compared with AA demographic factors reflected in Appendix C - Nevada.

- Low-income borrowers comprised 20 percent of modification activity;
- Moderate-income borrowers comprised 43 percent of modification activity;
- Low-income tracts comprised 2 percent of modification activity;
- Moderate-income tracts comprised 27 percent of modification activity.

INVESTMENT TEST

Conclusions

Washington Federal's Investment Test performance in Nevada is Low Satisfactory. The volume and responsiveness of qualified investment is adequate. Refer to the Appendix D - Nevada - Table 14 for the facts and data used to evaluate qualified investments in Nevada.

Qualified Investments

The bank made two qualified investments totaling \$1 million in the Las Vegas assessment area. Fifty-five percent represent a current period investment in CRA mortgage backed securities, the remainder a prior period investment in a CRA fund. These investments represent 2 percent of the total number, and over 1 percent of the dollar volume of bank investments. The concentration of investments is adequate relative to the 2 percent of total bank deposits derived from the AA, and represents, by dollar volume, 3 percent of allocated Tier 1 Capital.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Nevada is rated Low Satisfactory. Performance in the Las Vegas AA is adequate. Refer to Appendix D - Nevada - Table 15 for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Retail Banking Services

Washington Federal's delivery systems are reasonably accessible to geographies and individuals of different income levels in the Las Vegas AA. An adequate proportion of AA branches, reflected in Table 15, provide access to moderate-income census tracts. Although all branch offices are located in middle-income tracts, one is located across the street from a moderate-income tract. Thirty percent of the families in those tracts are LMI. As a result, services are accessible across income segments.

The bank did not close any banking offices in the AA. The bank opened one branch in a middle-income tract, in an area comprised of middle- and upper-income tracts. One third of the tract's population is LMI. The opening of the branch did not adversely affect the accessibility of delivery systems, including LMI geographies and families.

Community Development Services

The bank's record of providing CD services is adequate with a good responsiveness to meeting identified community needs. The community contact identified affordable housing and foreclosure assistance as primary needs in the AA. Financial services primarily involved the MRC with 528 hours of foreclosure prevention counseling and assistance to LMI borrowers, and 54 hours to LMI borrowers in distressed census tracts. This service is particularly responsive to the high rate of foreclosure in the AA.

Three bank employees also provided 80 hours of financial literacy training to LMI individuals through the Save@School programs.

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”).

Time Period Reviewed	Lending Test (excludes CD loans): 01/01/2009 to 12/31/2012 Investment and Service Tests and CD Loans: 01/01/2009 to 12/31/2012		
Financial Institution	Products Reviewed		
Washington Federal Seattle, WA	Home Purchase, Home Improvement, Refinance and Multifamily Residential Loans Loan Modifications		
Affiliate(s)	Affiliate Relationship	Products Reviewed	
N/A			
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Other Information	
Portland-Vancouver-Hillsboro, OR-WA MSA #38900 Washington	Full		
Seattle-Bellevue-Everett, WA MD #42644	Full		
Tacoma, WA MD #45104	Full		
Olympia, WA MSA #36500	Full		
Bellingham, WA MSA #13380	Limited		
Bremerton-Silverdale, WA MD #14740	Limited		
Mount Vernon, WA MSA #34580	Limited		
Yakima, WA MSA #49420	Limited		
Non-MSA, WA #99999	Limited		
Oregon			
Salem, OR MSA #41420	Full		
Non-MSA, OR #99999	Full		
Bend, OR MSA #13460	Limited		
Corvallis, OR MSA #18700	Limited		
Eugene, OR MSA #21660	Limited		
Medford, OR MSA #32780	Limited		

Arizona		
Phoenix-Mesa-Glendale, AZ MSA	#38060	Full
Prescott, AZ MSA	#39140	Full
Tucson, AZ MSA	#46060	Limited
Idaho		
Boise City-Nampa, ID MSA	#14260	Full
Idaho Falls, ID MSA	#26820	Full
Pocatello, ID-UT MSA	#38540	Limited
Non-MSA, ID	#99999	Limited
Nevada		
Las Vegas-Henderson-Paradise, NV MSA	#29820	Full
New Mexico		
Santa Fe, NM MSA	#42140	Full
Non-MSA, NM	#99999	Full
Albuquerque, NM MSA	#10740	Limited
Farmington, NM MSA	#22140	Limited
Las Cruces, NM MSA	#29740	Limited
Texas		
Dallas-Irving-Plano, TX MD	#19124	Full
Utah		
Salt Lake City, UT MSA	#41620	Full
Non-MSA, UT	#99999	Full
Logan, UT-ID MSA	#30860	Limited
Ogden-Clearfield, UT MSA	#36260	Limited

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS Washington Federal				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Washington Federal	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
Portland-Vancouver-Hillsboro, OR-WA MSA	Low Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Washington	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Oregon	Low Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Arizona	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Idaho	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Nevada	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
New Mexico	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
Texas	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
Utah	Low Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory

(*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

Portland-Vancouver-Hillsboro, OR-WA Multistate MSA

Demographic Information for Full Scope Area: Portland MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	411	2.92	22.87	50.12	24.09	0.00
Population by Geography	1,874,449	1.62	21.40	52.47	24.51	0.00
Owner-Occupied Housing by Geography	453,893	0.73	15.70	54.45	29.12	0.00
Business by Geography	265,963	3.94	19.63	46.75	29.68	0.00
Farms by Geography	6,676	1.74	10.56	61.95	25.75	0.00
Family Distribution by Income Level	474,249	18.28	19.13	23.50	39.08	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	177,449	2.52	29.16	53.58	14.75	0.00
Median Family Income		55,453	Median Housing Value		178,080	
HUD Adjusted Median Family Income for 2011		72,000	Unemployment Rate (2000 US Census)		3.01%	
Households Below Poverty Level		9%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Washington Federal designated a part of Portland-Vancouver-Hillsboro MSA as its AA, which is all 476 census tracts in Clackamas and Multnomah Counties.

- 14 or 3 percent are low-income;
- 115 or 24 percent are moderate-income;
- 220 or 46 percent are middle-income;
- 125 or 26 are upper-income;
- 2 or 1 percent are not assigned an income classification.

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$73,000. About 11 percent of MSA households fall below the poverty level.

Banking competition is strong in the Portland AA. According to FDIC information as of June 30, 2012, the five largest competitors include Wells Fargo Bank, Bank of America, N.A., U.S. Bank, N.A., KeyBank N.A., and JP Morgan Chase. According to the same FDIC information, Washington Federal is ranked 11th of 36 banks in the AA for market share of deposits with a 0.70 percent market share.

The Portland-Vancouver-Hillsboro MSA is the 23rd largest in the country. The principal city in this AA is Salem, which is the capital of Oregon. The Oregon portion of the metropolitan area is the state's largest urban center. The AA's economy is expanding at the same steady pace as it has for the past two or more years. The job growth rate is about equal to the national average, although the unemployment rate has been falling more quickly. The economy is highly diversified. The major industries are state and local government, farms, food and beverage, electronic manufactures, and healthcare. The major

employers for the AA are Intel Corporation, Providence Health Systems, Oregon Health & Science University, The Kroger Company, and Legacy Health System.

According to the Bureau of Labor Statistics, the AA unemployment rate was 8.8 percent, the state unemployment rate was 8.3 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

In assessing the bank's performance, we reviewed a recent community contact with a local community development organization. The community contact stated there is a significant need to maintain existing affordable housing. Many neighborhoods that have historically provided affordable housing are becoming gentrified driving up the cost of housing and dislocating low- and moderate-income renters.

State of Washington

Seattle-Bellevue-Everett MD (2000 census)

Demographic Information for Full Scope Area: Seattle-Bellevue-Everett MD (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	506	2.17	20.75	52.96	24.11	0.00
Population by Geography	2,343,058	1.93	21.89	52.39	23.79	0.00
Owner-Occupied Housing by Geography	577,775	0.49	15.58	55.45	28.48	0.00
Business by Geography	288,917	2.15	21.37	48.65	27.84	0.00
Farms by Geography	5,658	0.92	16.54	59.03	23.51	0.00
Family Distribution by Income Level	582,505	18.50	18.70	24.54	38.26	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	216,658	2.61	31.49	51.85	14.06	0.00
Median Family Income		63,951	Median Housing Value		228,785	
HUD Adjusted Median Family Income for 2011		86,800	Unemployment Rate (2000 US Census)		2.54%	
Households Below Poverty Level		8%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Washington Federal designated the Seattle MSA as its AA, all 549 census tracts of King and Snohomish Counties.

- 25 or 5 percent are low-income;
- 113 or 21 percent are moderate-income;
- 251 or 45 percent are middle-income;
- 156 or 28 are upper-income;
- 4 or 1 percent are not assigned an income classification.

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$88,000. About 9 percent of MSA households fall below the poverty level.

Banking competition is intense in the Seattle AA. According to FDIC information as of June 30, 2012, the five largest competitors include Wells Fargo Bank, Bank of America, N.A., U.S. Bank, N.A., KeyBank N.A., and JP Morgan Chase. According to the same FDIC information, Washington Federal is ranked sixth of 59 banks in the AA for market share of deposits with a 4.67 percent market share.

The Seattle MSA is the 15th largest in the country. There has been positive spillover from growth in manufacturing and residential construction that makes the Seattle-Bellevue-Everett economy performing better than the rest of Washington. Industrial production is well above its prerecession level thanks to the upswing in commercial aircraft manufacturing. Strength is also evident in software publishing and tourism. The major industries are state and local government, aerospace product and parts manufacturing, software publishers, food and beverage, and healthcare. The major employers for the AA are Boeing Company, Microsoft Corporation, University of Washington, Walmart Stores, and Providence Health & Services.

According to the Bureau of Labor Statistics, the AA unemployment rate was 8.8 percent, the state unemployment rate was 8.3 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

In assessing the bank's performance, we conducted a community contact with a local community reinvestment organization. The community contact stated the need of this AA is affordable housing, financial education, supportive housing services for the homeless, and affordable rental housing. The community contact stated there is a need for banks to get low- and moderate-income individuals into banks rather payday loans.

State of Washington

Olympia MSA (2000 census)

Demographic Information for Full Scope Area: Olympia MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	34	0.00	14.71	64.71	20.59	0.00
Population by Geography	207,355	0.00	15.50	68.02	16.48	0.00
Owner-Occupied Housing by Geography	54,364	0.00	12.34	68.09	19.57	0.00
Business by Geography	23,616	0.00	19.87	64.73	15.40	0.00
Farms by Geography	862	0.00	17.87	65.31	16.82	0.00
Family Distribution by Income Level	55,225	17.26	18.90	25.85	37.98	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	19,973	0.00	20.06	70.14	9.79	0.00
Median Family Income		54,798	Median Housing Value		141,389	
HUD Adjusted Median Family Income for 2011		74,000	Unemployment Rate (2000 US Census)		3.06%	
Households Below Poverty Level		9%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Washington Federal designated the Olympia as its AA, all 50 census tracts in Thurston County.

- 1 or 2 percent are low-income;
- 6 or 12 percent are moderate-income;
- 30 or 60 percent are middle-income;
- 12 or 24 are upper-income;
- 1 or 2 percent are not assigned an income classification.

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$75,000. About 10 percent of MSA households fall below the poverty level.

Banking competition is strong in the Olympia AA. According to FDIC information as of June 30, 2012, the five largest competitors are Olympia Federal Savings and Loan Association, Heritage Bank, KeyBank N.A., First Citizens Bank and Trust Company, and Bank of America, N.A. According to the same FDIC information, Washington Federal is ranked thirteen of 19 banks in the AA for market share of deposits with a 2.95 percent market share.

Olympia is the capital of Washington. Three years into its recovery, Olympia has made less progress than most metro areas in the West. Employment has vaulted higher over the last six months, but state and local government has supplied most of the gain. The major industries are state and local government, food and beverage, retail, farms, and healthcare. The major employers for the AA are State of Washington, St. Peter Hospital, Affiliated Computer Services Inc., Safeway, Lucky Eagle Casino, and Great Wolf Lodge.

According to the Bureau of Labor Statistics, the state unemployment rate was 7.5 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

In assessing the bank's performance, we conducted a community contact with a local community reinvestment organization. The community contact stated the need of this AA is affordable housing, foreclosure prevention counseling and first time homebuyer programs.

State of Washington

Tacoma MD (2000 census)

Demographic Information for Full Scope Area: Tacoma MD (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	158	3.16	18.99	56.96	20.25	0.63
Population by Geography	700,820	2.73	18.13	58.48	20.44	0.22
Owner-Occupied Housing by Geography	165,623	0.50	10.96	63.09	25.46	0.00
Business by Geography	65,382	1.60	18.88	56.75	22.77	0.00
Farms by Geography	1,571	0.89	12.29	62.38	24.44	0.00
Family Distribution by Income Level	181,466	18.66	18.89	23.23	39.22	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	68,136	5.23	26.44	56.09	12.24	0.00
Median Family Income		52,165	Median Housing Value		144,289	
HUD Adjusted Median Family Income for 2011		70,800	Unemployment Rate (2000 US Census)		3.09%	
Households Below Poverty Level		10%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Washington Federal designated the Tacoma as its AA, all 172 census tracts in Pierce County.

- 6 or 4 percent are low-income;
- 40 or 23 percent are moderate-income;
- 83 or 48 percent are middle-income;
- 43 or 25 are upper-income;

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$71,700. About 10 percent of MSA households fall below the poverty level.

Banking competition is intense in the Tacoma AA. According to FDIC information as of June 30, 2012, the five largest competitors include Columbia State Bank, Wells Fargo Bank, Bank of America, N.A., U.S. Bank, N.A., KeyBank N.A., and JP Morgan Chase. According to the same FDIC information, Washington Federal is ranked fourteen of 30 banks in the AA for market share of deposits with a 1.19 percent market share.

Tacoma is the 3rd largest city in the State of Washington. Tacoma's economy has narrowed its performance gap with the U.S. economy faster than expected. Although many segments of the economy show improvement, it is most noticeable in the labor market. The major industries are state and local government, military personnel, federal government, food and beverage, and healthcare. The major employers for the AA are Joint Base Lewis-McChord, Multicare Health System, Madigan Army Medical Center, Franciscan Health System, and Emerald Queen Casino.

According to the Bureau of Labor Statistics, the AA unemployment rate was 8.4 percent, the state unemployment rate was 7.5 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

In assessing the bank's performance, we conducted a community contact with a local community reinvestment organization. The community contact stated the need of this AA is affordable housing, foreclosure prevention counseling and first time homebuyer programs.

State of Arizona

Phoenix MSA AA (2000 census)

Demographic Information for Full Scope Area: Phoenix MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	696	6.18	28.59	34.20	30.17	0.86
Population by Geography	3,251,876	4.89	30.55	36.18	28.36	0.01
Owner-Occupied Housing by Geography	812,085	1.63	24.02	39.20	35.14	0.00
Business by Geography	487,206	3.46	19.49	32.55	44.42	0.08
Farms by Geography	8,503	2.15	23.70	35.73	38.39	0.04
Family Distribution by Income Level	814,264	19.62	18.79	21.81	39.78	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	312,744	7.38	44.00	34.86	13.76	0.00
Median Family Income		51,172	Median Housing Value		127,589	
HUD Adjusted Median Family Income for 2011		65,500	Unemployment Rate (2000 US Census)		2.35%	
Households Below Poverty Level		10%				

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

Source: 2000 US Census and 2011 HUD updated MFI

The Phoenix MSA consists of two counties, Maricopa and Pinal. Washington Federal designates all 991 census tracts in the MSA as the AA.

- 91 or 9 percent are low-income;
- 243 or 25 percent are moderate-income;
- 336 or 34 percent are middle-income;
- 311 or 31 are upper-income;
- 10 or 1 percent are not assigned an income classification.

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$66,400. About 11 percent of MSA households fall below the poverty level.

Banking competition is intense in the Phoenix AA. According to FDIC information as of June 30, 2012, the five largest competitors include Wells Fargo Bank, JP Morgan Chase Bank, N.A., Bank of America, N.A., BMO Harris Bank N.A., and Compass Bank. According to the same FDIC information, Washington Federal is ranked 13th of 63 banks in the Phoenix AA for market share of deposits with a 0.98 percent market share.

The Phoenix MSA is the 14th largest metro area in the country. Economic conditions have been stable over the past couple of years. Unemployment is still above historical levels prior to the recession but has been relatively stable. The community maintains a diverse mix of economic and demographic characteristics. The major industries are government, employment services, food and beverage, healthcare, and retail. The major employers for the AA are Banner Health System, Intel Corporation, US Airways, Boeing Company, and American Express.

According to the Bureau of Labor Statistics, the state unemployment rate was 9.8 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

In assessing the bank's performance, we reviewed a recent community contact with a local community development organization. The community contact indicated there was a need for small business lending to revitalize distressed areas and affordable housing for low- and moderate-income individuals. The contact also stated that more bank participation is needed to help small businesses secure loans.

