

PUBLIC DISCLOSURE

December 31, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**OneCalifornia Bank, FSB
1438 Webster Street, Suite 100
Oakland, CA 94612
Docket #: 18032**

**Office of Thrift Supervision
Western Region
225 East John Carpenter Freeway, Suite 500
Irving, TX 75062-2326**

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.



Office of Thrift Supervision
Department of the Treasury

Western Region

Daly City Regional Office • Phone Number: (650) 746-7000 • Fax: (650) 746-7001
Pacific Plaza, 2001 Junipero Serra Boulevard, Suite 650, Daly City, CA 94014-1976
P.O. Box 7165, San Francisco, CA 94120

June 10, 2010

Board of Directors
OneCalifornia Bank, FSB
1438 Webster Street, Suite 100
Oakland, CA 94612

Dear Directors:

Enclosed is your institution's first written Community Reinvestment Act (CRA) Performance Evaluation. The Office of Thrift Supervision (OTS) prepared the evaluation as of December 31, 2009.

In accordance with 12 C.F.R. 563e, this written CRA Performance Evaluation must be made available to the public within 30 business days of its receipt by your institution. The evaluation must be placed in your CRA public file at your home office and at each branch within this 30 business day time frame. The evaluation may not be altered or abridged in any manner. At your discretion, previous written CRA Performance Evaluation(s) may be retained with the most recent evaluation in your CRA public file.

Your institution is invited to prepare a response to the evaluation. The response may be placed in each CRA public file along with the evaluation. In the event your institution elects to prepare such a response, please forward a copy of it to this office.

We strongly encourage the Board of Directors, senior management, and other appropriate personnel to review this document and to take an active interest and role in the CRA activities of your institution.

Sincerely,

Laura M. Fiene
Assistant Director, Compliance

Enclosure

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of OneCalifornia Bank, FSB. The Office of Thrift Supervision (OTS) prepared the evaluation as of August 18, 1989. OTS evaluates performance in assessment area(s) delineated by the institution rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. OTS rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

Overall Rating

INSTITUTION'S CRA RATING: Satisfactory.

This evaluation of OneCalifornia, FSB's (OneCalifornia or Bank) Community Reinvestment Act (CRA) performance is based on the Small Retail Institution CRA Examination procedures adopted by the Federal Financial Institutions Examination Council (FFIEC). These procedures include the evaluation of the association's CRA results based on five performance criteria. These performance criteria are: 1) loan-to-deposit ratio; 2) assessment area concentration; 3) borrower profile/distribution of loans by borrower income; 4) geographic distribution of loans; and 5) response to CRA-related complaints. Small institutions may also elect to provide information regarding their CRA-qualified investments and their delivery systems and services as well as other lending-related activity. This is an evaluation of OneCalifornia's overall CRA performance during the January 1, 2007 through December 31, 2009 review period.

OneCalifornia's "Satisfactory" rating is based on its performance under each of the performance criteria listed previously. During the review period, the Bank maintained a reasonable loan-to-deposit ratio relative to its business strategy. A substantial majority of OneCalifornia's lending activity was within the institution's assessment area. Due to the product type reviewed, an analysis of the distribution of loans to borrowers of different income levels was not conducted. The geographic distribution of loans is good and is generally commensurate with other lenders. OneCalifornia originated a considerable amount of small business loans and the bank has a high level of community development services and investments. There have not been any CRA-related complaints during the review period. This is the first evaluation of the Bank's CRA performance.

In August 2009 we conducted an examination of OneCalifornia, and at that time we did not identify any illegal credit practices or substantive violations of the Equal Credit Opportunity Act, the Fair Housing Act, or any other federal nondiscrimination regulation.

Scope of Examination

Refer to appendix A.

Institution (continued)

Description of Institution

OneCalifornia is a federally chartered stock institution located in Oakland, California. The Bank is a de novo institution which opened for business in July 2007. OneCalifornia is a wholly owned subsidiary of OneCalifornia Bancorp, Inc. (Bancorp). Bancorp is a unitary, non-diversified holding company that does not engage in significant activity other than its 100 percent ownership of OneCalifornia Bank, FSB.

