



PUBLIC DISCLOSURE

March 14, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Northern California
Charter Number 15089

975 El Camino Real, South San Francisco, CA 94080

Office of the Comptroller of the Currency

One Front Street Suite 1000 San Francisco, CA 94111

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, nor should it 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory.

First National Bank of Northern California (FNBNC or the bank) has an overall "Satisfactory" record of meeting community credit needs based on the following components:

- The bank has a reasonable loan-to-deposit (LTD) ratio.
- The bank's record of lending in the assessment areas (AA) is satisfactory with a majority of the bank's loans originated or purchased within its AAs.
- The distribution of loans reflects a reasonable penetration among businesses of different sizes and borrowers of different income levels, given the bank's product offerings and local economic conditions.
- The bank's geographic distribution of loans reflects excellent dispersion throughout the AAs.
- The bank's community development performance demonstrates adequate responsiveness to the community development needs of its AAs.
- There were no public complaints about the bank's CRA performance.

Scope of Examination

This lending test evaluation period begins January 1, 2013. We reviewed small business and home mortgage loans originated or purchased between January 1, 2013 and December 31, 2015. The bank's primary loan products are commercial loans (including commercial real estate and non-real estate secured), which represent 60.6 percent of total loans, and residential loans (including 1-4 family, home equity line of credit or HELOC, and multifamily), which represent 32 percent of total loans.

For purposes of this evaluation, we analyzed both the bank's small business loan application registers (LARs) and the bank's home mortgage disclosure act (HMDA) LARs for the years 2013 through 2015. We evaluated the population of business and farm loans made over the same time period to identify small business loans to include in our review.

Small business lending represents 84 percent of the total number of loans analyzed for this evaluation, and residential mortgage lending represents 15 percent of total loans analyzed. Our analysis of residential mortgage lending was limited to home purchase and home refinance loans as home improvement and multifamily loan volumes were too

low to analyze. Small farm/farmland lending represents less than one-half of one percent of lending and is not considered a primary loan product. Given that small business lending represents a substantial proportion of the bank's lending, this evaluation places most weight on the bank's small business lending performance.

We reviewed community development loans, investments, and services for the period beginning January 7, 2013 (the cutoff date for the prior CRA evaluation community development review) through March 14, 2016 (the start of this evaluation).

Description of Institution

FNBNC is a national bank established in 1963, headquartered in South San Francisco, California. FNBNC is a wholly owned subsidiary of FNB Bancorp, a one-bank holding company that was formed in March 2002.

FNBNC reported total assets of \$1.1 billion as of December 31, 2015. FNBNC is a local community bank. The bank's primary business is serving the banking needs of individuals and small to mid-sized businesses within San Mateo, San Francisco, and Santa Clara counties. FNBNC offers a full range of loan products, including construction, commercial real estate, commercial and industrial, SBA, consumer, and mortgage loans.

Table 1

FNBNC LOAN PORTFOLIO COMPOSITION		
Loan Types	\$ Volume (000)	% of Portfolio
Commercial Real Estate	\$394,093	53.6
Commercial & Industrial	51,858	7.0
1-4 family residential	171,814	23.4
Multifamily	63,694	8.7
Construction Secured by RE	44,816	6.1
Farmland	7,309	1.0
Individual and Other	1,791	0.2
Total	735,375	100.0

Source: Call Report as of 12/31/2015, net of unearned income

FNBNC currently operates twelve full service branches, including the bank's executive office branch in the city of South San Francisco. In addition to its executive office branch in South San Francisco, the bank maintains three branches in San Francisco, and one branch each in Daly City, Half Moon Bay, Millbrae, Pacifica, Pescadero, Redwood City, San Mateo, and Sunnyvale. Two branches (16.7 percent) are located in

low-income census tracts. The bank does not have any branches located in moderate-income census tracts.