State of Arizona

Prescott MSA AA (2000 census)

Demographic Information for Full Scope Area: Prescott MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	26	0.00	7.69	65.38	23.08	3.85
Population by Geography	167,517	0.00	4.22	77.74	18.04	0.00
Owner-Occupied Housing by Geography	51,519	0.00	2.46	76.79	20.76	0.00
Business by Geography	27,074	0.00	5.99	70.51	23.50	0.00
Farms by Geography	615	0.00	4.55	68.78	26.67	0.00
Family Distribution by Income Level	46,944	17.21	20.02	23.60	39.17	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	17,475	0.00	4.41	81.45	14.13	0.00
Median Family Income		40,888	Median Housing Value		121,506	
HUD Adjusted Median Family Income for 2011		56,900	Unemployment Rate (2000 US Census)		2.16%	
Households Below Poverty Level		11%				

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

The Prescott MSA consists of all of Yavapai County. Washington Federal designates all 42 census tracts as its AA.

- There are no low-income census tracts;
- 7 or 17 percent are moderate-income;
- 27 or 64 percent are middle-income;
- 8 or 19 are upper-income;

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$57,700. About 12 percent of MSA households fall below the poverty level.

Banking competition is strong in the Prescott AA. According to FDIC information as of June 30, 2012, the five largest competitors include Wells Fargo Bank, JP Morgan Chase Bank, N.A., National Bank of Arizona, Bank of America, N.A., and BMO Harris Bank N.A. According to the same FDIC information, Washington Federal is ranked 11th of 15 banks in the Phoenix AA for market share of deposits with a 1.7 percent market share.

The Prescott AA's economic conditions have started to stabilize after more than five years of a slump due to the economic crisis. Unemployment is still high and workers have continued to exit the labor. However, this is mostly due to the AA being a retirement community. The community has a large and stable healthcare base that provides support to the labor market. The major industries are state and local government, food and beverage, healthcare, retail, and federal government. The major employers for the AA are Yavapai Regional Medical Center, Veterans Affairs Medical Center, Yavapai College, Embry-Riddle Aeronautical University, and Yavapai Gaming Agency.

According to the Bureau of Labor Statistics, the AA unemployment rate was 8.6 percent, the state unemployment rate was 7.9 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

In assessing the bank's performance, we reviewed a recent community contact with a local community development organization. The community contact indicated there was a need for affordable housing for low- and moderate-income individuals and no fee checking accounts. There are opportunities for banks to provide financial literacy training to low- and moderate-income individuals.

State of Oregon

Non-MSA AA (2000 census)

Demographic Information for Full Scope Area: Non-MSA Oregon (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	121	0.00	11.57	71.07	17.36	0.00
Population by Geography	513,438	0.00	10.16	73.75	16.09	0.00
Owner-Occupied Housing by Geography	140,746	0.00	9.07	73.73	17.20	0.00
Business by Geography	59,782	0.00	10.06	71.78	18.16	0.00
Farms by Geography	3,831	0.00	8.20	71.26	20.54	0.00
Family Distribution by Income Level	142,682	19.34	18.56	22.69	39.41	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	54,078	0.00	13.49	75.08	11.43	0.00
Median Family Income		39,823	Median Housing Value		112,225	
HUD Adjusted Median Family Income for 2011		52,700	Unemployment Rate (2000 US Census)		3.85%	
Households Below Poverty Level		13%				

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

The Non-MSA is comprised of all 129 census tracts in Coos, Douglas, Hood River, Josephine, Klamath, Lincoln, Linn, Wasco, and Jefferson Counties in Oregon.

- 1 or 1 percent are low-income;
- 14 or 10 percent are moderate-income;
- 90 or 70 percent are middle-income;
- 22 or 17 are upper-income;
- 2 or 2 percent are not assigned an income classification.

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$53,400. About 15 percent of MSA households fall below the poverty level.

Banking competition is strong in the Non-MSA AA. According to FDIC information as of June 30, 2012, the five largest competitors include Umpqua Bank, U.S. Bank, N.A., Wells Fargo Bank, Sterling Savings Bank, South Valley Bank & Trust, and Bank of America, N.A. According to the same FDIC information, Washington Federal is ranked seventh of 22 banks in the Non-MSA AA for market share of deposits with a 4.51 percent market share.

Oregon's recovery has remained sluggish and has started to stall. The unemployment rate is second highest on the Pacific West. Local government has finally stopped bleeding jobs, and third quarter income growth ranked sixth fastest among all states, supporting consumer-driven industries. The State has a diverse economy with substantial international presence. The major industries are forest products, tourism, fishing and agriculture, and healthcare. The major employers for Oregon are Intel Corp, Providence Health Systems, Oregon Health & Science University, Fred Meyer, and Kaiser Permanente.

According to the Bureau of Labor Statistics, the state unemployment rate was 8.3 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

In assessing the bank's performance, we contacted a community contact with a local economic development organization. The identified need is affordable housing. The community contact said banks could assist with funding low- and moderate-income affordable housing projects.

State of Oregon

Salem MSA AA (2000 census)

Demographic Information for Full Scope Area: Salem MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	63	1.59	22.22	55.56	20.63	0.00
Population by Geography	347,214	0.98	21.38	56.75	20.89	0.00
Owner-Occupied Housing by Geography	79,735	0.09	14.36	59.70	25.85	0.00
Business by Geography	36,349	0.24	20.52	56.65	22.58	0.00
Farms by Geography	2,164	0.09	8.04	72.74	19.13	0.00
Family Distribution by Income Level	87,239	18.49	18.97	23.62	38.92	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	32,680	0.23	29.98	55.17	14.62	0.00
Median Family Income		46,995	Median Housing Value		132,390	
HUD Adjusted Median Family Income for 2011		59,200	Unemployment Rate (2000 US Census)		3.62%	
Households Below Poverty Level		11%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Washington Federal designated the entire Salem MSA as its AA, which consist of 50 census tracts in Marion and Polk Counties.

- 2 or 4 percent are low-income;
- 10 or 20 percent are moderate-income;
- 19 or 38 percent are middle-income;
- 18 or 36 are upper-income;
- 1 or 2 percent are not assigned an income classification.

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$68,700. About 13 percent of MSA households fall below the poverty level.

Banking competition is strong in the Salem AA. According to FDIC information as of June 30, 2012, the five largest competitors include U.S. Bank, N.A., Wells Fargo Bank, West Coast Bank, JP Morgan Chase Bank, N.A., and Umpqua Bank. According to the same FDIC information, Washington Federal is ranked seventh of 17 banks in the Salem AA for market share of deposits with a 5.90 percent market share.

The principal city in this AA is Salem, which is the capital of Oregon. Salem has joined the rest of Oregon in recovery due to improving state government finances. There is a stable employment base from state government. Foreclosures have fallen a lot but are expected to pick up again this year; short sales are also prevalent. The major industries are state and local government, farms, food and beverage,

fishing and hunting, and healthcare. The major employers for the AA are Salem Hospital, SuperMedia LLC, and Association of Salem Keizer Education Support

According to the Bureau of Labor Statistics, the AA unemployment rate was 5.6 percent, the state unemployment rate was 6.6 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

In assessing the bank's performance, we reviewed a recent community contact with a local community development organization. The community contact indicated performance has been strong for local financial institutions. The identified need was funding for loans to low- and moderate-income individual borrowers. We also contacted a local non-profit organization that provides affordable housing in the AA. The community contact said there was a need for financing for construction development and loan programs for low- and moderate-income individuals who would not normally qualify under the more stringent credit requirements.

State of Utah

Non-MSA AA (2000 census)

Demographic Information for Full Scope Area: Non-MSA Utah AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	0.00	16.67	50.00	16.67	16.67
Population by Geography	20,422	0.00	20.53	61.72	17.75	0.00
Owner-Occupied Housing by Geography	5,735	0.00	16.27	67.46	16.27	0.00
Business by Geography	2,086	0.00	26.75	58.77	14.48	0.00
Farms by Geography	39	0.00	17.95	66.67	15.38	0.00
Family Distribution by Income Level	5,424	19.54	18.46	21.70	40.30	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	2,061	0.00	23.92	62.64	13.44	0.00
Median Family Income		41,239	Median Housing Value		84,739	
HUD Adjusted Median Family Income for 2011		56,800	Unemployment Rate (2000 US Census)		4.14%	
Households Below Poverty Level		14%				

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

The Utah Non-MSA is comprised of all 5-census tracts in Carbon County.

- There are no low-income census tracts;
- 1 or 20 percent are moderate-income;
- 4 or 80 percent are middle-income;
- There are no upper-income census tracts.

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$57,500. About 13 percent of MSA households fall below the poverty level.

Banking competition is strong in the Non-MSA AA. According to FDIC information as of June 30, 2012, the five largest competitors include Zions First National Bank, Wells Fargo Bank, American West Bank, and Key Bank, N.A. According to the same FDIC information, Washington Federal is ranked fifth of 5 banks in the Non-MSA AA for market share of deposits with a 13.28 percent market share.

The AA is the second largest natural gas producer in Utah. Utah's recovery is gathering momentum as payroll growth over the past four months is outpacing that of all states except Hawaii. The AA has a stable skilled workforce. The major industries are mining, construction, manufacturing, transportation, and retail. The major employers for Utah are Hill Air Force Base, Intermountain Health Care Inc., University of Utah, Brigham Young University, and Walmart Stores.

According to the Bureau of Labor Statistics, the state unemployment rate was 8.3 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

In assessing the bank's performance, we contacted a community contact with a local affordable housing government agency. The community contact stated there was a need for affordable rental housing and financial education for low- and moderate-income individuals. The contact stated there is opportunity for banks to provide financial awareness to the unbanked low- and moderate-income individuals.

State of Utah

Salt Lake City MSA AA (2000 census)

Demographic Information for Full Scope Area: Salt Lake City MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	193	2.59	22.28	46.63	28.50	0.00
Population by Geography	898,387	0.85	23.55	48.82	26.78	0.00
Owner-Occupied Housing by Geography	203,690	0.21	17.40	51.86	30.53	0.00
Business by Geography	125,990	5.88	18.90	42.35	32.87	0.00
Farms by Geography	1,698	2.89	16.55	45.23	35.34	0.00
Family Distribution by Income Level	215,864	16.99	19.92	24.85	38.23	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	79,691	1.56	35.80	49.27	13.37	0.00
Median Family Income		54,586	Median Housing Value		165,698	
HUD Adjusted Median Family Income for 2011		70,400	Unemployment Rate (2000 US Census)		2.37%	
Households Below Poverty Level		8%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Washington Federal designated a part of the Salt Lake City MSA as its AA, 212 census tracts in Salt Lake County.

- 12 or 6 percent are low-income;
- 41 or 19 percent are moderate-income;
- 97 or 46 percent are middle-income;
- 60 or 28 are upper-income;
- 2 or 1 percent are not assigned an income classification.

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$71,300. About 9 percent of MSA households fall below the poverty level.

Banking competition is intense in the Salt Lake City AA. According to FDIC information as of June 30, 2012, the five largest competitors include Morgan Stanley Bank, Goldman Sachs Bank, Ally Bank, UBS Bank, and American Express Bank. According to the same FDIC information, Washington Federal is ranked twenty-sixth of 45 banks in the AA for market share of deposits with a 0.08 percent market share.

The Salt Lake City MSA is the 48th largest in the country. A self-sustaining expansion has taken hold in Salt Lake City, with construction, leisure/hospitality and professional services leading the way. Housing is providing a wide range of support; prices are up 14 percent from their post-crisis lows and foreclosure inventories are falling. The major industries are state and local government, trade, transportation, utilities, and professional and business services. The major employers for the AA are Intermountain Healthcare, University of Utah, University Hospitals, Associated Food Stores, and Walmart.

According to the Bureau of Labor Statistics, the AA unemployment rate was 5.5 percent, the state unemployment rate was 8.3 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

In assessing the bank's performance, we reviewed a recent community contact with a local community reinvestment organization. The community contact stated the need of this AA is affordable housing. The community contact there is a need to help low- and moderate-income individuals establish credit and banking relationships. There is a need for programs that help low-income and moderate-income obtain financing for home purchases. The contact stated due to the stricter underwriting guidelines most low- and moderate-income individuals are not able to qualify for mortgages.

State of Idaho

Boise MSA AA (2000 census)

Demographic Information for Full Scope Area: Boise MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	72	2.78	22.22	47.22	27.78	0.00
Population by Geography	432,345	1.62	20.15	45.69	32.54	0.00
Owner-Occupied Housing by Geography	113,143	0.83	16.08	47.08	36.02	0.00
Business by Geography	64,477	0.75	20.53	40.78	37.95	0.00
Farms by Geography	2,439	0.33	16.15	57.61	25.91	0.00
Family Distribution by Income Level	112,389	17.21	18.82	23.69	40.29	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	40,488	2.78	28.34	49.21	19.67	0.00
Median Family Income		48,340	Median Housing Value		116,269	
HUD Adjusted Median Family Income for 2011		62,100	Unemployment Rate (2000 US Census)		2.34%	
Households Below Poverty Level		9%				

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

Washington Federal designated a part of the Boise MSA as its AA. The Boise AA consists of all of Ada and Canyon counties. The AA contains 88 census tracts.

- 2 or 2 percent are low-income census tracts;
- 27 or 31 percent are moderate-income;
- 36 or 41 percent are middle-income;
- 23 or 26 are upper-income

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$62,900. About 11 percent of MSA households fall below the poverty level.

Banking competition is strong in the Boise AA. According to FDIC information as of June 30, 2012, the five largest competitors include Wells Fargo Bank, U.S. Bank, N.A., Key Bank, N.A., Bank of America, N.A., and Zion's First National Bank. According to the same FDIC information, Washington Federal is ranked 5th of 22 banks in the Boise AA for market share of deposits with a 5.05 percent market share.

The Boise AA's is the largest MSA in Idaho. The economy is showing signs of fatigue but recovery is well entrenched. The major industries are state and local government, food and beverage, healthcare, retail, and manufacturing. The major employers for the AA are St Luke's Health System, Walmart Stores, Mountain Home Air Force Base, Micron Technology, and St. Alphonso Regional Medical Center.

According to the Bureau of Labor Statistics, the AA unemployment rate was 8.6 percent, the state unemployment rate was 7.9 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

In assessing the bank's performance, we reviewed a recent community contact with a local economic development organization. The contact indicated that the local economy is steady and that unemployment rates have decreased slightly. The contact stated that financial institutions are meeting the credit needs of the community. The community contact identified the need for affordable housing in the community; however, the contact indicated that he believes banks are willing to assist with this need.

State of Idaho

Idaho Falls MSA AA (2000 census)

Demographic Information for Full Scope Area: Idaho Falls MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	26	0.00	11.54	69.23	19.23	0.00
Population by Geography	101,677	0.00	13.54	66.55	19.91	0.00
Owner-Occupied Housing by Geography	26,475	0.00	10.92	67.32	21.76	0.00
Business by Geography	14,503	0.00	15.82	61.96	22.22	0.00
Farms by Geography	753	0.00	5.05	79.95	15.01	0.00
Family Distribution by Income Level	26,384	18.07	18.91	23.84	39.18	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	9,758	0.00	20.54	68.62	10.84	0.00
Median Family Income		46,692	Median Housing Value		93,007	
HUD Adjusted Median Family Income for 2011		60,300	Unemployment Rate (2000 US Census)		2.35%	
Households Below Poverty Level		10%				

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

Source: 2000 US Census and 2011 HUD updated MFI

The Idaho Falls MSA consists of all 25 census tracts in Bonneville and Jefferson counties.

- There are no low-income;
- 5 or 20 percent are moderate-income;
- 14 or 56 percent are middle-income;
- 6 or 24 percent are upper-income.

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$61,200. About 11 percent of MSA households fall below the poverty level.

Banking competition is intense in the Phoenix AA. According to FDIC information as of June 30, 2012, the five largest competitors include The Bank of Commerce, Wells Fargo Bank, N.A., Zion's First National Bank, U.S. Bank, N.A., and Bank of Idaho. According to the same FDIC information, Washington Federal is ranked ninth of 11 banks in the Phoenix AA for market share of deposits with a 2.91 percent market share.

The Idaho Falls MSA is the second largest metro area in the state. Idaho Falls is underperforming the state and nation as a stagnant labor market. However, the economy is showing signs of recovery. The major industries are government, food and beverage, farms, healthcare, and retail. The major employers for the AA are Battelle Energy Alliance, CH2M-WG Idaho LLC, Eastern Idaho Regional Medical Center, Melaleuca Inc., Basic American Foods Inc., and Bechtel BWXT Idaho.

According to the Bureau of Labor Statistics, the AA's unemployment rate was 6.0 percent, the state unemployment rate was 6.3 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

State of New Mexico

Non-MSA AA (2000 census)

Demographic Information for Full Scope Area: Non-MSA New Mexico AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	66	3.03	19.70	53.03	22.73	1.52
Population by Geography	287,890	1.32	21.77	53.27	23.64	0.00
Owner-Occupied Housing by Geography	73,541	0.87	18.00	52.72	28.41	0.00
Business by Geography	20,208	0.07	10.19	57.72	32.00	0.01
Farms by Geography	806	0.00	8.19	70.47	21.22	0.12
Family Distribution by Income Level	75,014	21.69	15.73	19.03	43.55	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	28,070	2.23	28.54	55.90	13.32	0.00
Median Family Income		33,667	Median Housing Value		72,051	
HUD Adjusted Median Family Income for 2011		47,100	Unemployment Rate (2000 US Census)		3.76%	
Households Below Poverty Level		20%				

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

Source: 2000 US Census and 2011 HUD updated MFI

The Non-MSA is comprised of 50 census tracts in Chaves, Eddy, Lincoln, McKinley, Otero, San Juan, and Los Alamos Counties in New Mexico.