OneCalifornia is also a Community Development Financial Institution (CDFI). As a certified CDFI, OneCalifornia is required to: (1) have a primary mission of promoting community development, principally serving and maintaining accountability to an eligible target market(s), (2) be a financing entity, (3) provide development services, and (4) not be a government entity or controlled by a government entity. OneCalifornia maintains one full-service branch office in the city of Oakland. The home office was the only branch office opened during the review period. There were no branch closures during the review period.

As of December 31, 2009, the Bank reported total assets of \$99.3 million, total liabilities of \$86.4 million, and net worth of \$12.9 million. Assets consist primarily of cash, deposits, and investment securities (31.0 percent), non-residential permanent mortgages (22.0 percent), and mortgage backed securities (19.0 percent). Commercial loans comprise 15.0 percent of the asset portfolio. OneCalifornia funds loans through a deposit base of \$85 million.

OneCalifornia is focused on community development with a dual mission of providing affordable and accessible banking products and services to individuals and businesses within the low- to moderate-income areas of its assessment area in a financially sustainable and responsible manner. The business strategy focuses on loans to non-profit organizations, government guaranteed lending, refinancing and rehabilitation of recently foreclosed homes, and commercial lending. Loans are retained in the portfolio. The Bank's affiliation with non-profit groups allows OneCalifornia to positively impact the assessment area through loans to the organizations.

Economic or Legal Constraints

As a de novo institution with a unique community development mission, OneCalifornia has more limited lending opportunities in comparison to financial institutions of its same asset size. Additionally, the current recessionary environment has had a significant impact on the assessment area in which OneCalifornia operates and impacts every aspect of the economy in the aforementioned area.

Institution (continued)

Description of Assessment Area

An assessment area is a geographic area in which CRA performance is evaluated and 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. Furthermore, the assessment area boundaries must follow contiguous political subdivisions, such as counties, cities, or towns. OneCalifornia's assessment area designations follow city boundaries.

OneCalifornia has one assessment area defined as the city of Oakland, located in the state of California. Oakland is located in Alameda County and is part of the Oakland-Fremont-Hayward, California Metropolitan District. The main office is located in Oakland in a low-income census tract. According to the 2000 Census, the population of Oakland is nearly 400,000. The city houses a little more than one percent of the population of California. Competition for financial services is high in this assessment area. There are 358 Home Mortgage Disclosure Act (HMDA) reporters, consisting of financial institutions, mortgage banking companies and credit unions serving the Oakland assessment area. As the Bank matures, the assessment area will expand to include the counties of Alameda and Contra Costa.

Business, health care services, and manufacturing are among some of the leading industries in the city of Oakland. Additionally, the Port of Oakland is one of the busiest ports in the world for container ships, with nearly 200,000 jobs related to the movement of cargo. However, the region's economy is also impacted by the current recessionary environment. The HUD-updated weighted average median income for the assessment area was \$83,000 in 2007; increased to \$86,100 in 2008 and increased again to \$89,300 in 2009. Notwithstanding this, according to the Bureau of Labor Statistics (BLS), the average annual unemployment rate for the City of Oakland was 7.3 percent in 2007, increased to 9.5 percent in 2008, and increased dramatically up to 16.0 percent in 2009. These rates were substantially higher than the unemployment rates for the state of California as a whole, which were 5.3 percent in 2007, 7.2 percent in 2008, and 11.4 percent for 2009.

This assessment area includes a total of 100 census tracts. Thirty-eight percent of these tracts are designated as low-income; twenty-eight percent are moderate-income, nineteen percent are middle-income, and fifteen percent are upper-income. There were 151,126 housing units in the assessment area, including 59,402 owner-occupied units. The median value of owner-occupied housing units was \$240,814. According to the 2000 Census, the homeownership rate in this assessment area was 39.0 percent.

Institution (continued)

Conclusions with Respect to Performance Tests

LOAN-TO-DEPOSIT RATIO AND OTHER LENDING RELATED ACTIVITIES

Loan-to-Deposit Ratio

- OneCalifornia maintained a reasonable loan-to-deposit ratio throughout the review period.
- As expected, OneCalifornia’s average loan-to-deposit ratio has generally been lower than that of its OTS asset-size peer group median, due to its de novo status and unique community development mission.