The bank's record of opening and closing offices did not adversely impact low- and moderate-income (LMI) geographies or borrowers within the bank's AAs. In 2013, the bank closed two branches in San Francisco. Both branches were located in low-income census tracts but were less than a mile from the bank's Battery Street branch, which is also located in a low-income census tract. The branches were closed to consolidate branches within a one-mile radius of the Battery Street branch. The bank also closed one branch in South San Francisco. The branch was located in a moderate-income census tract. The bank closed the branch to consolidate it with the South San Francisco branch that is located two miles away in a middle-income census tract. The closure of the three branches did not negatively impact the bank's ability to serve the credit needs of LMI individuals in the AA. The bank also closed their Guam branch that was located in an N/A-income tract. This branch was acquired through the bank's merger with Oceanic Bank and was never intended to stay open once the merger was complete.

In 2014, the bank opened a branch in Sunnyvale. The branch is located in an upper-income census tract.

The bank received a rating of "Satisfactory" at the prior evaluation dated January 7, 2013. There are no legal or financial circumstances impeding the bank's ability to help meet the credit needs of the community.

Please refer to the bank's CRA public file for more information about the institution.

Description of Assessment Area(s)

The bank has two AAs. An AA is a geographic area wherein CRA performance is measured. These geographies must include the institution's branch offices and/or deposit-taking Automated Teller Machines (ATMs), and surrounding geographies in which the bank has originated or purchased a substantial portion of its loans. In addition, the AA boundaries must follow contiguous political subdivisions, such as counties, cities, or towns.

FNBNC designated the whole counties of San Francisco, San Mateo, and Santa Clara as its AA. The bank has delineated two AAs based on metropolitan area boundaries, the San Francisco-Redwood City-South San Francisco, CA metropolitan division or MD and Santa Clara County (portion of the San Jose-Sunnyvale-Santa Clara, CA metropolitan statistical area or MSA). FNBNC's AA designation follows whole counties and does not reflect illegal discrimination or arbitrarily exclude any LMI areas.

This evaluation is based on the bank's performance in its full-scope AA or the San Francisco-Redwood City-South San Francisco, CA MD (San Francisco MD). In the San Francisco MD, the bank's branches represent 92 percent of total branches, deposits represent 99 percent of total deposits, and small business, small farm, and residential mortgage lending represent 93 percent of total lending in the combined AAs. Performance in the Santa Clara County AA contributes little weight to the overall performance rating; therefore, we analyzed performance in this AA on a limited scope basis.

San Francisco-Redwood City-South San Francisco, CA MD

The San Francisco-Redwood City-South San Francisco, CA MD consists of San Francisco and San Mateo counties. The AA delineation is reasonable given the bank's branch locations and lending focus. The AA designation meets regulatory requirements.

The 2015 U.S. Department of Housing and Urban Development (HUD) Updated Median Family Income (MFI) for the San Francisco MD is \$94,800, an increase of 0.9 percent since the 2010 U.S. Census. According to the 2010 U.S. Census data, LMI census tracts represented 27.9 percent of all census tracts in the San Francisco MD and 25.0 percent of all families lived within LMI census tracts.

Economic conditions of San Francisco MD significantly improved during the evaluation period. According to the Bureau of Labor Statistics, the average annual unemployment

rate for the San Francisco MD has steadily declined from 6.5 percent in 2012, to 3.4 percent in 2015. The top employers include the University of California, San Francisco; Stanford University; University of San Francisco; Genentech Inc.; California Pacific Medical Center; PG&E; and Wells Fargo & Company.

As of July 2014, the U.S. Census Bureau estimated the combined population of San Francisco and San Mateo counties to be 1,611,050, an increase of 5.7 percent since the 2010 U.S. Census.

The following table provides additional information about the demographics of the San Francisco, CA MD based on the 2010 U.S. Census and 2015 HUD updated median family income (MFI).

Table 2

Demographic Information for Full Scope Area: San Francisco-Redwood City-South San Francisco MD(41884)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	355	11.27	16.62	37.18	33.52	1.41
Population by Geography	1,523,686	10.76	18.22	39.96	31.05	0.01
Owner-Occupied Housing by Geography	282,177	3.25	12.32	42.73	41.70	0.00
Business by Geography	151,957	17.91	11.22	31.63	39.15	0.09
Farms by Geography	1,609	7.71	14.36	35.92	41.95	0.06
Family Distribution by Income Level	322,846	23.72	16.23	18.15	41.91	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	128,967	16.13	26.23	39.56	18.08	0.01
Median Family Income		93,987	Median Housing Value		769,464	
HUD Adjusted Median Family Income for 2015		94,800	Unemployment Rate (2010 US Census)		3.89%	
Households Below Poverty Level		9%				