- 2 or 3 percent are low-income;
- 18 or 26 percent are moderate-income;
- 29 or 41 percent are middle-income;
- 21 or 30 are upper-income.

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$47,700. About 8 percent of MSA households fall below the poverty level.

Banking competition is strong in the Non-MSA AA. According to FDIC information as of June 30, 2012, the five largest competitors include Los Alamos National Bank, Wells Fargo Bank, The Citizens Bank, Pioneer Bank, and First America Bank. According to the same FDIC information, Washington Federal is ranked sixth of 27 banks in the Non-MSA AA for market share of deposits with a 6.07 percent market share.

New Mexico's recovery has stalled, and the state is at serious risk of falling back into recession. However, the AA has been experiencing growth particularly in Lincoln County. The AA is a retirement community and is 2nd home to most of the residents there. The economy is based largely on tourism. The major industries are government, tourism, hospitality, and healthcare. The major employers for the AA are Lincoln County Hospital, Walmart, and Ruidoso Downs Racetrack.

According to the Bureau of Labor Statistics, the state unemployment rate was 6.6 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

In assessing the bank's performance, we contacted a community contact with a local economic development organization. The community contact indicated performance has been strong for local financial institutions. The identified need affordable housing, in particular affordable rental property. The employees of the local tourist and hospitality industry come for seasonal work but move due to the lack of affordable housing. The community contact said banks could assist with funding low- and moderate-income affordable housing projects.

State of New Mexico

Santa Fe MSA AA (2000 census)

Demographic Information for Full Scope Area: Santa Fe MSA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	40	2.50	22.50	32.50	35.00	7.50
Population by Geography	129,292	1.40	29.81	35.71	33.08	0.00
Owner-Occupied Housing by Geography	35,977	0.84	24.88	36.23	38.05	0.00
Business by Geography	20,994	1.78	17.57	28.60	52.06	0.00
Farms by Geography	402	1.49	15.17	36.32	47.01	0.00
Family Distribution by Income Level	33,000	22.01	17.85	18.89	41.25	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	13,151	1.81	42.93	34.94	20.32	0.00
Median Family Income		50,000	Median Housing Value		196,766	
HUD Adjusted Median Family Income for 2011		67,800	Unemployment Rate (2000 US Census)		2.48%	
Households Below Poverty Level		12%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Washington Federal designates the entire MSA as its AA, which consist of 50 census tracts in Santa Fe County.

- 2 or 4 percent are low-income;
- 10 or 20 percent are moderate-income;
- 19 or 38 percent are middle-income;
- 18 or 36 are upper-income;
- 1 or 2 percent are not assigned an income classification.

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$68,700. About 13 percent of MSA households fall below the poverty level.

Banking competition is strong in the Santa Fe AA. According to FDIC information as of June 30, 2012, the five largest competitors include The First National Bank of Santa Fe, Los Alamos National Bank, Wells Fargo Bank, Century Bank, and Bank of America, N.A. According to the same FDIC information, Washington Federal is ranked 10th of 11 banks in the Santa Fe AA for market share of deposits with a 1.52 percent market share.

The Santa Fe is the capital of New Mexico and is the fourth largest city area in the state. Economic conditions have been stable over the past couple of years. Unemployment is still above historical levels prior to the recession but has been relatively stable. The economy is based largely on tourism and state government. The major industries are government, tourism, food and beverage, healthcare, and family services. The major employers for the AA are St. Vincent's Hospital, Santa Fe Community College, Peters Corp., Hilton Santa Fe Golf Resort and Spa, and the Santa Fe Opera.

According to the Bureau of Labor Statistics, the AA unemployment rate was 5.6 percent, the state unemployment rate was 6.6 percent, and the national unemployment rate was 7.8 percent as of December 31, 2012.

In assessing the bank's performance, we reviewed a recent community contact with a local community development organization. The community contact indicated performance has been strong for local financial institutions. The identified need was funding for loans to low- and moderate-income individual borrowers. We also contacted a local non-profit organization that provides affordable housing in the AA. The community contact said there was a need for financing for construction development and loan programs for low- and moderate-income individuals who wouldn't normally qualify under the more stringent credit requirements.

State of Texas

Dallas MSA AA (2000 census)

Demographic Information for Full Scope Area: Dallas MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	628	9.87	29.14	30.10	30.25	0.64
Population by Geography	3,143,550	8.22	27.51	32.05	32.22	0.00
Owner-Occupied Housing by Geography	652,192	2.80	19.87	33.85	43.49	0.00
Business by Geography	494,826	3.50	18.96	30.99	45.37	1.18
Farms by Geography	7,987	2.49	16.38	39.45	41.27	0.41
Family Distribution by Income Level	783,520	21.32	17.79	20.00	40.89	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	306,418	14.40	39.65	31.82	14.13	0.00
Median Family Income		56,313	Median Housing Value		123,699	
HUD Adjusted Median Family Income for 2011		69,600	Unemployment Rate (2000 US		2.55%	
Households Below Poverty Level		10%	Census)			

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

Source: 2000 US Census and 2011 HUD updated MFI

Washington Federal delineated 818 census tracts in Dallas, Collin, and Denton counties in the Dallas MSA.

- 110 or 14 percent are low-income;
- 204 or 24 percent are moderate-income;
- 205 or 25 percent are middle-income;
- 296 or 36 percent are upper-income;
- 3 or 1 percent are not assigned an income classification.

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$70,600. Approximately 12 percent of households are below the poverty level.

The U.S. Census Bureau lists the Dallas MSA is the largest metropolitan area in the South, and the 6th largest city in the nation. The current local economy is characterized as strong and expanding. Economic activity is relatively diverse, with government, employment services, food and beverage, technology, and medical sectors the primary economic activities. Major employers for the Dallas AA are Walmart Stores Inc., Bank of America, Carlson Restaurants Worldwide, Texas Health Resources, and AT&T. The Bureau of Labor Statistics reports the local unemployment rate at 6.8 percent as of December 31, 2012, higher than the state unemployment rate of 6.2 percent, but lower than the national unemployment rate of 7.8 percent.

According to FDIC information as of June 30, 2012, Washington Federal had a 0.07 percent deposit market share, ranking 74th among 128 institutions in the AA. Banking competition is intense in the

Dallas AA. FDIC reports the five largest competitors include Bank of America, JPMorgan Chase Bank, Wells Fargo Bank, Compass Bank, and Texas Capital Bank, National Association.

In assessing the bank's performance, we reviewed a recent community contact with a consulting organization that provides services to nonprofit and for profit organizations in the community development sector. The contact indicated there is a need to create credit worthy programs to enable more businesses and non-profits to access credit to alleviate strict credit procedures currently utilized. The contact also stated there is a need for more flexibility by banks in working through foreclosures and delinquencies, and to provide financial education to individuals who have experienced foreclosure.

State of Nevada

Las Vegas MSA AA (2000 census)

Demographic Information for Full Scope Area: Las Vegas MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	345	2.03	22.61	42.61	31.59	1.16
Population by Geography	1,375,765	2.05	27.84	41.73	28.38	0.00
Owner-Occupied Housing by Geography	302,842	0.39	16.32	44.57	38.72	0.00
Business by Geography	142,264	2.24	17.24	37.56	42.56	0.41
Farms by Geography	1,902	0.84	13.93	41.64	43.48	0.11
Family Distribution by Income Level	342,405	18.69	18.74	23.47	39.10	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	128,150	3.04	40.22	40.59	16.15	0.00
Median Family Income		50,504	Median Housing Value		127,982	
HUD Adjusted Median Family Income for 2011		63,400	Unemployment Rate (2000 US Census)		3.25%	
Households Below Poverty Level		10%				

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

Washington Federal delineated the entire Las Vegas MSA as the Las Vegas AA. The MSA contains 487 census tracts.

- 5.7 percent are low-income;
- 23.2 percent moderate-income;
- 41.3 percent middle-income;
- 29.8 percent upper-income.

The 2012 FFIEC Estimated MSA/MD Median Family Income is \$64,300. Ten percent of MSA households fall below the poverty level.

The Las Vegas MSA suffered major economic decline pursuant to the real estate crisis of the last decade. The hospitality, gaming, and construction industries, leading employers that drive the local economy, were severely impacted as housing market declined, both locally and nationally. The area experienced high foreclosure rates from job losses and strategic defaults as property values declined significantly below mortgage loan balances. The local economy is characterized as recovering but employment and homebuilding remain far below prerecession levels.

Major employers include the Clark County School District, Clark County, Wynn Las Vegas LLC, Bellagio LLC, and MGM Grand Hotel Casino. The Bureau of Labor Statistics reports the local unemployment rate at 11.2 percent as of December 31, 2012, substantially higher than the state unemployment rate of 9.8 percent, and national unemployment rate of 7.8 percent.

As of June 30, 2012, Washington Federal had a 0.6 percent deposit market share, ranking 14th among 40 institutions in the AA. Banking competition is intense in the Las Vegas AA. According

to FDIC information as of June 30, 2012, the five largest competitors include Bank of America, Wells Fargo Bank, Citibank, Beal Bank USA, and Nevada State Bank.

In assessing the bank's performance, we updated a recent community contact with an organization that provides affordable housing, financial education, and neighborhood revitalization. The contact indicated there is a need for credit availability from banks, and assistance with obtaining credit for individuals who have derogatory credit due to foreclosures. The contact also said that local banks need to focus on home purchase loans. Banks have focused on the high volume of foreclosures in the area, and foreclosure associated lending. Lending should reflect the housing market recover that has started. The contact said there are opportunities for banks to assist with financing of home rehabilitation loans for low- and moderate-income homeowners, who have older homes that need revitalization.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and Percent Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

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

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

- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.

- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.
- Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

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

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

Tables of Performance Data

Table 1. Lending Volume

LENDING VOLUME												
Geography: WASHINGTON												
Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011												
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:												
Olympia MSA (2000 census)	4.70	192	55,435	0	0	0	0	3	3,335	192	55,435	1.98
Seattle-Bellevue-Everett MD (2000 census)	53.26	2,176	854,579	0	0	0	0	51	29,724	2,176	854,579	71.06
Tacoma MD (2000 census)	9.32	381	127,268	0	0	0	0	14	7,685	381	127,268	0.00
Limited Review:												
Bellingham AA (2000 census)	5.29	216	60,070	0	0	0	0	11	11,495	216	60,070	8.66
Bremerton-Silverdale MD (2000 census)	6.09	249	88,577	0	0	0	0	4	1,852	249	88,577	0.00
Mount Vernon MSA (2000 census)	7.61	311	76,617	0	0	0	0	3	1,910	311	76,617	8.27
Non-MSA Washington (2000 census)	13.73	561	153,337	0	0	0	0	6	3,532	561	153,337	5.48
Yakima MSA (2000 census)	0.00	0	0	0	0	0	0	4	109	0	0	0.00

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

** The evaluation period for Community Development Loans is from January 01, 2009 to December 31, 2011.

*** Deposit Data as of August 28, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE														Geography: WASHINGTON		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*								
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp					
Full Review:																			
Olympia MSA (2000 census)	127	4.62	0.00	0.00	12.34	16.54	68.09	62.20	19.57	21.26	0.00	8.67	72.44	18.89					
Seattle-Bellevue-Everett MD (2000 census)	1,498	54.49	0.49	0.93	15.58	13.68	55.45	52.00	28.48	33.38	0.88	16.43	54.84	27.86					
Tacoma MD (2000 census)	269	9.79	0.50	0.37	10.96	5.20	63.09	57.25	25.46	37.17	0.51	8.92	64.96	25.61					
Limited Review:																			
Bellingham AA (2000 census)	151	5.49	0.00	0.00	8.83	4.64	71.28	79.47	19.90	15.89	0.00	8.55	69.87	21.58					
Bremerton-Silverdale MD (2000 census)	168	6.11	1.75	1.19	9.31	2.38	69.62	51.79	19.32	44.64	2.88	10.59	69.22	17.30					
Mount Vernon MSA (2000 census)	192	6.98	0.00	0.00	9.11	11.98	71.16	66.67	19.73	21.35	0.00	6.85	77.62	15.52					
Non-MSA Washington (2000 census)	344	12.51	0.00	0.00	4.84	1.16	67.93	55.81	27.23	43.02	0.00	4.28	60.72	35.01					
Yakima MSA (2000 census)	0	0.00	1.43	0.00	22.04	0.00	38.95	0.00	37.58	0.00	0.85	14.58	37.58	46.99					

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT														Geography: WASHINGTON				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*										
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp							
Full Review:																					
Olympia MSA (2000 census)	5	2.84	0.00	0.00	12.34	0.00	68.09	40.00	19.57	60.00	0.00	7.58	70.14	22.27							
Seattle-Bellevue-Everett MD (2000 census)	99	56.25	0.49	0.00	15.58	9.09	55.45	59.60	28.48	31.31	0.58	10.99	54.75	33.69							
Tacoma MD (2000 census)	13	7.39	0.50	0.00	10.96	0.00	63.09	61.54	25.46	38.46	0.16	8.06	59.03	32.74							
Limited Review:																					
Bellingham AA (2000 census)	3	1.70	0.00	0.00	8.83	0.00	71.28	100.00	19.90	0.00	0.00	7.61	68.24	24.15							
Bremerton-Silverdale MD (2000 census)	6	3.41	1.75	0.00	9.31	0.00	69.62	83.33	19.32	16.67	1.41	7.89	72.96	17.75							
Mount Vernon MSA (2000 census)	11	6.25	0.00	0.00	9.11	0.00	71.16	81.82	19.73	18.18	0.00	6.84	67.52	25.64							
Non-MSA Washington (2000 census)	39	22.16	0.00	0.00	4.84	5.13	67.93	53.85	27.23	41.03	0.00	2.65	58.20	39.15							
Yakima MSA (2000 census)	0	0.00	1.43	0.00	22.04	0.00	38.95	0.00	37.58	0.00	1.20	15.14	34.66	49.00							

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: WASHINGTON				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				Aggregate HMDA Lending (%) by Tract Income*			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies					
	#	% 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
Full Review:														
Olympia MSA (2000 census)	56	5.17	0.00	0.00	12.34	12.50	68.09	55.36	19.57	32.14	0.00	9.43	67.89	22.68
Seattle-Bellevue-Everett MD (2000 census)	536	49.49	0.49	0.37	15.58	11.19	55.45	49.44	28.48	38.99	0.50	10.95	52.30	36.25
Tacoma MD (2000 census)	86	7.94	0.50	0.00	10.96	9.30	63.09	66.28	25.46	24.42	0.41	7.33	61.10	31.17
Limited Review:														
Bellingham AA (2000 census)	52	4.80	0.00	0.00	8.83	28.85	71.28	61.54	19.90	9.62	0.00	8.85	68.69	22.46
Bremerton-Silverdale MD (2000 census)	73	6.74	1.75	1.37	9.31	2.74	69.62	54.79	19.32	41.10	1.55	7.11	69.07	22.27
Mount Vernon MSA (2000 census)	105	9.70	0.00	0.00	9.11	6.67	71.16	65.71	19.73	27.62	0.00	7.25	68.89	23.85
Non-MSA Washington (2000 census)	175	16.16	0.00	0.00	4.84	2.29	67.93	46.29	27.23	51.43	0.00	3.17	57.87	38.96
Yakima MSA (2000 census)	0	0.00	1.43	0.00	22.04	0.00	38.95	0.00	37.58	0.00	0.77	11.52	36.10	51.61

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: WASHINGTON				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Aggregate HMDA Lending (%) by Tract Income*			
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans***	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans					
Full Review:															
Olympia MSA (2000 census)	4	5.13	0.00	0.00	31.69	50.00	66.41	50.00	1.90	0.00	0.00	20.00	80.00	0.00	
Seattle-Bellevue-Everett MD (2000 census)	43	55.13	3.72	6.98	36.96	32.56	43.29	44.19	16.04	16.28	4.61	41.47	39.86	14.06	
Tacoma MD (2000 census)	13	16.67	8.47	7.69	29.99	46.15	52.41	46.15	9.13	0.00	12.50	35.58	35.58	16.35	
Limited Review:															
Bellingham AA (2000 census)	10	12.82	0.00	0.00	27.18	60.00	62.25	10.00	10.58	30.00	0.00	24.44	66.67	8.89	
Bremerton-Silverdale MD (2000 census)	2	2.56	9.25	50.00	28.01	0.00	54.98	50.00	7.76	0.00	6.25	37.50	50.00	6.25	
Mount Vernon MSA (2000 census)	3	3.85	0.00	0.00	13.16	0.00	84.67	100.00	2.16	0.00	0.00	33.33	58.33	8.33	
Non-MSA Washington (2000 census)	3	3.85	0.00	0.00	13.77	33.33	79.82	66.67	6.41	0.00	0.00	4.55	86.36	9.09	
Yakima MSA (2000 census)	0	0.00	15.70	0.00	38.09	0.00	29.23	0.00	16.99	0.00	16.67	41.67	8.33	33.33	

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: WASHINGTON					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Olympia MSA (2000 census)	127	4.62	17.26	4.20	18.90	11.76	25.85	26.05	37.98	57.98	7.71	29.29	32.89	30.11
Seattle-Bellevue-Everett MD (2000 census)	1,498	54.49	18.50	11.53	18.70	14.37	24.54	17.99	38.26	56.11	11.59	25.07	26.39	36.95
Tacoma MD (2000 census)	269	9.79	18.66	3.42	18.89	9.51	23.23	20.53	39.22	66.54	8.91	31.03	29.74	30.32
Limited Review:														
Bellingham AA (2000 census)	151	5.49	18.16	3.50	18.66	10.49	23.94	25.17	39.24	60.84	6.72	23.57	29.33	40.38
Bremerton-Silverdale MD (2000 census)	168	6.11	17.45	1.81	19.02	8.43	24.52	13.86	39.02	75.90	7.01	30.25	28.82	33.93
Mount Vernon MSA (2000 census)	192	6.98	18.11	1.69	18.93	13.48	23.36	26.97	39.60	57.87	7.51	24.30	28.30	39.89
Non-MSA Washington (2000 census)	344	12.51	16.11	1.54	17.57	10.15	23.17	16.92	43.15	71.38	5.57	21.58	27.59	45.27
Yakima MSA (2000 census)	0	0.00	20.45	0.00	18.68	0.00	20.51	0.00	40.36	0.00	7.66	20.64	28.76	42.94

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 4.2% of loans originated and purchased by BANK.