The following table summarizes OneCalifornia’s quarterly loan-to-deposit ratio between June 30, 2007 and December 31, 2009.

| Loan-To-Deposit Ratio At Recent Quarter Ends During-Review Period | | | | | | | | | | | | |
|--|-----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|----------------------------|-------------|
| Quarterly Period | 12/09 ⁽²⁾ | 9/09 ⁽²⁾ | 6/09 ⁽²⁾ | 3/09 ⁽²⁾ | 12/08 ⁽¹⁾ | 9/08 ⁽¹⁾ | 6/08 ⁽¹⁾ | 3/08 ⁽¹⁾ | 12/07 ⁽¹⁾ | 9/07 ⁽¹⁾ | 6/07 ⁽¹⁾ | Avg. |
| Loans (\$000s) | 45,780 | 40,397 | 32,404 | 26,030 | 24,265 | 22,014 | 7,563 | 6,594 | 2,615 | 0 | 1 | 18,878 |
| Deposits (\$000s) | 85,001 | 75,841 | 63,004 | 51,550 | 32,435 | 29,091 | 37,165 | 14,467 | 9,613 | 5,138 | 109 | 36,674 |
| LTD Ratio | 53.9 | 53.3 | 51.4 | 50.5 | 74.8 | 75.7 | 20.4 | 45.6 | 27.2 | 0 | 0.9 | 41.2 |
| Peer Group * | 88.1 | 86.7 | 88.6 | 84.9 | 77.9 | 75.7 | 91.6 | 80.6 | 81.9 | 76.1 | 71.8 | na |
| Percentile of Peer | 16 | 10 | 7 | 9 | 45 | 50 | 7 | 25 | 17 | 11 | 19 | na |

- (1) Peer Median represents the median loan-to-deposit ratio for thrift institutions with total assets less than \$50.0 million. (2) Peer Median represents the median loan-to-deposit ratio for thrift institutions with total assets between \$50.0 million and \$100.0 million.

Lending Activity

- OneCalifornia originated 57 small business loans for approximately \$22.4 million.
- OneCalifornia originated 39 single-family residential mortgage loans for approximately \$6.7 million. These loans were primarily to organizations that purchase and improve blighted properties. Approximately half of these improved properties are sold to first time homebuyers.
- During the review period, OneCalifornia originated three multifamily loans for approximately \$1.5 million.
- The bank uses innovative lending practices to serve small business customers and community development organizations.

Institution (continued)

ASSESSMENT AREA CONCENTRATION

A substantial majority of OneCalifornia’s loans was granted within its assessment area. The table below illustrates the ratio of loans granted within the assessment area compared to total lending by product type.

| Assessment Area Concentration | | | | | | |
|--|-------------------------|---------------|----------------------|-------------------------|---------------|----------------------|
| <i>Lending Reported between 1/1/07 –12/31/09</i> | | | | | | |
| Product Type | Number of Loans | | | Dollar Amount (\$000) | | |
| | Assessment Area Lending | Total Lending | Ratio of AA to Total | Assessment Area Lending | Total Lending | Ratio of AA to Total |
| Small Business | 51 | 57 | 89.4 | 19,452,338 | 22,486,816 | 86.5 |

LENDING TO BORROWERS OF DIFFERENT INCOMES

An analysis of lending to borrowers of different incomes was not conducted as OneCalifornia primarily originated small business loans during the review period. Data for the gross revenues of the businesses was not provided, however management confirmed that the majority of loans originated were to businesses with gross revenues of less than \$1 million.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans is good, particularly when considering the bank’s de novo status. With the exception of loans in low-income areas, the percentage of loans originated by OneCalifornia is generally commensurate with that of other lenders originating small business loans. The following summarizes the geographic distribution of OneCalifornia’s lending activities in the Oakland assessment area, compared to that of other institutions and to area demographics. The number of loans originated during the review period is in parenthesis:

| Census Tract Characteristics | | | | | | |
|-------------------------------------|------------|-----------------|---------------|--------------|----------------|-------|
| Oakland Assessment Area | Low-Income | Moderate-Income | Middle-Income | Upper-Income | Income Data NA | Total |
| OneCalifornia (51) | 21.6% | 21.6% | 19.6% | 31.3% | 5.9% | 100% |
| 2008 Peer Small Business* (15,086) | 33.7% | 21.1% | 22.0% | 23.2% | - | 100% |
| Area Demographics | 38.0% | 28.0% | 19.0% | 15.0% | - | 100% |

*Small Business data for 2009 was not available at the date of this writing.