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 US Census and 2015 HUD updated MFI

FNBNC faces strong competition for deposit and loan business. According to the FDIC’s June 30, 2015 Deposit Market Share Report, there are 53 FDIC-insured depository financial institutions operating within the San Francisco MD. FNBNC ranks 18th, with a deposit market share of 0.40 percent. The top two depository institutions, Bank of America and Wells Fargo Bank, hold 62 percent of the deposit market share in the AA. In 2014, FNBNC ranked 105 out of 497 residential mortgage lenders in the San Francisco MD with a HMDA loan market share of 0.1 percent. The top five HMDA lenders in 2014 include Wells Fargo Bank, JP Morgan Chase, Bank of America, First Republic Bank, and Citibank. Together these five lenders hold 38 percent of the HMDA loan market share. Also in 2014, 114 large banks reported the origination or purchase

of small business loans in the San Francisco MD. The top three small business loan reporters in 2014 were American Express, Chase Bank USA, and Wells Fargo with a combined small business loan market share of 63 percent. Smaller banks, like FNBNC, are not required to publically report small business lending data. As a result, the bank is not captured on the small business lending market share report.

Owner-occupied housing represents 43.9 percent of all housing units in the AA. Less than 16 percent of the owner-occupied housing units are located in LMI census tracts, reflecting a low rate of home-ownership opportunities in these geographies.

We made one direct community contact for this evaluation and reviewed a recent contact made in conjunction with another bank's CRA evaluation. Both contacts indicated a strong need for affordable housing developments as well as community facilities and business development loans. In addition to affordable housing and business development loans, there are plenty of opportunities for financial institutions to provide financial counseling, asset/wealth building, and small business technical assistance services.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's lending test performance is satisfactory. Lending to borrowers of different income levels reflects reasonable penetration and the geographic distribution of loans throughout census tracts represents excellent dispersion. Considering that the majority of the bank's deposits (99 percent) are within the San Francisco MD, the San Francisco MD carries substantial weight in the overall rating. The bank's lending is primarily in small business so the bank's small business lending performance receives the most weight in the lending test rating. The loan-to-deposit ratio is reasonable and the majority of loans are made inside the assessment areas.

Loan-to-Deposit Ratio

FNBNC's LTD ratio is reasonable relative to the bank's lending strategy, which emphasizes business loans and the highly competitive business loan market. The bank's average LTD ratio was 70.36 percent for the twelve quarters from December 2012 through September 2015. The bank's quarterly LTD ratio ranged from 63.93 percent to 73.61 percent. The bank's LTD ratio is within reasonable range of two similarly-situated institutions with an average LTD ratio of 81.37 percent over the same period. The LTD ratios for the similarly-situated institutions ranged from a low of 53.45

percent to a high of 100.52 percent. The LTD ratio analysis represents all quarters since the previous CRA examination.

Lending in Assessment Area

A majority of the bank's loans are inside the bank's defined AAs. As a percentage of total loans, 76 percent by number and 78 percent by dollar volume are granted within the bank's AAs.

Table 3

FNBNC Combined Lending Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA Loans	107	71.81	42	28.19	149	\$81,537	77.12	\$24,188	22.88	\$105,725
Small Business / Small Farm Loans	597	77.03	178	22.97	775	\$156,809	77.81	\$44,719	22.19	\$201,528
Totals	704	76.19	220	23.81	924	\$238,346	77.57	\$68,907	22.43	\$307,253

Source: HMDA-reportable loans originated between January 1, 2013 and December 31, 2015. Small Business and Small Farm loans originated between January 1, 2013 and December 31, 2015.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different sizes given the bank's product offerings and local economic conditions. The bank's business lending reflects reasonable penetration in both AAs. Considering local economic conditions, competition, high housing costs, and limited home buying opportunities in LMI geographies, the bank's residential lending reflects reasonable penetration in the San Francisco MD. Residential mortgage lending volume in Santa Clara County was too low to analyze.

As small business lending is the majority of the total loans analyzed for this evaluation, it carries the majority of the weight in the overall rating under the lending test.