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

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: WASHINGTON					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families ²	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Olympia MSA (2000 census)	5	2.84	17.26	20.00	18.90	0.00	25.85	40.00	37.98	40.00	11.92	21.76	27.46	38.86
Seattle-Bellevue-Everett MD (2000 census)	99	56.25	18.50	6.19	18.70	15.46	24.54	21.65	38.26	56.70	8.38	17.69	28.89	45.04
Tacoma MD (2000 census)	13	7.39	18.66	0.00	18.89	8.33	23.23	16.67	39.22	75.00	8.97	21.90	27.59	41.55
Limited Review:														
Bellingham AA (2000 census)	3	1.70	18.16	0.00	18.66	0.00	23.94	33.33	39.24	66.67	7.57	17.30	32.97	42.16
Bremerton-Silverdale MD (2000 census)	6	3.41	17.45	0.00	19.02	0.00	24.52	0.00	39.02	100.00	7.85	19.64	28.70	43.81
Mount Vernon MSA (2000 census)	11	6.25	18.11	18.18	18.93	27.27	23.36	18.18	39.60	36.36	7.08	15.93	25.66	51.33
Non-MSA Washington (2000 census)	39	22.16	16.11	0.00	17.57	7.89	23.17	23.68	43.15	68.42	6.44	14.01	28.29	51.26
Yakima MSA (2000 census)	0	0.00	20.45	0.00	18.68	0.00	20.51	0.00	40.36	0.00	5.81	15.77	20.33	58.09

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 2.3% of loans originated and purchased by BANK.

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

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE				Geography: WASHINGTON				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families ³	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Olympia MSA (2000 census)	56	5.17	17.26	0.00	18.90	10.42	25.85	22.92	37.98	66.67	6.49	18.77	30.21	44.53
Seattle-Bellevue-Everett MD (2000 census)	536	49.49	18.50	7.47	18.70	15.91	24.54	17.68	38.26	58.94	6.34	15.50	26.24	51.93
Tacoma MD (2000 census)	86	7.94	18.66	10.13	18.89	7.59	23.23	11.39	39.22	70.89	5.95	17.22	27.55	49.29
Limited Review:														
Bellingham AA (2000 census)	52	4.80	18.16	12.50	18.66	21.88	23.94	9.38	39.24	56.25	6.02	17.24	27.60	49.15
Bremerton-Silverdale MD (2000 census)	73	6.74	17.45	8.57	19.02	10.00	24.52	15.71	39.02	65.71	7.02	16.25	28.35	48.38
Mount Vernon MSA (2000 census)	105	9.70	18.11	3.09	18.93	12.37	23.36	31.96	39.60	52.58	6.42	14.07	28.90	50.61
Non-MSA Washington (2000 census)	175	16.16	16.11	4.79	17.57	6.59	23.17	22.16	43.15	66.47	4.17	12.82	23.43	59.58
Yakima MSA (2000 census)	0	0.00	20.45	0.00	18.68	0.00	20.51	0.00	40.36	0.00	4.88	12.13	23.50	59.49

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 7.5% of loans originated and purchased by BANK.

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

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: WASHINGTON				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$	#	\$	#	\$	% of Total	#	\$
Full Review:									
Olympia MSA (2000 census)	0	0	1	908,381	1	908,381	10.71	0	0
Seattle-Bellevue-Everett MD (2000 census)	3	5,340,000	29	9,614,111	32	14,954,111	17.64	0	0
Tacoma MD (2000 census)	0	0	1	307,396	1	307,396	3.62	0	0
Limited Review:									
Bellingham AA (2000 census)	0	0	7	1,834,668	7	1,834,668	2.16	0	0
Bremerton-Silverdale MD (2000 census)	0	0	0	0	0	0	0.00	0	0
Mount Vernon MSA (2000 census)	0	0	4	11,907,396	4	11,907,396	14.05	0	0
Non-MSA Washington (2000 census)	0	0	1	1,000	1	1,000	.0018	0	0
Yakima MSA (2000 census)	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: WASHINGTON				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Olympia MSA (2000 census)	0.00	2	3.1	0.00	100.00	0.00	0.00	0	0	0	0	0	0	0.00	15.50	68.02	16.48
Seattle-Bellevue-Everett MD (2000 census)	0.00	38	60.9	5.26	28.95	34.21	0.00	0	0	0	0	0	0	1.93	21.89	52.39	23.79
Tacoma MD (2000 census)	0.00	4	6.3	8.33	58.33	25.00	8.33	0	0	0	0	0	0	2.73	18.13	58.48	20.44
Limited Review:																	
Bellingham AA (2000 census)	0.00	7	10.9	14.29	14.29	71.43	0.00	0	0	0	0	0	0	0.00	13.44	70.37	16.19
Bremerton-Silverdale MD (2000 census)	0.00	2	3.1	0.00	0.00	50.00	50.00	0	0	0	0	0	0	3.15	16.39	63.80	16.66
Mount Vernon MSA (2000 census)	0.00	6	9.4	0.00	33.33	66.67	0.00	0	0	0	0	0	0	0.00	9.71	74.25	16.04
Non-MSA Washington (2000 census)	0.00	0	6.3	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.00	8.00	67.86	24.15
Yakima MSA (2000 census)	0.00	1	0.00	0.00	0.00	0.00	100.00	1	0	0	0	0	1	3.68	29.57	38.98	27.77

Bellingham AA (2000 census)

Demographic Information for Limited Scope Area: Bellingham AA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	27	0.00	11.11	77.78	11.11	0.00
Population by Geography	166,814	0.00	13.44	70.37	16.19	0.00
Owner-Occupied Housing by Geography	40,871	0.00	8.83	71.28	19.90	0.00
Business by Geography	21,817	0.00	11.60	73.15	15.25	0.00
Farms by Geography	1,155	0.00	5.71	88.05	6.23	0.00
Family Distribution by Income Level	41,330	18.16	18.66	23.94	39.24	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	15,217	0.00	15.65	73.58	10.78	0.00
Median Family Income		49,342	Median Housing Value		150,671	
HUD Adjusted Median Family Income for 2011		66,800	Unemployment Rate (2000 US Census)		3.86%	
Households Below Poverty Level		14%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Yakima MSA (2000 census)

Demographic Information for Limited Scope Area: Yakima MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	34	5.88	29.41	41.18	23.53	0.00
Population by Geography	222,581	3.68	29.57	38.98	27.77	0.00
Owner-Occupied Housing by Geography	47,687	1.43	22.04	38.95	37.58	0.00
Business by Geography	15,401	8.36	21.82	36.97	32.86	0.00
Farms by Geography	1,786	1.18	10.25	67.86	20.72	0.00
Family Distribution by Income Level	54,921	20.45	18.68	20.51	40.36	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	21,487	5.14	39.40	37.96	17.50	0.00
Median Family Income	39,764	Median Housing Value	105,549			
HUD Adjusted Median Family Income for 2011	50,500	Unemployment Rate (2000 US Census)	4.96%			
Households Below Poverty Level	16%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Tacoma MD (2000 census)

Demographic Information for Full Scope Area: Tacoma MD (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	158	3.16	18.99	56.96	20.25	0.63
Population by Geography	700,820	2.73	18.13	58.48	20.44	0.22
Owner-Occupied Housing by Geography	165,623	0.50	10.96	63.09	25.46	0.00
Business by Geography	65,382	1.60	18.88	56.75	22.77	0.00
Farms by Geography	1,571	0.89	12.29	62.38	24.44	0.00
Family Distribution by Income Level	181,466	18.66	18.89	23.23	39.22	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	68,136	5.23	26.44	56.09	12.24	0.00
Median Family Income	52,165	Median Housing Value		144,289		
HUD Adjusted Median Family Income for 2011	70,800	Unemployment Rate (2000 US Census)		3.09%		
Households Below Poverty Level	10%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Seattle-Bellevue-Everett MD (2000 census)

Demographic Information for Full Scope Area: Seattle-Bellevue-Everett MD (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	506	2.17	20.75	52.96	24.11	0.00
Population by Geography	2,343,058	1.93	21.89	52.39	23.79	0.00
Owner-Occupied Housing by Geography	577,775	0.49	15.58	55.45	28.48	0.00
Business by Geography	288,917	2.15	21.37	48.65	27.84	0.00
Farms by Geography	5,658	0.92	16.54	59.03	23.51	0.00
Family Distribution by Income Level	582,505	18.50	18.70	24.54	38.26	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	216,658	2.61	31.49	51.85	14.06	0.00
Median Family Income	63,951	Median Housing Value		228,785		
HUD Adjusted Median Family Income for 2011	86,800	Unemployment Rate (2000 US Census)		2.54%		
Households Below Poverty Level	8%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Olympia MSA (2000 census)

Demographic Information for Full Scope Area: Olympia MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	34	0.00	14.71	64.71	20.59	0.00
Population by Geography	207,355	0.00	15.50	68.02	16.48	0.00
Owner-Occupied Housing by Geography	54,364	0.00	12.34	68.09	19.57	0.00
Business by Geography	23,616	0.00	19.87	64.73	15.40	0.00
Farms by Geography	862	0.00	17.87	65.31	16.82	0.00
Family Distribution by Income Level	55,225	17.26	18.90	25.85	37.98	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	19,973	0.00	20.06	70.14	9.79	0.00
Median Family Income	54,798	Median Housing Value		141,389		
HUD Adjusted Median Family Income for 2011	74,000	Unemployment Rate (2000 US Census)		3.06%		
Households Below Poverty Level	9%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Non-MSA Washington (2000 census)

Demographic Information for Limited Scope Area: Non-MSA Washington (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	88	0.00	11.36	67.05	21.59	0.00
Population by Geography	294,118	0.00	8.00	67.86	24.15	0.00
Owner-Occupied Housing by Geography	86,617	0.00	4.84	67.93	27.23	0.00
Business by Geography	33,773	0.00	6.76	68.48	24.76	0.00
Farms by Geography	1,797	0.00	4.34	71.95	23.71	0.00
Family Distribution by Income Level	82,135	16.11	17.57	23.17	43.15	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	27,669	0.00	11.78	70.17	18.05	0.00
Median Family Income		42,367	Median Housing Value		146,590	
HUD Adjusted Median Family Income for 2011		56,600	Unemployment Rate (2000 US Census)		3.09%	
Households Below Poverty Level		11%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Mount Vernon MSA (2000 census)

Demographic Information for Limited Scope Area: Mount Vernon MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	27	0.00	14.81	70.37	14.81	0.00
Population by Geography	102,979	0.00	9.71	74.25	16.04	0.00
Owner-Occupied Housing by Geography	27,087	0.00	9.11	71.16	19.73	0.00
Business by Geography	11,567	0.00	15.02	68.86	16.12	0.00
Farms by Geography	608	0.00	7.40	62.66	29.93	0.00
Family Distribution by Income Level	27,410	18.11	18.93	23.36	39.60	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	10,151	0.00	12.46	75.66	11.88	0.00
Median Family Income	48,407	Median Housing Value		156,945		
HUD Adjusted Median Family Income for 2011	65,000	Unemployment Rate (2000 US Census)		3.30%		
Households Below Poverty Level	10%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Bremerton-Silverdale MD (2000 census)

Demographic Information for Limited Scope Area: Bremerton-Silverdale MD (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	51	3.92	17.65	62.75	15.69	0.00
Population by Geography	231,969	3.15	16.39	63.80	16.66	0.00
Owner-Occupied Housing by Geography	58,252	1.75	9.31	69.62	19.32	0.00
Business by Geography	22,649	3.88	9.73	62.08	24.31	0.00
Farms by Geography	720	2.22	5.00	66.94	25.83	0.00
Family Distribution by Income Level	61,518	17.45	19.02	24.52	39.02	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	22,433	5.18	23.02	62.07	9.73	0.00
Median Family Income	53,655	Median Housing Value		159,727		
HUD Adjusted Median Family Income for 2011	74,500	Unemployment Rate (2000 US Census)		2.71%		
Households Below Poverty Level	8%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Table 1. Lending Volume

LENDING VOLUME		GEOGRAPHY: ARIZONA				EVALUATION PERIOD: JANUARY 1, 2009 TO DECEMBER 31, 2011						
ASSESSMENT AREA (2011):	% OF RATED AREA LOANS (#) IN MA/AA*	HOME MORTGAGE		SMALL LOANS TO BUSINESSES		SMALL LOANS TO FARMS		COMMUNITY DEVELOPMENT LOANS**		TOTAL REPORTED LOANS		% OF RATED AREA DEPOSITS IN MA/AA***
		#	\$ (000'S)	#	\$ (000'S)	#	\$ (000'S)	#	\$ (000'S)	#	\$ (000'S)	
Full Review:												
Phoenix MSA AA 2000 Census	63.61	806	182,433	0	0	0	0	20	15,382	806	182,433	51.08
Prescott MSA AA 2000 Census	3.00	38	8,260	0	0	0	0	0	0	38	8,260	2.65
Limited Review:												
Tucson MSA AA 2000 Census	33.39	423	121,258	0	0	0	0	8	8,154	423	121,258	46.27

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

** The evaluation period for Community Development Loans is from January 01, 2009 to December 31, 2011.

*** Deposit Data as of September 03, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE														Geography: ARIZONA		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011										
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*															
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp												
Full Review:																										
Phoenix MSA AA 2000 Census	637	66.15	1.63	0.16	24.02	18.84	39.20	42.23	35.14	38.78	0.44	16.39	43.98	39.19												
Prescott MSA AA 2000 Census	33	3.43	0.00	0.00	2.46	0.00	76.79	45.45	20.76	54.55	0.00	1.06	75.17	23.77												
Limited Review:																										
Tucson MSA AA 2000 Census	293	30.43	2.25	0.34	24.74	7.51	36.40	32.76	36.61	59.39	1.72	17.87	36.13	44.28												

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT														Geography: ARIZONA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*										
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp							
Full Review:																					
Phoenix MSA AA 2000 Census	6	24.00	1.63	0.00	24.02	33.33	39.20	33.33	35.14	33.33	1.06	13.59	36.87	48.48							
Prescott MSA AA 2000 Census	0	0.00	0.00	0.00	2.46	0.00	76.79	0.00	20.76	0.00	0.00	3.75	73.75	22.50							
Limited Review:																					
Tucson MSA AA 2000 Census	19	76.00	2.25	0.00	24.74	15.79	36.40	26.32	36.61	57.89	6.69	14.62	29.70	48.99							

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: ARIZONA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Phoenix MSA AA 2000 Census	151	57.85	1.63	1.99	24.02	13.25	39.20	31.79	35.14	52.98	0.35	9.31	33.69	56.65
Prescott MSA AA 2000 Census	5	1.92	0.00	0.00	2.46	0.00	76.79	40.00	20.76	60.00	0.00	1.08	70.68	28.24
Limited Review:														
Tucson MSA AA 2000 Census	105	40.23	2.25	1.90	24.74	7.62	36.40	24.76	36.61	65.71	0.51	11.00	28.54	59.94

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY														Geography: ARIZONA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*										
	#	% of Total**	% of MF Units***	% BANK Loans*** *	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp							
Full Review:																					
Phoenix MSA AA 2000 Census	12	66.67	6.87	16.67	41.48	75.00	36.08	8.33	15.57	0.00	4.60	48.28	28.74	18.39							
Prescott MSA AA 2000 Census	0	0.00	0.00	0.00	13.37	0.00	66.24	0.00	20.39	0.00	0.00	0.00	100.00	0.00							
Limited Review:																					
Tucson MSA AA 2000 Census	6	33.33	5.05	0.00	38.28	50.00	38.41	16.67	18.26	33.33	4.55	45.45	34.09	15.91							

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE														Geography: ARIZONA		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*								
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁴	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp					
Full Review:																			
Phoenix MSA AA 2000 Census	637	66.15	19.62	7.27	18.79	10.50	21.81	13.41	39.78	68.82	14.32	24.07	21.44	40.17					
Prescott MSA AA 2000 Census	33	3.43	17.21	0.00	20.02	27.27	23.60	12.12	39.17	60.61	9.71	22.61	21.68	46.00					
Limited Review:																			
Tucson MSA AA 2000 Census	293	30.43	20.12	5.28	18.51	11.62	21.13	13.38	40.24	69.72	12.95	23.85	25.02	38.18					

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 2.8% of loans originated and purchased by BANK.

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

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: ARIZONA					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁵	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Phoenix MSA AA 2000 Census	6	24.00	19.62	16.67	18.79	0.00	21.81	16.67	39.78	66.67	9.74	18.66	23.79	47.81
Prescott MSA AA 2000 Census	0	0.00	17.21	0.00	20.02	0.00	23.60	0.00	39.17	0.00	7.58	24.24	22.73	45.45
Limited Review:														
Tucson MSA AA 2000 Census	19	76.00	20.12	6.25	18.51	6.25	21.13	31.25	40.24	56.25	7.31	20.13	25.81	46.75

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 12.0% of loans originated and purchased by BANK.

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

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE														Geography: ARIZONA		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*								
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁶	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp			
Full Review:																			
Phoenix MSA AA 2000 Census	151	57.85	19.62	6.45	18.79	6.45	21.81	6.45	39.78	80.65	8.11	15.02	20.38	56.49					
Prescott MSA AA 2000 Census	5	1.92	17.21	0.00	20.02	20.00	23.60	0.00	39.17	80.00	8.14	18.21	23.00	50.65					
Limited Review:																			
Tucson MSA AA 2000 Census	105	40.23	20.12	10.75	18.51	10.75	21.13	9.68	40.24	68.82	7.53	14.51	21.06	56.91					

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 14.9% of loans originated and purchased by BANK.

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

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
			Geography: ARIZONA		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$	#	\$	#	\$	% of Total	#	\$
Full Review:									
Phoenix MSA AA 2000 Census	0	0	6	7,195,291	6	7,195,291	8.49	0	0
Prescott MSA AA 2000 Census	0	0	0	0	0	0	0.00	0	0
Limited Review:									
Tucson MSA AA 2000 Census	0	0	2	2,445,362	2	2,445,362	2.88	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, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Phoenix MSA AA 2000 Census	51.08	14	60.9	0.00	28.57	28.57	42.86	0	0	0	0	0	0	4.89	30.55	36.18	28.36
Prescott MSA AA 2000 Census	2.65	1	4.3	0.00	0.00	100.0	0.00	0	0	0	0	0	0	0.00	4.22	77.74	18.04
Limited Review:																	
Tucson MSA AA 2000 Census	46.27	8	34.8	12.50	25.00	50.00	12.50	0	0	0	0	0	0	4.41	33.94	33.03	28.62

Phoenix MSA AA 2000 Census

Demographic Information for Full Scope Area: Phoenix MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	696	6.18	28.59	34.20	30.17	0.86
Population by Geography	3,251,876	4.89	30.55	36.18	28.36	0.01
Owner-Occupied Housing by Geography	812,085	1.63	24.02	39.20	35.14	0.00
Business by Geography	487,206	3.46	19.49	32.55	44.42	0.08
Farms by Geography	8,503	2.15	23.70	35.73	38.39	0.04
Family Distribution by Income Level	814,264	19.62	18.79	21.81	39.78	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	312,744	7.38	44.00	34.86	13.76	0.00
Median Family Income	51,172	Median Housing Value	127,589			
HUD Adjusted Median Family Income for 2011	65,500	Unemployment Rate (2000 US Census)	2.35%			
Households Below Poverty Level	10%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Tucson MSA AA 2000 Census

Demographic Information for Limited Scope Area: Tucson MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	198	5.05	30.81	32.32	31.82	0.00
Population by Geography	843,746	4.41	33.94	33.03	28.62	0.00
Owner-Occupied Housing by Geography	213,620	2.25	24.74	36.40	36.61	0.00
Business by Geography	89,209	3.07	24.95	33.33	38.65	0.00
Farms by Geography	1,634	2.45	24.42	35.01	38.13	0.00
Family Distribution by Income Level	213,704	20.12	18.51	21.13	40.24	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	82,551	7.13	45.94	32.53	14.40	0.00
Median Family Income	44,466	Median Housing Value		111,290		
HUD Adjusted Median Family Income for 2011	59,600	Unemployment Rate (2000 US Census)		2.48%		
Households Below Poverty Level	13%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Prescott MSA AA 2000 Census

Demographic Information for Full Scope Area: Prescott MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	26	0.00	7.69	65.38	23.08	3.85
Population by Geography	167,517	0.00	4.22	77.74	18.04	0.00
Owner-Occupied Housing by Geography	51,519	0.00	2.46	76.79	20.76	0.00
Business by Geography	27,074	0.00	5.99	70.51	23.50	0.00
Farms by Geography	615	0.00	4.55	68.78	26.67	0.00
Family Distribution by Income Level	46,944	17.21	20.02	23.60	39.17	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	17,475	0.00	4.41	81.45	14.13	0.00
Median Family Income	40,888	Median Housing Value		121,506		
HUD Adjusted Median Family Income for 2011	56,900	Unemployment Rate (2000 US Census)		2.16%		
Households Below Poverty Level	11%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Table 1. Lending Volume

LENDING VOLUME		GEOGRAPHY: OREGON				EVALUATION PERIOD: JANUARY 1, 2009 TO DECEMBER 31, 2011						
ASSESSMENT AREA (2011):	% OF RATED AREA LOANS (#) IN MA/AA*	HOME MORTGAGE		SMALL LOANS TO BUSINESSES		SMALL LOANS TO FARMS		COMMUNITY DEVELOPMENT LOANS**		TOTAL REPORTED LOANS		% OF RATED AREA DEPOSITS IN MA/AA***
		#	\$ (000'S)	#	\$ (000'S)	#	\$ (000'S)	#	\$ (000'S)	#	\$(000'S)	
Full Review:												
Non-MSA Oregon (2000 census)	11.35	147	33,098	0	0	0	0	1	365	147	33,098	22.61
Portland MSA (2000 census)	47.10	610	301,524	0	0	0	0	103	75,486	610	301,524	32.78
Salem MSA (2000 census)	10.12	131	47,776	0	0	0	0	15	10,452	131	47,776	18.63
Limited Review:												
Bend MSA (2000 census)	12.82	166	49,760	0	0	0	0	0	0	166	49,760	6.69
Corvallis MSA (2000 census)	6.02	78	24,084	0	0	0	0	1	1,050	78	24,084	6.41
Eugene MSA (2000 census)	8.34	108	41,577	0	0	0	0	6	6,523	108	41,577	10.69
Medford MSA (2000 census)	4.25	55	18,058	0	0	0	0	4	3,924	55	18,058	2.20

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

** The evaluation period for Community Development Loans is from January 01, 2009 to December 31, 2011.

*** Deposit Data as of August 28, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE														Geography: OREGON		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*								
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp					
Full Review:																			
Non-MSA Oregon (2000 census)	105	11.81	0.00	0.00	9.07	4.76	73.73	70.48	17.20	24.76	0.00	8.56	74.09	17.35					
Portland MSA (2000 census)	414	46.57	0.73	0.24	15.70	5.56	54.45	36.47	29.12	57.73	0.87	16.35	51.23	31.55					
Salem MSA (2000 census)	77	8.66	0.09	0.00	14.36	1.30	59.70	62.34	25.85	36.36	0.08	13.50	55.24	31.18					
Limited Review:																			
Bend MSA (2000 census)	135	15.19	0.00	0.00	18.64	14.81	48.92	33.33	32.44	51.85	0.00	16.01	48.89	35.10					
Corvallis MSA (2000 census)	58	6.52	0.00	0.00	26.55	8.62	28.42	29.31	45.02	62.07	0.00	25.50	20.67	53.83					
Eugene MSA (2000 census)	67	7.54	0.53	0.00	10.64	16.42	65.10	56.72	23.73	26.87	0.44	9.99	63.28	26.29					
Medford MSA (2000 census)	33	3.71	0.31	0.00	15.60	12.12	56.76	42.42	27.33	45.45	0.29	16.73	57.04	25.93					

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: OREGON					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Non-MSA Oregon (2000 census)	5	19.23	0.00	0.00	9.07	0.00	73.73	60.00	17.20	40.00	0.00	5.95	75.00	19.05
Portland MSA (2000 census)	6	23.08	0.73	0.00	15.70	16.67	54.45	33.33	29.12	50.00	1.02	13.36	52.49	33.13
Salem MSA (2000 census)	4	15.38	0.09	0.00	14.36	0.00	59.70	75.00	25.85	25.00	0.00	15.18	55.80	29.02
Limited Review:														
Bend MSA (2000 census)	2	7.69	0.00	0.00	18.64	0.00	48.92	50.00	32.44	50.00	0.00	22.22	41.27	36.51
Corvallis MSA (2000 census)	5	19.23	0.00	0.00	26.55	20.00	28.42	60.00	45.02	20.00	0.00	23.64	20.00	56.36
Eugene MSA (2000 census)	2	7.69	0.53	0.00	10.64	50.00	65.10	50.00	23.73	0.00	0.00	12.92	63.16	23.92
Medford MSA (2000 census)	2	7.69	0.31	0.00	15.60	0.00	56.76	50.00	27.33	50.00	0.00	20.75	51.89	27.36

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: OREGON				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Non-MSA Oregon (2000 census)	35	14.71	0.00	0.00	9.07	5.71	73.73	80.00	17.20	14.29	0.00	7.32	72.08	20.61
Portland MSA (2000 census)	87	36.55	0.73	1.15	15.70	8.05	54.45	34.48	29.12	56.32	0.68	12.61	49.81	36.90
Salem MSA (2000 census)	31	13.03	0.09	0.00	14.36	9.68	59.70	61.29	25.85	29.03	0.10	11.58	56.42	31.91
Limited Review:														
Bend MSA (2000 census)	28	11.76	0.00	0.00	18.64	25.00	48.92	32.14	32.44	42.86	0.00	12.74	41.05	46.21
Corvallis MSA (2000 census)	13	5.46	0.00	0.00	26.55	15.38	28.42	30.77	45.02	53.85	0.00	22.45	25.49	52.06
Eugene MSA (2000 census)	29	12.18	0.53	0.00	10.64	10.34	65.10	65.52	23.73	24.14	0.48	8.29	61.95	29.29
Medford MSA (2000 census)	15	6.30	0.31	0.00	15.60	13.33	56.76	53.33	27.33	33.33	0.15	12.17	51.41	36.27

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: OREGON					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans**	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Non-MSA Oregon (2000 census)	2	1.41	0.00	0.00	14.50	0.00	72.26	100.00	13.24	0.00	0.00	4.00	80.00	16.00
Portland MSA (2000 census)	103	72.54	3.47	7.77	35.11	34.95	43.00	48.54	18.42	8.74	4.78	40.90	42.39	11.94
Salem MSA (2000 census)	19	13.38	0.46	0.00	40.27	31.58	41.61	57.89	17.66	10.53	0.00	32.14	53.57	14.29
Limited Review:														
Bend MSA (2000 census)	1	0.70	0.00	0.00	27.32	0.00	57.45	0.00	15.23	100.00	0.00	42.86	14.29	42.86
Corvallis MSA (2000 census)	2	1.41	0.00	0.00	69.50	100.00	11.08	0.00	19.41	0.00	0.00	92.31	0.00	7.69
Eugene MSA (2000 census)	10	7.04	14.02	20.00	28.02	20.00	42.14	50.00	15.82	10.00	36.36	25.00	27.27	11.36
Medford MSA (2000 census)	5	3.52	4.18	0.00	38.22	40.00	32.71	20.00	24.89	40.00	0.00	76.47	17.65	5.88

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: OREGON					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁷	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Non-MSA Oregon (2000 census)	105	11.81	19.34	1.02	18.56	10.20	22.69	27.55	39.41	61.22	7.74	23.45	28.61	40.19
Portland MSA (2000 census)	414	46.57	18.28	3.50	19.13	4.00	23.50	7.75	39.08	84.75	8.89	26.65	25.89	38.56
Salem MSA (2000 census)	77	8.66	18.49	5.56	18.97	12.50	23.62	19.44	38.92	62.50	9.03	28.49	28.89	33.58
Limited Review:														
Bend MSA (2000 census)	135	15.19	17.37	4.92	20.54	10.66	22.66	16.39	39.43	68.03	11.17	21.76	21.06	46.00
Corvallis MSA (2000 census)	58	6.52	19.62	7.55	18.42	15.09	22.30	11.32	39.65	66.04	5.81	19.86	30.20	44.13
Eugene MSA (2000 census)	67	7.54	19.02	1.59	18.57	15.87	22.91	19.05	39.49	63.49	7.38	22.89	29.85	39.88
Medford MSA (2000 census)	33	3.71	19.34	3.45	18.89	10.34	21.45	13.79	40.32	72.41	9.00	25.19	26.87	38.94

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 5.8% of loans originated and purchased by BANK.

⁷ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT														Geography: OREGON				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*										
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁸	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp							
Full Review:																					
Non-MSA Oregon (2000 census)	5	19.23	19.34	0.00	18.56	20.00	22.69	0.00	39.41	80.00	7.74	21.94	27.10	43.23							
Portland MSA (2000 census)	6	23.08	18.28	0.00	19.13	0.00	23.50	0.00	39.08	100.00	7.98	20.13	27.22	44.67							
Salem MSA (2000 census)	4	15.38	18.49	0.00	18.97	25.00	23.62	0.00	38.92	75.00	7.48	18.22	26.17	48.13							
Limited Review:																					
Bend MSA (2000 census)	2	7.69	17.37	0.00	20.54	0.00	22.66	0.00	39.43	100.00	12.50	12.50	21.43	53.57							
Corvallis MSA (2000 census)	5	19.23	19.62	0.00	18.42	80.00	22.30	0.00	39.65	20.00	5.56	24.07	12.96	57.41							
Eugene MSA (2000 census)	2	7.69	19.02	0.00	18.57	0.00	22.91	0.00	39.49	100.00	8.63	25.38	23.35	42.64							
Medford MSA (2000 census)	2	7.69	19.34	0.00	18.89	0.00	21.45	0.00	40.32	100.00	8.25	20.62	25.77	45.36							

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 3.8% of loans originated and purchased by BANK.

⁸ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE														Geography: OREGON		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*								
	#	% of Total**	% Families***	% BANK Loans****	% Families ⁹	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp					
Full Review:																			
Non-MSA Oregon (2000 census)	35	14.71	19.34	3.57	18.56	28.57	22.69	25.00	39.41	42.86	5.97	15.67	24.83	53.53					
Portland MSA (2000 census)	87	36.55	18.28	2.33	19.13	5.81	23.50	9.30	39.08	82.56	6.53	17.68	26.03	49.76					
Salem MSA (2000 census)	31	13.03	18.49	8.00	18.97	16.00	23.62	28.00	38.92	48.00	5.67	17.63	28.72	47.98					
Limited Review:																			
Bend MSA (2000 census)	28	11.76	17.37	0.00	20.54	6.67	22.66	6.67	39.43	86.67	5.73	16.77	20.62	56.88					
Corvallis MSA (2000 census)	13	5.46	19.62	8.33	18.42	16.67	22.30	8.33	39.65	66.67	6.44	16.12	29.06	48.37					
Eugene MSA (2000 census)	29	12.18	19.02	4.35	18.57	8.70	22.91	26.09	39.49	60.87	5.84	17.55	27.75	48.86					
Medford MSA (2000 census)	15	6.30	19.34	7.69	18.89	15.38	21.45	30.77	40.32	46.15	6.88	17.55	23.56	52.01					

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 15.1% of loans originated and purchased by BANK.