San Francisco-Redwood City-South San Francisco, CA MD – Full Scope

The distribution of loans to borrowers of different incomes and businesses of different sizes reflects reasonable penetration in the San Francisco MD. Both business lending and home mortgage lending reflect reasonable penetration.

Business Loans

The distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. The percentage of the bank’s small loans to small businesses in the AA (businesses with \$1 million or less in revenues) is reasonable considering the number of small businesses in the AA. While the distribution of the bank’s small business loans compares poorly to the demographic data, the bank’s performance is reasonable given the level and nature of competition for small business loans in the AA. There are 114 large banks that report on small business lending. The number of small banks (including FNBNC) that grant small business loans is unknown, as public reporting is not required.

Table 4

Borrower Distribution of Loans to Businesses San Francisco MD				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	76.70	5.86	17.45	100
% of Bank Loans in AA by #	48.13	40.82	11.05	100
% of Bank Loans in AA by \$	47.47	45.65	6.88	100

Demographic Data Source: 2015 Dun and Bradstreet

Home Loans

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income levels given the level of competition for home mortgage loans, high housing costs, and limited home buying opportunities in LMI geographies.

Although the percentage of the bank’s home purchase and home refinance loans to low-income borrowers is significantly lower than the percentage of low-income families in the AA, housing costs in the San Francisco MD are prohibitively high. According to the National Association of Home Builders’ Housing Opportunity Index, the San Francisco MD is ranked last in the nation during fourth quarter 2015 for affordable housing based on the percentage of median priced homes that are affordable for median income individuals. Only ten percent of homes sold during the quarter were affordable to median income individuals. Further, FNBNC is a small lender in a large and highly competitive mortgage market with limited opportunities for homeownership for LMI families. In 2014, there were 166 lenders granting home refinance loans to low-income borrowers and the top 10 lenders garnered 57 percent of the market share of

this lending. Also in 2014, there were only 56 lenders granting home purchase loans to low-income borrowers and the top 10 lenders garnered 54 percent of the market of this lending.

The bank’s home refinance lending to moderate-income borrowers exceeds the percentage of moderate-income families in the AA, while the bank’s home purchase lending is lower than the percentage of moderate-income families.

Table 4a

Borrower Distribution of Residential Real Estate Loans San Francisco MD								
Borrower Income Level	Low		Moderate		Middle		Upper	
% of Total	% of AA Families	% of Inst Loans	% of AA Families	% of Inst Loans	% of AA Families	% of Inst Loans	% of AA Families	% of Inst Loans
Home Purchase	23.72	5.26	16.23	10.53	18.15	15.79	41.91	68.42
Home Refinance	23.72	10.17	16.23	23.73	18.15	22.03	41.91	44.07

Santa Clara County – Limited Scope

The distribution of loans by business revenue category in Santa Clara County reflects reasonable penetration. The distribution of the bank’s loans to businesses of differing income sizes reflects reasonable penetration. The bank’s residential mortgage lending volume in Santa Clara County was too low to analyze due to housing prices, competition, and limited brand recognition in the county. The bank originated four home purchase loans and nine home refinance loans between 2013 and 2015 in Santa Clara County.

Business Loans

The distribution of loans to businesses reflects reasonable penetration among businesses of different sizes. Of the bank’s loans to businesses, 60.6 percent were made to small businesses and compared reasonably to the percentage of small businesses (79.2 percent) in Santa Clara County.

Geographic Distribution of Loans

The bank’s geographic distribution of loans reflects reasonable dispersion among census tracts of different income levels. The bank’s small business lending performance in the San Francisco MD is excellent, while the Santa Clara County

performance is reasonable. The bank’s residential mortgage lending performance in the San Francisco MD is excellent. Residential mortgage lending volume in Santa Clara County is too low to analyze. Loans are reasonably dispersed within the AA. The bank made at least one loan in 21 percent of all census tracts in the San Francisco MD (16 percent of low-income census tracts, 21 percent of moderate-income census tracts, 23 percent of middle-income census tracts, and 21 percent of upper-income census tracts). The bank’s penetration of all census tracts is reasonable given the bank’s branch locations and no skewing toward middle and upper income areas.