⁹ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
			Geography: OREGON		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$	#	\$	#	\$	% of Total	#	\$
Full Review:									
Non-MSA Oregon (2000 census)	2	1,401,621	0	31,863	5	1,433,484	1.69	0	0
Portland MSA (2000 census)	2	2,600,000	6	10,807,842	8	13,407,842	15.82	0	0
Salem MSA (2000 census)	0	0	1	3,000	1	3,000	0.003	0	0
Limited Review:									
Bend MSA (2000 census)	2	2,932,618	5	6,325,366	7	9,257,984	10.92	0	0
Corvallis MSA (2000 census)	0	0	0	0	0	0.00	0.00	0	0
Eugene MSA (2000 census)	0	0	2	2,433,856	2	2,433,856	2.87	0	0
Medford MSA (2000 census)	0	0	0	0	0	0.00	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, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Non-MSA Oregon (2000 census)	0.00	4	35.0	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.00	10.16	73.75	16.09
Portland MSA (2000 census)	0.00	8	100	0.00	0.00	50.00	50.00	0	0	0	0	0	0	1.62	21.40	52.47	24.51
Salem MSA (2000 census)	0.00	5	25.0	0.00	40.00	40.00	20.00	0	0	0	0	0	0	0.98	21.38	56.75	20.89
Limited Review:																	
Bend MSA (2000 census)	0.00	3	15.0	0.00	80.00	20.00	0.00	0	0	0	0	0	0	0.00	21.19	49.23	29.58
Corvallis MSA (2000 census)	0.00	1	5.00	0.00	100	0.00	0.00	0	0	0	0	0	0	0.00	43.47	23.14	33.39
Eugene MSA (2000 census)	0.00	3	15.0	33.33	66.67	0.00	0.00	0	0	0	0	0	0	2.90	14.69	61.85	20.56
Medford MSA (2000 census)	0.00	1	5.0	20.00	60.00	20.00	0.00	0	0	0	0	0	0	1.16	22.53	52.66	23.65

Bend MSA (2000 census)

Demographic Information for Limited Scope Area: Bend MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	21	0.00	23.81	42.86	33.33	0.00
Population by Geography	115,367	0.00	21.19	49.23	29.58	0.00
Owner-Occupied Housing by Geography	32,967	0.00	18.64	48.92	32.44	0.00
Business by Geography	25,141	0.00	20.66	44.06	35.28	0.00
Farms by Geography	876	0.00	13.70	48.86	37.44	0.00
Family Distribution by Income Level	32,228	17.37	20.54	22.66	39.43	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	12,217	0.00	29.73	48.20	22.08	0.00
Median Family Income		48,200	Median Housing Value		142,900	
HUD Adjusted Median Family Income for 2011		65,500	Unemployment Rate (2000 US Census)		2.63%	
Households Below Poverty Level		9%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Salem MSA (2000 census)

Demographic Information for Full Scope Area: Salem MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	63	1.59	22.22	55.56	20.63	0.00
Population by Geography	347,214	0.98	21.38	56.75	20.89	0.00
Owner-Occupied Housing by Geography	79,735	0.09	14.36	59.70	25.85	0.00
Business by Geography	36,349	0.24	20.52	56.65	22.58	0.00
Farms by Geography	2,164	0.09	8.04	72.74	19.13	0.00
Family Distribution by Income Level	87,239	18.49	18.97	23.62	38.92	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	32,680	0.23	29.98	55.17	14.62	0.00
Median Family Income	46,995	Median Housing Value		132,390		
HUD Adjusted Median Family Income for 2011	59,200	Unemployment Rate (2000 US Census)		3.62%		
Households Below Poverty Level	11%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Portland MSA (2000 census)

Demographic Information for Full Scope Area: Portland MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	411	2.92	22.87	50.12	24.09	0.00
Population by Geography	1,874,449	1.62	21.40	52.47	24.51	0.00
Owner-Occupied Housing by Geography	453,893	0.73	15.70	54.45	29.12	0.00
Business by Geography	265,963	3.94	19.63	46.75	29.68	0.00
Farms by Geography	6,676	1.74	10.56	61.95	25.75	0.00
Family Distribution by Income Level	474,249	18.28	19.13	23.50	39.08	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	177,449	2.52	29.16	53.58	14.75	0.00
Median Family Income		55,453	Median Housing Value		178,080	
HUD Adjusted Median Family Income for 2011		72,000	Unemployment Rate (2000 US Census)		3.01%	
Households Below Poverty Level		9%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Non-MSA Oregon (2000 census)

Demographic Information for Full Scope Area: Non-MSA Oregon (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	121	0.00	11.57	71.07	17.36	0.00
Population by Geography	513,438	0.00	10.16	73.75	16.09	0.00
Owner-Occupied Housing by Geography	140,746	0.00	9.07	73.73	17.20	0.00
Business by Geography	59,782	0.00	10.06	71.78	18.16	0.00
Farms by Geography	3,831	0.00	8.20	71.26	20.54	0.00
Family Distribution by Income Level	142,682	19.34	18.56	22.69	39.41	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	54,078	0.00	13.49	75.08	11.43	0.00
Median Family Income	39,823	Median Housing Value		112,225		
HUD Adjusted Median Family Income for 2011	52,700	Unemployment Rate (2000 US Census)		3.85%		
Households Below Poverty Level	13%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Medford MSA (2000 census)

Demographic Information for Limited Scope Area: Medford MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	36	2.78	25.00	44.44	27.78	0.00
Population by Geography	181,269	1.16	22.53	52.66	23.65	0.00
Owner-Occupied Housing by Geography	47,574	0.31	15.60	56.76	27.33	0.00
Business by Geography	25,556	5.09	21.11	49.48	24.32	0.00
Farms by Geography	1,088	1.93	14.34	59.01	24.72	0.00
Family Distribution by Income Level	48,758	19.34	18.89	21.45	40.32	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	18,641	1.90	28.30	54.14	15.65	0.00
Median Family Income	43,836	Median Housing Value	135,081			
HUD Adjusted Median Family Income for 2011	57,700	Unemployment Rate (2000 US Census)	3.53%			
Households Below Poverty Level	12%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Eugene MSA (2000 census)

Demographic Information for Limited Scope Area: Eugene MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	78	2.56	15.38	61.54	20.51	0.00
Population by Geography	322,959	2.90	14.69	61.85	20.56	0.00
Owner-Occupied Housing by Geography	81,208	0.53	10.64	65.10	23.73	0.00
Business by Geography	38,841	4.10	16.15	57.63	22.12	0.00
Farms by Geography	1,418	1.34	8.25	70.59	19.82	0.00
Family Distribution by Income Level	82,869	19.02	18.57	22.91	39.49	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	31,153	2.26	19.90	63.66	14.19	0.00
Median Family Income	45,100	Median Housing Value		139,455		
HUD Adjusted Median Family Income for 2011	58,400	Unemployment Rate (2000 US Census)		3.28%		
Households Below Poverty Level	14%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Corvallis MSA (2000 census)

Demographic Information for Limited Scope Area: Corvallis MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	19	0.00	47.37	26.32	26.32	0.00
Population by Geography	78,153	0.00	43.47	23.14	33.39	0.00
Owner-Occupied Housing by Geography	17,267	0.00	26.55	28.42	45.02	0.00
Business by Geography	9,665	0.00	41.84	23.27	34.89	0.00
Farms by Geography	512	0.00	20.90	53.52	25.59	0.00
Family Distribution by Income Level	18,446	19.62	18.42	22.30	39.65	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	7,018	0.00	49.62	25.83	24.55	0.00
Median Family Income	56,736	Median Housing Value		161,837		
HUD Adjusted Median Family Income for 2011	73,200	Unemployment Rate (2000 US Census)		2.52%		
Households Below Poverty Level	15%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Table 1. Lending Volume

LENDING VOLUME												
Geography: UTAH												
Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011												
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Non-MSA Utah AA 2000 Census	7.62	49	9,712	0	0	0	0	0	0	49	9,712	8.32
Salt Lake City MSA AA 2000 Census	65.01	418	126,488	0	0	0	0	44	25,083	418	126,488	71.80
Limited Review:												
Logan MSA AA 2000 Census	9.95	64	12,038	0	0	0	0	2	22	64	12,038	16.80
Ogden MSA AA 2000 Census	17.42	112	33,559	0	0	0	0	4	1,671	112	33,559	3.09

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

** The evaluation period for Community Development Loans is from January 01, 2009 to December 31, 2011.

*** Deposit Data as of September 03, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE														Geography: UTAH		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011											
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*																
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp													
Full Review:																											
Non-MSA Utah AA 2000 Census	40	9.11	0.00	0.00	16.27	7.50	67.46	57.50	16.27	35.00	0.00	18.83	59.09	22.08													
Salt Lake City MSA AA 2000 Census	280	63.78	0.21	3.93	17.40	13.57	51.86	43.57	30.53	38.93	0.71	15.63	55.80	27.86													
Limited Review:																											
Logan MSA AA 2000 Census	42	9.57	0.31	0.00	20.62	14.29	42.42	35.71	36.65	50.00	0.06	23.95	39.24	36.75													
Ogden MSA AA 2000 Census	77	17.54	0.84	1.30	13.51	7.79	59.46	53.25	26.19	37.66	0.80	12.57	63.38	23.25													

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT														Geography: UTAH		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*												
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp									
Full Review:																							
Non-MSA Utah AA 2000 Census	1	4.00	0.00	0.00	16.27	0.00	67.46	100.00	16.27	0.00	0.00	9.38	65.63	25.00									
Salt Lake City MSA AA 2000 Census	20	80.00	0.21	5.00	17.40	10.00	51.86	15.00	30.53	70.00	0.24	12.47	49.05	38.24									
Limited Review:																							
Logan MSA AA 2000 Census	1	4.00	0.31	0.00	20.62	0.00	42.42	100.00	36.65	0.00	0.00	11.11	45.56	43.33									
Ogden MSA AA 2000 Census	3	12.00	0.84	0.00	13.51	0.00	59.46	66.67	26.19	33.33	0.40	7.59	62.45	29.56									

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: UTAH				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Non-MSA Utah AA 2000 Census	8	5.33	0.00	0.00	16.27	50.00	67.46	50.00	16.27	0.00	0.00	11.49	64.19	24.32
Salt Lake City MSA AA 2000 Census	90	60.00	0.21	3.33	17.40	17.78	51.86	31.11	30.53	47.78	0.27	12.42	50.57	36.73
Limited Review:														
Logan MSA AA 2000 Census	21	14.00	0.31	0.00	20.62	28.57	42.42	14.29	36.65	57.14	0.15	15.31	41.53	43.01
Ogden MSA AA 2000 Census	31	20.67	0.84	0.00	13.51	3.23	59.46	74.19	26.19	22.58	0.28	8.19	61.44	30.09

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: UTAH					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans**	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Non-MSA Utah AA 2000 Census	0	0.00	0.00	0.00	43.83	0.00	37.04	0.00	19.14	0.00	0.00	0.00	0.00	0.00
Salt Lake City MSA AA 2000 Census	28	96.55	3.33	0.00	52.40	75.00	38.12	25.00	6.15	0.00	6.45	41.94	35.48	16.13
Limited Review:														
Logan MSA AA 2000 Census	0	0.00	25.11	0.00	67.14	0.00	5.77	0.00	1.98	0.00	0.00	33.33	66.67	0.00
Ogden MSA AA 2000 Census	1	3.45	10.09	0.00	37.76	0.00	43.01	100.00	9.14	0.00	14.29	28.57	28.57	28.57

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 6a. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES														Geography: UTAH		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*								
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Low	Mod	Mid	Upp					
Full Review:																			
Non-MSA Utah AA 2000 Census	0	0.00	0.00	0.00	26.75	0.00	58.77	0.00	14.48	0.00	0.00	27.72	61.75	10.53					
Salt Lake City MSA AA 2000 Census	0	0.00	5.88	0.00	18.90	0.00	42.35	0.00	32.87	0.00	8.08	21.04	38.72	32.16					
Limited Review:																			
Logan MSA AA 2000 Census	0	0.00	1.32	0.00	28.22	0.00	36.27	0.00	34.20	0.00	0.27	30.63	38.04	31.06					
Ogden MSA AA 2000 Census	0	0.00	3.62	0.00	13.55	0.00	54.21	0.00	28.62	0.00	5.40	13.80	49.16	31.64					

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

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

*** Source Data - Dun and Bradstreet (2011).

Table 7a. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS														Geography: UTAH		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011								
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*													
	#	% of Total**	% of Farms** *	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Low	Mod	Mid	Upp										
Full Review:																								
Non-MSA Utah AA 2000 Census	0	0.00	0.00	0.00	17.95	0.00	66.67	0.00	15.38	0.00	0.00	20.00	70.00	10.00										
Salt Lake City MSA AA 2000 Census	0	0.00	2.89	0.00	16.55	0.00	45.23	0.00	35.34	0.00	13.21	7.55	45.28	33.96										
Limited Review:																								
Logan MSA AA 2000 Census	0	0.00	0.00	0.00	12.70	0.00	56.97	0.00	30.33	0.00	0.00	2.04	75.51	22.45										
Ogden MSA AA 2000 Census	0	0.00	2.41	0.00	10.05	0.00	61.96	0.00	25.58	0.00	0.00	7.32	68.29	24.39										

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

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

*** Source Data - Dun and Bradstreet (2011).

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: UTAH				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*				
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹⁰	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp	
Full Review:															
Non-MSA Utah AA 2000 Census	40	9.11	19.54	2.50	18.46	7.50	21.70	22.50	40.30	67.50	10.04	32.97	31.90	25.09	
Salt Lake City MSA AA 2000 Census	280	63.78	16.99	7.61	19.92	13.77	24.85	22.83	38.23	55.80	17.26	30.37	23.50	28.87	
Limited Review:															
Logan MSA AA 2000 Census	42	9.57	17.17	14.63	20.15	17.07	23.47	17.07	39.21	51.22	10.84	34.29	27.57	27.30	
Ogden MSA AA 2000 Census	77	17.54	15.92	6.49	20.34	15.58	25.67	14.29	38.07	63.64	19.10	32.87	24.12	23.91	

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 1.1% of loans originated and purchased by BANK.

¹⁰ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT														Geography: UTAH		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011											
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*																
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹¹	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp													
Full Review:																											
Non-MSA Utah AA 2000 Census	1	4.00	19.54	0.00	18.46	0.00	21.70	0.00	40.30	100.00	6.25	21.88	21.88	50.00													
Salt Lake City MSA AA 2000 Census	20	80.00	16.99	15.00	19.92	5.00	24.85	10.00	38.23	70.00	10.17	22.21	30.89	36.72													
Limited Review:																											
Logan MSA AA 2000 Census	1	4.00	17.17	0.00	20.15	0.00	23.47	100.00	39.21	0.00	11.36	13.64	34.09	40.91													
Ogden MSA AA 2000 Census	3	12.00	15.92	0.00	20.34	0.00	25.67	0.00	38.07	100.00	11.02	22.04	30.82	36.12													

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

¹¹ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE														Geography: UTAH		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*								
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹²	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp					
Full Review:																			
Non-MSA Utah AA 2000 Census	8	5.33	19.54	12.50	18.46	25.00	21.70	12.50	40.30	50.00	5.08	15.23	36.33	43.36					
Salt Lake City MSA AA 2000 Census	90	60.00	16.99	11.63	19.92	20.93	24.85	22.09	38.23	45.35	8.33	20.67	27.56	43.43					
Limited Review:																			
Logan MSA AA 2000 Census	21	14.00	17.17	0.00	20.15	26.32	23.47	5.26	39.21	68.42	4.91	18.58	31.03	45.48					
Ogden MSA AA 2000 Census	31	20.67	15.92	16.13	20.34	0.00	25.67	25.81	38.07	58.06	7.41	21.66	30.04	40.89					

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 4.0% of loans originated and purchased by BANK.

¹² Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
			Geography: UTAH		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$	#	\$	#	\$	% of Total	#	\$
Full Review:									
Non-MSA Utah AA 2000 Census	0	0	0	0	0	0	0.00	0	0
Salt Lake City MSA AA 2000 Census	0	0	2	2,878,842	2	2,878,842	3.39	0	0
Limited Review:									
Logan MSA AA 2000 Census	0	0	0	153,698	0	153,698	0.01	0	0
Ogden MSA AA 2000 Census	0	0	1	2,725,144	1	2,725,144	3.21	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: UTAH				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Non-MSA Utah AA 2000 Census	8.32	1	10.0	0.00	100	0.00	0.00	0	0	0	0	0	0	0.00	20.53	61.72	17.75
Salt Lake City MSA AA 2000 Census	71.80	7	70.0	0.00	0.00	42.86	57.14	0	0	0	0	0	0	0.85	23.55	48.82	26.78
Limited Review:																	
Logan MSA AA 2000 Census	16.80	1	10.0	0.00	100	0.00	0.00	0	0	0	0	0	0	4.30	32.60	35.15	27.95
Ogden MSA AA 2000 Census	3.09	0	10.0	0.00	100	0.00	0.00	0	0	0	0	0	0	2.29	16.87	55.98	24.85

Logan MSA AA 2000 Census

Demographic Information for Limited Scope Area: Logan MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	22	4.55	22.73	40.91	31.82	0.00
Population by Geography	91,391	4.30	32.60	35.15	27.95	0.00
Owner-Occupied Housing by Geography	17,802	0.31	20.62	42.42	36.65	0.00
Business by Geography	11,592	1.32	28.22	36.27	34.20	0.00
Farms by Geography	488	0.00	12.70	56.97	30.33	0.00
Family Distribution by Income Level	21,204	17.17	20.15	23.47	39.21	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	7,913	5.51	48.00	30.20	16.29	0.00
Median Family Income	43,907	Median Housing Value		123,305		
HUD Adjusted Median Family Income for 2011	56,600	Unemployment Rate (2000 US Census)		2.60%		
Households Below Poverty Level	13%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Salt Lake City MSA AA 2000 Census

Demographic Information for Full Scope Area: Salt Lake City MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	193	2.59	22.28	46.63	28.50	0.00
Population by Geography	898,387	0.85	23.55	48.82	26.78	0.00
Owner-Occupied Housing by Geography	203,690	0.21	17.40	51.86	30.53	0.00
Business by Geography	125,990	5.88	18.90	42.35	32.87	0.00
Farms by Geography	1,698	2.89	16.55	45.23	35.34	0.00
Family Distribution by Income Level	215,864	16.99	19.92	24.85	38.23	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	79,691	1.56	35.80	49.27	13.37	0.00
Median Family Income	54,586	Median Housing Value		165,698		
HUD Adjusted Median Family Income for 2011	70,400	Unemployment Rate (2000 US Census)		2.37%		
Households Below Poverty Level	8%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Ogden MSA AA 2000 Census

Demographic Information for Limited Scope Area: Ogden MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	93	4.30	18.28	53.76	23.66	0.00
Population by Geography	442,656	2.29	16.87	55.98	24.85	0.00
Owner-Occupied Housing by Geography	106,246	0.84	13.51	59.46	26.19	0.00
Business by Geography	55,135	3.62	13.55	54.21	28.62	0.00
Farms by Geography	1,204	2.41	10.05	61.96	25.58	0.00
Family Distribution by Income Level	111,216	15.92	20.34	25.67	38.07	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	40,331	3.89	27.62	55.53	12.96	0.00
Median Family Income	54,158	Median Housing Value		140,439		
HUD Adjusted Median Family Income for 2011	70,600	Unemployment Rate (2000 US Census)		2.51%		
Households Below Poverty Level	7%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Non-MSA Utah AA 2000 Census

Demographic Information for Full Scope Area: Non-MSA Utah AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	0.00	16.67	50.00	16.67	16.67
Population by Geography	20,422	0.00	20.53	61.72	17.75	0.00
Owner-Occupied Housing by Geography	5,735	0.00	16.27	67.46	16.27	0.00
Business by Geography	2,086	0.00	26.75	58.77	14.48	0.00
Farms by Geography	39	0.00	17.95	66.67	15.38	0.00
Family Distribution by Income Level	5,424	19.54	18.46	21.70	40.30	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	2,061	0.00	23.92	62.64	13.44	0.00
Median Family Income		41,239	Median Housing Value		84,739	
HUD Adjusted Median Family Income for 2011		56,800	Unemployment Rate (2000 US Census)		4.14%	
Households Below Poverty Level		14%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Table 1. Lending Volume

LENDING VOLUME		GEOGRAPHY: IDAHO				EVALUATION PERIOD: JANUARY 1, 2009 TO DECEMBER 31, 2011						
ASSESSMENT AREA (2011):	% OF RATED AREA LOANS (#) IN MA/AA*	HOME MORTGAGE		SMALL LOANS TO BUSINESSES		SMALL LOANS TO FARMS		COMMUNITY DEVELOPMENT LOANS**		TOTAL REPORTED LOANS		% OF RATED AREA DEPOSITS IN MA/AA***
		#	\$ (000'S)	#	\$ (000'S)	#	\$ (000'S)	#	\$ (000'S)	#	\$(000'S)	
Full Review:												
Boise MSA AA 2000 Census	47.88	249	52,291	0	0	0	0	11	5,274	249	52,291	70.17
Idaho Falls MSA AA 2000 Census	10.00	52	9,170	0	0	0	0	3	494	52	9,170	5.86
Limited Review::												
Non-MSA Idaho AA 2000 Census	35.77	186	33,988	0	0	0	0	5	433	186	33,988	21.58
Pocatello MSA AA 2000 Census	6.35	33	5,642	0	0	0	0	3	1,099	33	5,642	2.40

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

** The evaluation period for Community Development Loans is from January 01, 2009 to December 31, 2011.

*** Deposit Data as of September 03, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE														Geography: IDAHO		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*								
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp					
Full Review:																			
Boise MSA AA 2000 Census	195	57.02	0.83	0.00	16.08	10.26	47.08	40.00	36.02	49.74	0.18	12.55	46.14	41.13					
Idaho Falls MSA AA 2000 Census	29	8.48	0.00	0.00	10.92	6.90	67.32	68.97	21.76	24.14	0.00	8.18	67.61	24.20					
Limited Review:																			
Non-MSA Idaho AA 2000 Census	102	29.82	0.00	0.00	5.45	5.88	82.19	67.65	12.37	26.47	0.00	6.90	75.79	17.30					
Pocatello MSA AA 2000 Census	16	4.68	0.00	0.00	20.18	6.25	47.53	56.25	32.29	37.50	0.00	21.72	39.56	38.72					

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: IDAHO					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Boise MSA AA 2000 Census	10	29.41	0.83	0.00	16.08	10.00	47.08	70.00	36.02	20.00	0.00	8.65	43.80	47.55
Idaho Falls MSA AA 2000 Census	1	2.94	0.00	0.00	10.92	0.00	67.32	0.00	21.76	100.00	0.00	8.55	71.71	19.74
Limited Review:														
Non-MSA Idaho AA 2000 Census	20	58.82	0.00	0.00	5.45	15.00	82.19	65.00	12.37	20.00	0.00	3.16	82.91	13.92
Pocatello MSA AA 2000 Census	3	8.82	0.00	0.00	20.18	100.00	47.53	0.00	32.29	0.00	0.00	12.68	43.66	43.66

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: IDAHO				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Boise MSA AA 2000 Census	40	29.63	0.83	0.00	16.08	12.50	47.08	52.50	36.02	35.00	0.15	8.95	42.14	48.75
Idaho Falls MSA AA 2000 Census	21	15.56	0.00	0.00	10.92	4.76	67.32	71.43	21.76	23.81	0.00	6.20	71.34	22.46
Limited Review:														
Non-MSA Idaho AA 2000 Census	62	45.93	0.00	0.00	5.45	1.61	82.19	80.65	12.37	17.74	0.00	4.18	79.76	16.07
Pocatello MSA AA 2000 Census	12	8.89	0.00	0.00	20.18	58.33	47.53	25.00	32.29	16.67	0.00	14.00	42.87	43.13

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY														Geography: IDAHO		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*								
	#	% of Total**	% of MF Units***	% BANK Loans***	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp					
Full Review:																			
Boise MSA AA 2000 Census	4	44.44	1.82	0.00	38.73	75.00	32.28	25.00	27.17	0.00	0.00	39.13	30.43	30.43					
Idaho Falls MSA AA 2000 Census	1	11.11	0.00	0.00	36.24	100.00	53.48	0.00	10.29	0.00	0.00	33.33	66.67	0.00					
Limited Review:																			
Non-MSA Idaho AA 2000 Census	2	22.22	0.00	0.00	19.56	0.00	70.60	100.00	9.84	0.00	0.00	20.00	80.00	0.00					
Pocatello MSA AA 2000 Census	2	22.22	0.00	0.00	50.52	50.00	41.17	50.00	8.31	0.00	0.00	50.00	0.00	50.00					

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: IDAHO					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹³	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Boise MSA AA 2000 Census	195	57.02	17.21	5.52	18.82	15.47	23.69	23.76	40.29	55.25	18.82	22.87	21.96	36.35
Idaho Falls MSA AA 2000 Census	29	8.48	18.07	3.57	18.91	17.86	23.84	28.57	39.18	50.00	15.31	25.88	26.05	32.76
Limited Review:														
Non-MSA Idaho AA 2000 Census	102	29.82	16.94	3.96	19.24	13.86	24.73	19.80	39.09	62.38	8.22	25.44	24.37	41.98
Pocatello MSA AA 2000 Census	16	4.68	19.75	0.00	17.84	6.25	21.87	31.25	40.53	62.50	12.98	23.74	26.36	36.92

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 4.7% of loans originated and purchased by BANK.

¹³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: IDAHO					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹⁴	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Boise MSA AA 2000 Census	10	29.41	17.21	0.00	18.82	10.00	23.69	60.00	40.29	30.00	9.63	18.94	24.84	46.58
Idaho Falls MSA AA 2000 Census	1	2.94	18.07	0.00	18.91	0.00	23.84	0.00	39.18	100.00	6.67	13.33	26.00	54.00
Limited Review:														
Non-MSA Idaho AA 2000 Census	20	58.82	16.94	10.00	19.24	20.00	24.73	15.00	39.09	55.00	2.76	14.48	23.45	59.31
Pocatello MSA AA 2000 Census	3	8.82	19.75	0.00	17.84	33.33	21.87	0.00	40.53	66.67	7.46	17.91	32.84	41.79

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

¹⁴ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: IDAHO					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011								
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*				
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹⁵	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid
Full Review:															
Boise MSA AA 2000 Census	40	29.63	17.21	10.53	18.82	26.32	23.69	15.79	40.29	47.37	9.57	17.61	23.60	49.22	
Idaho Falls MSA AA 2000 Census	21	15.56	18.07	4.76	18.91	19.05	23.84	14.29	39.18	61.90	6.86	19.72	26.77	46.64	
Limited Review:															
Non-MSA Idaho AA 2000 Census	62	45.93	16.94	4.92	19.24	13.11	24.73	24.59	39.09	57.38	5.31	14.31	23.19	57.19	
Pocatello MSA AA 2000 Census	12	8.89	19.75	0.00	17.84	8.33	21.87	25.00	40.53	66.67	6.65	16.56	24.84	51.96	

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 2.2% of loans originated and purchased by BANK.

¹⁵ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
		Geography: IDAHO				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$	#	\$	#	\$	% of Total	#	\$
Full Review:									
Boise MSA AA 2000 Census	2	2,200,000	6	2,739,348	8	4,939,348	5.82	0	0
Idaho Falls MSA AA 2000 Census	0	0	0	0	0	0	0.00	0	0
Limited Review:									
Non-MSA Idaho AA 2000 Census	0	0	2	1,000	2	1,000	0.001	0	0
Pocatello MSA AA 2000 Census	0	0	5	5,500	5	5,500	0.005	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: IDAHO				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011										
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population				
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography				
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
Full Review:																		
Boise MSA AA 2000 Census	70.17	9	56.3	0.00	66.67	22.22	11.11	0	0	0	0	0	0	0	1.62	20.15	45.69	32.54
Idaho Falls MSA AA 2000 Census	5.86	1	6.3	0.00	100	0.00	0.00	0	0	0	0	0	0	0.00	13.54	66.55	19.91	
Limited Review:																		
Non-MSA Idaho AA 2000 Census	21.58	5	31.3	0.00	0.00	100	0.00	0	0	0	0	0	0	0.00	9.46	79.88	10.66	
Pocatello MSA AA 2000 Census	2.40	1	6.3	0.00	100	0.00	0.00	0	0	0	0	0	0	0.00	23.94	46.25	29.81	

Boise MSA AA 2000 Census

Demographic Information for Full Scope Area: Boise MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	72	2.78	22.22	47.22	27.78	0.00
Population by Geography	432,345	1.62	20.15	45.69	32.54	0.00
Owner-Occupied Housing by Geography	113,143	0.83	16.08	47.08	36.02	0.00
Business by Geography	64,477	0.75	20.53	40.78	37.95	0.00
Farms by Geography	2,439	0.33	16.15	57.61	25.91	0.00
Family Distribution by Income Level	112,389	17.21	18.82	23.69	40.29	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	40,488	2.78	28.34	49.21	19.67	0.00
Median Family Income	48,340	Median Housing Value		116,269		
HUD Adjusted Median Family Income for 2011	62,100	Unemployment Rate (2000 US Census)		2.34%		
Households Below Poverty Level	9%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Pocatello MSA AA 2000 Census

Demographic Information for Limited Scope Area: Pocatello MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	22	0.00	27.27	40.91	31.82	0.00
Population by Geography	75,565	0.00	23.94	46.25	29.81	0.00
Owner-Occupied Housing by Geography	19,207	0.00	20.18	47.53	32.29	0.00
Business by Geography	6,897	0.00	31.43	39.93	28.64	0.00
Farms by Geography	274	0.00	12.04	58.76	29.20	0.00
Family Distribution by Income Level	19,324	19.75	17.84	21.87	40.53	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	7,265	0.00	32.00	52.24	15.76	0.00
Median Family Income		43,373	Median Housing Value		87,878	
HUD Adjusted Median Family Income for 2011		54,700	Unemployment Rate (2000 US Census)		3.50%	
Households Below Poverty Level		14%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Non-MSA Idaho AA 2000 Census

Demographic Information for Limited Scope Area: Non-MSA Idaho AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	42	0.00	11.90	78.57	9.52	0.00
Population by Geography	189,497	0.00	9.46	79.88	10.66	0.00
Owner-Occupied Housing by Geography	46,032	0.00	5.45	82.19	12.37	0.00
Business by Geography	21,513	0.00	8.09	76.52	15.39	0.00
Farms by Geography	2,084	0.00	4.27	85.75	9.98	0.00
Family Distribution by Income Level	47,628	16.94	19.24	24.73	39.09	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	17,229	0.00	9.90	82.13	7.97	0.00
Median Family Income	39,166	Median Housing Value		95,290		
HUD Adjusted Median Family Income for 2011	49,800	Unemployment Rate (2000 US Census)		2.75%		
Households Below Poverty Level	13%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Idaho Falls MSA AA 2000 Census

Demographic Information for Full Scope Area: Idaho Falls MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	26	0.00	11.54	69.23	19.23	0.00
Population by Geography	101,677	0.00	13.54	66.55	19.91	0.00
Owner-Occupied Housing by Geography	26,475	0.00	10.92	67.32	21.76	0.00
Business by Geography	14,503	0.00	15.82	61.96	22.22	0.00
Farms by Geography	753	0.00	5.05	79.95	15.01	0.00
Family Distribution by Income Level	26,384	18.07	18.91	23.84	39.18	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	9,758	0.00	20.54	68.62	10.84	0.00
Median Family Income		46,692	Median Housing Value		93,007	
HUD Adjusted Median Family Income for 2011		60,300	Unemployment Rate (2000 US Census)		2.35%	
Households Below Poverty Level		10%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Table 1. Lending Volume

LENDING VOLUME		GEOGRAPHY: NEW MEXICO				EVALUATION PERIOD: JANUARY 1, 2009 TO DECEMBER 31, 2011						
ASSESSMENT AREA (2011):	% OF RATED AREA LOANS (#) IN MA/AA*	HOME MORTGAGE		SMALL LOANS TO BUSINESSES		SMALL LOANS TO FARMS		COMMUNITY DEVELOPMENT LOANS**		TOTAL REPORTED LOANS		% OF RATED AREA DEPOSITS IN MA/AA***
		#	\$ (000'S)	#	\$ (000'S)	#	\$ (000'S)	#	\$ (000'S)	#	\$(000'S)	
Full Review:												
Non-MSA New Mexico AA 2000 Census	51.67	232	26,474	0	0	0	0	4	517	232	26,474	89.65
Santa Fe MSA 2000 Census	7.80	35	14,956	0	0	0	0	2	745	35	14,956	1.07
Limited Review:												
Albuquerque MSA AA 2000 Census	20.27	91	30,029	0	0	0	0	2	678	91	30,029	6.41
Farmington MSA AA 2000 Census	11.58	52	18,148	0	0	0	0	0	0	52	18,148	1.33
Las Cruces MSA AA 2000 Census	8.69	39	9,513	0	0	0	0	2	2,215	39	9,513	1.54

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

** The evaluation period for Community Development Loans is from January 01, 2009 to December 31, 2011.

*** Deposit Data as of September 03, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: NEW MEXICO					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Non-MSA New Mexico AA 2000 Census	80	44.94	0.87	0.00	18.00	6.25	52.72	60.00	28.41	33.75	0.08	4.25	52.48	43.19
Santa Fe MSA 2000 Census	17	9.55	0.84	0.00	24.88	0.00	36.23	5.88	38.05	94.12	1.16	14.15	30.01	54.68
Limited Review:														
Albuquerque MSA AA 2000 Census	49	27.53	1.23	0.00	20.62	28.57	41.18	26.53	36.98	44.90	3.51	19.78	35.34	41.38
Farmington MSA AA 2000 Census	23	12.92	4.35	0.00	20.80	0.00	52.16	34.78	22.69	65.22	0.75	8.11	57.22	33.92
Las Cruces MSA AA 2000 Census	9	5.06	0.00	0.00	27.58	0.00	37.80	77.78	34.62	22.22	0.00	7.26	46.50	46.24

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: NEW MEXICO					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Non-MSA New Mexico AA 2000 Census	12	60.00	0.87	0.00	18.00	16.67	52.72	66.67	28.41	16.67	0.00	14.37	57.47	28.16
Santa Fe MSA 2000 Census	1	5.00	0.84	0.00	24.88	0.00	36.23	0.00	38.05	100.00	0.00	14.39	40.29	45.32
Limited Review:														
Albuquerque MSA AA 2000 Census	3	15.00	1.23	0.00	20.62	0.00	41.18	33.33	36.98	66.67	1.00	14.93	39.52	44.54
Farmington MSA AA 2000 Census	1	5.00	4.35	0.00	20.80	0.00	52.16	100.00	22.69	0.00	1.60	6.40	61.60	30.40
Las Cruces MSA AA 2000 Census	3	15.00	0.00	0.00	27.58	0.00	37.80	66.67	34.62	33.33	0.00	20.69	31.72	47.59