As small business lending is the majority of the total loans analyzed for this evaluation, it carries the majority of the weight in the overall rating under the lending test.

San Francisco-Redwood City-South San Francisco, CA MD – Full Scope

The geographic distribution of loans reflects excellent dispersion among census tracts of different income levels. The geographic distribution of both the bank’s small business and residential mortgage loans reflects excellent dispersion.

Small Business

The geographic distribution of business loans reflects excellent dispersion among census tracts of different income levels. The percentage of the bank’s small business loans within low-income census tracts is somewhat lower than the percentage of businesses in low-income census tracts, but the percentage of the bank’s business loans granted in moderate-income census tracts exceeds the percentage of businesses in moderate-income census tracts.

Table 5

Geographic Distribution of Loans to Businesses San Francisco MD								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Inst Loans	% of AA Businesses	% of Inst Loans	% of AA Businesses	% of Inst Loans	% of AA Businesses	% of Inst Loans
Small Business	17.91	12.66	11.22	22.28	31.63	36.90	39.15	28.16

Demographic Data Source: 2015 Dun and Bradstreet

Home Loans

The geographic distribution of the bank’s residential mortgage loans reflects excellent dispersion among census tracts of different income levels. The bank’s percentage of

home refinance lending within low-income census tracts is comparable to the percentage of owner-occupied housing units in low-income census tracts in the San Francisco MD. The bank’s percentage of home refinance lending within moderate-income census tracts exceeds the percentage of owner-occupied housing units in moderate-income census tracts. While the bank did not grant any home purchase loans in low-income census tracts, low-income census tracts represent only three percent of all census tracts and only eight percent of families in the San Francisco MD reside in low-income census tracts. The percentage of the bank’s home purchase loans in moderate-income census tracts exceeds the percentage of owner-occupied housing units in moderate-income census tracts.

Table 5a

Geographic Distribution of Residential Real Estate Loans San Francisco MD								
Census Tract Income Level	Low		Moderate		Middle		Upper	
% of Total	% of AA Owner Occupied /Multi family Units	% of Inst Loans	% of AA Owner Occupied/ Multi family Units	% of Inst Loans	% of AA Owner Occupied/ Multi family Units	% of Inst Loans	% of AA Owner Occupied/ Multi family Units	% of Inst Loans
Home Purchase	3.25	0.00	12.32	20.00	42.73	40.00	41.70	40.00
Home Refinance	3.25	3.13	12.32	17.19	42.73	46.88	41.70	32.81

Santa Clara County – Limited Scope

Lending in Santa Clara County represents reasonable dispersion in LMI geographies. The bank’s small business lending reflects reasonable distribution. Home mortgage lending volume is too low to analyze.

Small Business

The geographic distribution of business loans reflects reasonable dispersion. While there were no loans to small businesses in low-income census tracts, only six percent of the AA’s businesses are located in low-income census tracts in Santa Clara County. The percentage of the bank’s small business lending in moderate-income census tracts (16.8 percent) is somewhat lower than the percentage of businesses in moderate-income census tracts (21.0 percent).

Responses to Complaints

The bank did not receive any CRA-related complaints during this evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's community development (CD) test performance is satisfactory. The bank's CD activities demonstrate adequate responsiveness to the community development needs of its AAs considering the bank's capacity and the credit needs and opportunities in the bank's AAs.

Number and Amount of Community Development Loans

The bank's CD lending demonstrated adequate responsiveness to community development needs across all AAs. During the evaluation period, FNBNC originated four loans totaling \$3.3 million that qualify as community development.

San Francisco-Redwood City-South San Francisco, CA MD – Full Scope

The bank's CD loans in the San Francisco MD demonstrate adequate responsiveness. FNBNC originated four CD loans totaling \$3.3 million in this AA. The CD loans included:

- \$2,400,000 loan to a non-profit organization to purchase its facilities. This organization provides food, shelter, and educational services to low-income individuals;
- \$585,000 loan for working capital to a non-profit organization that provides free or affordable health care for LMI individuals;
- \$200,000 loan for working capital to a non-profit organization that provides financial literacy education to low-income individuals; and
- \$90,000 loan to a local business to relocate and re-open, resulting in job retention in the community.