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NEW MEXICO				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Non-MSA New Mexico AA 2000 Census	139	57.20	0.87	0.00	18.00	10.79	52.72	61.15	28.41	28.06	0.00	2.20	53.39	44.41
Santa Fe MSA 2000 Census	17	7.00	0.84	11.76	24.88	17.65	36.23	17.65	38.05	52.94	1.21	13.01	32.39	53.39
Limited Review:														
Albuquerque MSA AA 2000 Census	36	14.81	1.23	0.00	20.62	13.89	41.18	22.22	36.98	63.89	1.27	13.73	36.03	48.97
Farmington MSA AA 2000 Census	26	10.70	4.35	0.00	20.80	7.69	52.16	57.69	22.69	34.62	0.00	3.60	53.71	42.69
Las Cruces MSA AA 2000 Census	25	10.29	0.00	0.00	27.58	20.00	37.80	28.00	34.62	52.00	0.03	8.26	35.99	55.72

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: NEW MEXICO					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans**	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Non-MSA New Mexico AA 2000 Census	1	12.50	0.32	0.00	3.74	0.00	51.19	100.00	44.75	0.00	0.00	0.00	50.00	50.00
Santa Fe MSA 2000 Census	0	0.00	2.34	0.00	35.29	0.00	30.73	0.00	31.65	0.00	0.00	33.33	33.33	33.33
Limited Review:														
Albuquerque MSA AA 2000 Census	3	37.50	3.92	0.00	27.89	33.33	46.40	33.33	21.80	33.33	5.26	34.21	44.74	15.79
Farmington MSA AA 2000 Census	2	25.00	0.00	0.00	18.38	0.00	46.56	50.00	35.06	50.00	0.00	25.00	0.00	75.00
Las Cruces MSA AA 2000 Census	2	25.00	2.29	0.00	25.45	50.00	33.41	0.00	38.84	50.00	0.00	50.00	33.33	16.67

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: NEW MEXICO					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹⁶	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Non-MSA New Mexico AA 2000 Census	80	44.94	21.69	3.80	15.73	11.39	19.03	21.52	43.55	63.29	3.06	13.06	21.28	62.60
Santa Fe MSA 2000 Census	17	9.55	22.01	12.50	17.85	0.00	18.89	0.00	41.25	87.50	6.74	15.97	22.64	54.65
Limited Review:														
Albuquerque MSA AA 2000 Census	49	27.53	20.72	4.08	17.25	14.29	20.31	12.24	41.71	69.39	9.84	24.24	25.55	40.37
Farmington MSA AA 2000 Census	23	12.92	22.47	8.70	16.42	21.74	20.54	17.39	40.57	52.17	4.06	18.80	30.88	46.26
Las Cruces MSA AA 2000 Census	9	5.06	23.12	0.00	16.27	11.11	18.83	22.22	41.78	66.67	2.77	14.02	21.55	61.66

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 1.1% of loans originated and purchased by BANK.

¹⁶ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: NEW MEXICO					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹⁷	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Non-MSA New Mexico AA 2000 Census	12	60.00	21.69	9.09	15.73	36.36	19.03	18.18	43.55	36.36	9.76	18.90	23.17	48.17
Santa Fe MSA 2000 Census	1	5.00	22.01	0.00	17.85	0.00	18.89	0.00	41.25	100.00	8.21	23.88	25.37	42.54
Limited Review:														
Albuquerque MSA AA 2000 Census	3	15.00	20.72	0.00	17.25	0.00	20.31	0.00	41.71	100.00	9.08	19.34	25.39	46.18
Farmington MSA AA 2000 Census	1	5.00	22.47	0.00	16.42	0.00	20.54	0.00	40.57	100.00	8.06	16.13	23.39	52.42
Las Cruces MSA AA 2000 Census	3	15.00	23.12	0.00	16.27	0.00	18.83	0.00	41.78	100.00	6.52	15.94	24.64	52.90

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 5.0% of loans originated and purchased by BANK.

¹⁷ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: NEW MEXICO					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families** *	% BANK Loans****	% Families ¹⁸	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Non-MSA New Mexico AA 2000 Census	139	57.20	21.69	14.29	15.73	20.30	19.03	17.29	43.55	48.12	3.19	8.51	16.26	72.05
Santa Fe MSA 2000 Census	17	7.00	22.01	5.88	17.85	5.88	18.89	0.00	41.25	88.24	5.71	16.40	21.36	56.53
Limited Review:														
Albuquerque MSA AA 2000 Census	36	14.81	20.72	2.94	17.25	2.94	20.31	8.82	41.71	85.29	6.34	16.48	23.83	53.35
Farmington MSA AA 2000 Census	26	10.70	22.47	0.00	16.42	11.54	20.54	26.92	40.57	61.54	3.05	11.05	23.90	62.00
Las Cruces MSA AA 2000 Census	25	10.29	23.12	0.00	16.27	12.00	18.83	20.00	41.78	68.00	2.58	7.86	17.99	71.57

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 3.3% of loans originated and purchased by BANK.

¹⁸ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
			Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$	#	\$	#	\$	% of Total	#	\$
Full Review:									
Non-MSA New Mexico AA 2000 Census	0	0	0	0	0	0	0.00	0	0
Santa Fe MSA 2000 Census	0	0	4	3,001,500	4	3,001,500	3.54	0	0
Limited Review:									
Albuquerque MSA AA 2000 Census	0	0	5	160,798	5	160,798	0.18	0	0
Farmington MSA AA 2000 Census	0	0	0	0	0	0	0.00	0	0
Las Cruces MSA AA 2000 Census	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: NEW MEXICO				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Non-MSA New Mexico AA 2000 Census	89.65	8	37.5	0.00	12.50	50.00	37.50	0	0	0	0	0	0	1.32	21.77	53.27	23.64
Santa Fe MSA 2000 Census	1.07	2	12.5	50.00	0.00	50.00	0.00	0	0	0	0	0	0	1.40	29.81	35.71	33.08
Limited Review:																	
Albuquerque MSA AA 2000 Census	6.41	5	31.3	0.00	40.00	20.00	40.00	0	0	0	0	0	0	2.96	26.39	40.11	30.54
Farmington MSA AA 2000 Census	1.33	1	6.3	0.00	0.00	100.0	0.00	0	0	0	0	0	0	4.41	25.49	49.38	20.71
Las Cruces MSA AA 2000 Census	1.54	2	12.5	0.00	50.00	0.00	50.00	0	0	0	0	0	0	1.59	32.86	35.36	30.20

Albuquerque MSA AA 2000 Census

Demographic Information for Limited Scope Area: Albuquerque MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	141	3.55	23.40	40.43	31.91	0.71
Population by Geography	556,678	2.96	26.39	40.11	30.54	0.00
Owner-Occupied Housing by Geography	140,605	1.23	20.62	41.18	36.98	0.00
Business by Geography	60,950	1.75	22.28	44.29	31.68	0.00
Farms by Geography	907	1.43	20.51	47.52	30.54	0.00
Family Distribution by Income Level	141,996	20.72	17.25	20.31	41.71	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	53,924	4.72	38.72	40.22	16.33	0.00
Median Family Income	45,738	Median Housing Value	125,728			
HUD Adjusted Median Family Income for 2011	61,000	Unemployment Rate (2000 US Census)	2.91%			
Households Below Poverty Level	13%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Santa Fe MSA 2000 Census

Demographic Information for Full Scope Area: Santa Fe MSA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	40	2.50	22.50	32.50	35.00	7.50
Population by Geography	129,292	1.40	29.81	35.71	33.08	0.00
Owner-Occupied Housing by Geography	35,977	0.84	24.88	36.23	38.05	0.00
Business by Geography	20,994	1.78	17.57	28.60	52.06	0.00
Farms by Geography	402	1.49	15.17	36.32	47.01	0.00
Family Distribution by Income Level	33,000	22.01	17.85	18.89	41.25	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	13,151	1.81	42.93	34.94	20.32	0.00
Median Family Income	50,000	Median Housing Value	196,766			
HUD Adjusted Median Family Income for 2011	67,800	Unemployment Rate (2000 US Census)	2.48%			
Households Below Poverty Level	12%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Non-MSA New Mexico AA 2000 Census

Demographic Information for Full Scope Area: Non-MSA New Mexico AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	66	3.03	19.70	53.03	22.73	1.52
Population by Geography	287,890	1.32	21.77	53.27	23.64	0.00
Owner-Occupied Housing by Geography	73,541	0.87	18.00	52.72	28.41	0.00
Business by Geography	20,208	0.07	10.19	57.72	32.00	0.01
Farms by Geography	806	0.00	8.19	70.47	21.22	0.12
Family Distribution by Income Level	75,014	21.69	15.73	19.03	43.55	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	28,070	2.23	28.54	55.90	13.32	0.00
Median Family Income	33,667	Median Housing Value		72,051		
HUD Adjusted Median Family Income for 2011	47,100	Unemployment Rate (2000 US Census)		3.76%		
Households Below Poverty Level	20%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Las Cruces MSA AA 2000 Census

Demographic Information for Limited Scope Area: Las Cruces MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	32	3.13	31.25	34.38	31.25	0.00
Population by Geography	174,682	1.59	32.86	35.36	30.20	0.00
Owner-Occupied Housing by Geography	40,201	0.00	27.58	37.80	34.62	0.00
Business by Geography	13,429	0.88	17.25	39.49	42.39	0.00
Farms by Geography	490	0.41	34.08	32.65	32.86	0.00
Family Distribution by Income Level	42,983	23.12	16.27	18.83	41.78	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	16,933	1.54	43.38	36.30	18.79	0.00
Median Family Income		33,796	Median Housing Value		81,751	
HUD Adjusted Median Family Income for 2011		43,200	Unemployment Rate (2000 US Census)		3.93%	
Households Below Poverty Level		22%				

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

Source: 2000 US Census and 2011 HUD updated MFI

Farmington MSA AA 2000 Census

Demographic Information for Limited Scope Area: Farmington MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	23	4.35	21.74	43.48	26.09	4.35
Population by Geography	113,801	4.41	25.49	49.38	20.71	0.00
Owner-Occupied Housing by Geography	28,415	4.35	20.80	52.16	22.69	0.00
Business by Geography	9,010	2.49	12.39	59.98	25.15	0.00
Farms by Geography	169	1.18	11.24	58.58	28.99	0.00
Family Distribution by Income Level	29,188	22.47	16.42	20.54	40.57	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	11,352	7.07	33.45	46.35	13.13	0.00
Median Family Income		37,279	Median Housing Value		72,481	
HUD Adjusted Median Family Income for 2011		56,200	Unemployment Rate (2000 US Census)		3.91%	
Households Below Poverty Level		20%				

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

Source: 2000 US Census and 2011 HUD updated MFI

(10000700880) (Included)

Table 1. Lending Volume

LENDING VOLUME												Geography: TEXAS		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011	
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)				
Full Review:															
Dallas MSA (2000 census)	100.00	241	99,993	0	0	0	0	2	423	241	99,993	100.00			

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

** The evaluation period for Community Development Loans is from January 01, 2009 to December 31, 2011.

*** Deposit Data as of August 28, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE														
Geography: TEXAS				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011										
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Dallas MSA (2000 census)	171	100.00	2.80	0.58	19.87	4.68	33.85	19.88	43.49	74.85	0.84	8.25	34.51	56.40

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: TEXAS				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011								
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Dallas MSA (2000 census)	8	100.00	2.80	0.00	19.87	0.00	33.85	12.50	43.49	87.50	1.06	7.36	28.75	62.82

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: TEXAS				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Dallas MSA (2000 census)	61	100.00	2.80	0.00	19.87	9.84	33.85	13.11	43.49	77.05	0.53	4.69	25.15	69.63

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE														Geography: TEXAS		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011										
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*															
	#	% of Total**	% Families***	% BANK Loans****	% Families ¹⁹	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp												
Full Review:																										
Dallas MSA (2000 census)	172	100.00	21.32	3.57	17.79	8.33	20.00	10.12	40.89	77.98	7.16	19.33	21.84	51.66												

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 2.3% of loans originated and purchased by BANK.

¹⁹ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT														Geography: TEXAS		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011											
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*																
	#	% of Total**	% Families***	% BANK Loans****	% Families 20	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp													
Full Review:																											
Dallas MSA (2000 census)	8	100.00	21.32	0.00	17.79	0.00	20.00	12.50	40.89	87.50	5.73	11.67	16.45	66.15													

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

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

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: TEXAS					Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*			
	#	% of Total**	% Families***	% BANK Loans****	% Families 21	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Dallas MSA (2000 census)	61	100.00	21.32	0.00	17.79	3.57	20.00	5.36	40.89	91.07	3.10	9.83	18.28	68.79

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 8.2% of loans originated and purchased by BANK.

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

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
			Geography: TEXAS		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$	#	\$	#	\$	% of Total	#	\$
Full Review:									
Dallas MSA (2000 census)	0	0	2	1,681,474	2	1,681,474	1.98	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: TEXAS				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Dallas MSA (2000 census)	100.00	4	100.00	0.00	0.00	0.00	100.00	0	0	0	0	0	0	8.22	27.51	32.05	32.22

Dallas MSA (2000 census)

Demographic Information for Full Scope Area: Dallas MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	628	9.87	29.14	30.10	30.25	0.64
Population by Geography	3,143,550	8.22	27.51	32.05	32.22	0.00
Owner-Occupied Housing by Geography	652,192	2.80	19.87	33.85	43.49	0.00
Business by Geography	494,826	3.50	18.96	30.99	45.37	1.18
Farms by Geography	7,987	2.49	16.38	39.45	41.27	0.41
Family Distribution by Income Level	783,520	21.32	17.79	20.00	40.89	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	306,418	14.40	39.65	31.82	14.13	0.00
Median Family Income	56,313	Median Housing Value		123,699		
HUD Adjusted Median Family Income for 2011	69,600	Unemployment Rate (2000 US Census)		2.55%		
Households Below Poverty Level	10%					

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

Source: 2000 US Census and 2011 HUD updated MFI

Table 1. Lending Volume

LENDING VOLUME												
Geography: NEVADA												
Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011												
Assessment Area (2011):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Las Vegas MSA (2000 census)	100.00	188	56,743	0	0	0	0	0	0	188	56,743	100.00

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

** The evaluation period for Community Development Loans is from January 01, 2009 to December 31, 2011.

*** Deposit Data as of August 28, 2013. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE														Geography: NEVADA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*																
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp													
Full Review:																											
Las Vegas MSA (2000 census)	163	100.00	0.39	0.00	16.32	3.68	44.57	34.36	38.72	61.96	0.15	3.80	43.21	52.84													

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: NEVADA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Las Vegas MSA (2000 census)	25	100.00	0.39	0.00	16.32	4.00	44.57	28.00	38.72	68.00	0.13	3.96	36.88	59.04

* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE														Geography: NEVADA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*																
	#	% of Total**	% Families***	% BANK Loans****	% Families ²²	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp													
Full Review:																											
Las Vegas MSA (2000 census)	163	100.00	18.69	7.41	18.74	6.79	23.47	8.64	39.10	77.16	15.02	25.26	23.60	36.12													

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 0.6% of loans originated and purchased by BANK.

²² Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE														Geography: NEVADA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data*										
	#	% of Total**	% Families** *	% BANK Loans****	% Families 23	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp							
Full Review:																					
Las Vegas MSA (2000 census)	25	100.00	18.69	12.50	18.74	0.00	23.47	20.83	39.10	66.67	8.37	16.52	22.49	52.61							

* Based on 2011 Peer Mortgage Data (USPR)

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

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

**** As a percentage of loans with borrower income information available. No information was available for 4.0% of loans originated and purchased by BANK.

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

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
			Geography: NEVADA		Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011				
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$	#	\$	#	\$	% of Total	#	\$
Full Review:									
Las Vegas MSA (2000 census)	0	0	2	1,105,587	2	1,105,587	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: NEVADA				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011									
Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Las Vegas MSA (2000 census)	100.00	4	100.00	0.00	0.00	75.00	25.00	0	0	0	0	0	0	2.05	27.84	41.73	28.38

Las Vegas MSA (2000 census)

Demographic Information for Full Scope Area: Las Vegas MSA (2000 census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	345	2.03	22.61	42.61	31.59	1.16
Population by Geography	1,375,765	2.05	27.84	41.73	28.38	0.00
Owner-Occupied Housing by Geography	302,842	0.39	16.32	44.57	38.72	0.00
Business by Geography	142,264	2.24	17.24	37.56	42.56	0.41
Farms by Geography	1,902	0.84	13.93	41.64	43.48	0.11
Family Distribution by Income Level	342,405	18.69	18.74	23.47	39.10	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	128,150	3.04	40.22	40.59	16.15	0.00
Median Family Income	50,504	Median Housing Value		127,982		
HUD Adjusted Median Family Income for 2011	63,400	Unemployment Rate (2000 US Census)		3.25%		
Households Below Poverty Level	10%					

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

Source: 2000 US Census and 2011 HUD updated MFI