Santa Clara County – Limited Scope

The bank did not grant any CD loans in Santa Clara County. While FNBNC did not originate any CD loans directly in this AA, one of the CD loans granted in the San Francisco MD provides indirect benefit to Santa Clara County. Given the bank's significant investments in affordable housing in Santa Clara County, the lack of CD lending does not diminish the bank's responsiveness to this AA.

Number and Amount of Qualified Investments

The bank's qualified investment activity demonstrated excellent responsiveness across both AAs. During the evaluation period, FNBNC made \$13.4 million in qualifying investments and donations. In addition, FNBNC has outstanding balances in three investments made in prior periods with a book value of approximately \$2.0 million that directly benefits the AAs.

We also gave positive consideration to three prior period investments in Low Income Housing Tax Credit funds with a book value of \$2.0 million that benefits a broader statewide or regional area that includes the bank's AAs.

San Francisco-Redwood City-South San Francisco, CA MD – Full Scope

The bank's qualified investments in the San Francisco MD demonstrate excellent responsiveness to the AA's community development needs. FNBNC purchased four qualified mortgage-backed securities totaling \$8.4 million during the evaluation period and had outstanding balances in three prior period investments totaling \$2.0 million. All of the investments are secured by mortgage loans to LMI borrowers.

The bank made cash donations of \$47,450 to 28 community development organizations that serve the San Francisco MD during this evaluation period. These organizations primarily provide services to LMI individuals or small business development services.

Santa Clara County – Limited Scope

The bank's qualified investments in Santa Clara County demonstrate excellent responsiveness to the AA's community development needs. FNBNC purchased two qualified mortgage-backed securities in the AA totaling \$5.0 million, which is significant for this county. All of the investments are secured by mortgage loans to LMI borrowers.

Extent to Which the Bank Provides Community Development Services

The bank's CD services demonstrate adequate responsiveness to community development needs across all AAs. The bank's CD services include technical assistance, financial literacy and business development education, and fundraising provided by employees and senior officers. The bank's officers served over 749 hours on various boards of directors as well as eight different committees of CD organizations during the evaluation period. In addition, bank employees and officers provided 128 hours of technical assistance, financial and business literacy education, and fundraising

efforts to 12 CD organizations during the evaluation period. The activities were responsive to the identified community development needs of affordable housing and small business and economic development.

San Francisco-Redwood City-South San Francisco, CA MD – Full Scope

The bank's CD services in the San Francisco MD demonstrate adequate responsiveness to the AA's community development needs. All of the bank's CD services were provided in this AA. Listed below are a few examples of the CD services provided by bank officers and employees:

- Chairman of the board of directors of an organization that provides assistance to developmentally disabled low-income individuals;
- Members of the board of directors of the South San Francisco and San Mateo Chambers of Commerce, through which small business development education is provided;
- Treasurer of a local food bank; and
- Provides free financial advice to small businesses and entrepreneurs.

Santa Clara County – Limited Scope

The bank did not provide community development services in Santa Clara County. Given the bank's significant investments in affordable housing in Santa Clara County, the lack of CD services does not diminish the bank's responsiveness to this AA.

Responsiveness to Community Development Needs

The bank's overall responsiveness to community development needs is adequate. During the evaluation period, the bank participated in community development activities through loans, investments, and services. The community development activities addressed the community development needs across all AAs.

San Francisco-Redwood City-South San Francisco, CA MD – Full Scope

The bank demonstrated adequate responsiveness to community development needs in the San Francisco MD AA. The bank addressed the need for affordable housing in the AA through the financing of apartments with income-eligibility restrictions to preserve affordable housing units, and the purchase of qualified mortgage-backed securities that promote home mortgage lending to LMI individuals. The bank addressed the need for social and financial services for LMI individuals through its CD lending and CD services.

The bank addressed the need for small business and economic development through its CD lending and CD services.

Santa Clara County – Limited Scope

The bank demonstrated adequate responsiveness to community development needs in Santa Clara County. The bank addressed the need for affordable housing in the AA through the purchase of qualified mortgage-backed securities that promote home mortgage lending to LMI individuals in the AA.

Fair Lending or Other Illegal Credit Practices Review

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

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