Institution (continued)

COMMUNITY DEVELOPMENT INVESTMENTS AND SERVICES

A community development investment is an investment or grant that has community development as its primary purpose. The CRA regulation defines community development as: (1) the provision of affordable housing for low- and moderate-income individuals; (2) community services targeted to low- and moderate-income individuals; (3) activities that promote economic development by financing small businesses or small farms; or (4) activities that revitalize and stabilize low- and moderate-income geographies.

As a small retail association, OneCalifornia is not subject to the community development test component of the CRA evaluation; however the bank has tracked its performance relative to this criterion. OneCalifornia had a significant level of community development investments, loans, and services during the review period that merit recognition. During the review period the bank made the following investments:

- \$25,000 provided to Chabot Space and Science Center. The Bank's donation enabled Oakland public school fifth grade students to attend a field trip.

In addition to investments, OneCalifornia has made numerous community development loans. These loans provide resources, services and economic development opportunities to low- and moderate-income individuals and families. They also support activities that revitalize and stabilize low- and moderate-income geographies. The bank made 11 community development loans for more than \$8.7 million during the review period. The following is a list of some of the community development loans during the review period:

- Lighthouse Community Charter School – This school is located in a low-income census tract.
- Playworks Education Energized – This organization promotes healthy play for low-income schools.
- CEO Women Inc. – This organization provides economic opportunities for low-income women.
- The Stride Center – The center provides financial literacy programs and promotes economic self sufficiency.
- East Bay Community Foundation – The foundation provides services for at risk children and families.
- Unity Council – This organization supports economic, social and neighborhood development for low-income geographies and families.
- PolicyLink – This organization promotes access to quality jobs, affordable housing, good schools, and transportation through a program called “Lifting Up What Works.”

Institution (continued)

OneCalifornia provides a high level of community development services. The home office is located in a low-income area of the assessment area and provides extended services on Fridays. In addition to a full range of deposit, savings, and loan products, OneCalifornia offers remote deposit and 24-hour ATM access at the branch office. The bank also offers online banking and bill-pay, which customers may access twenty-four hours a day, seven days a week. Customers may also use the Allpoint Network to access ATMs at over 32,000 locations with no surcharge.

The bank provides financial education and banking services to low-income individuals through the OneCAL SAFE program. This initiative includes a partnership with Bay Area non-profit organizations and includes financial tutoring in small classes and one-on-one coaching. OneCalifornia also partners with the Mission Asset Fund to bring traditionally informal lending circles (Cestas Populares) into formalized modern banking to help people improve and establish credit histories.

OneCalifornia and its employees have also demonstrated a commitment to the community by donating hours to community development organizations. These organizations play an important role in providing financial and volunteer support to the assessment area and surrounding community. During the review period, staff from the bank has volunteered for the following community initiatives:

- Rebuilding Together Oakland – Bank officers and employees provided assistance to improve the home of a low-income family in East Oakland. These improvements helped enable the senior and disabled residents to live independently in safe and comfortable housing.

In addition, OneCalifornia also supports and maintains relationships with various non-profit organizations that don't necessarily meet the definition of "community development services," but are important to the vitality of the assessment area cities and people.

Fair Lending or Other Illegal Credit Practices Review

In August 2009, we conducted an examination of OneCalifornia Bank. At that time, we did not identify any illegal credit practices or substantive violation of the Equal Credit Opportunity Act, the Fair Housing Act, or any other federal nondiscrimination laws or regulations.

Complaints

No complaints were received for OneCalifornia Bank during the review period regarding CRA.

Appendix A

Scope of Examination

This is the first evaluation of OneCalifornia FSB's (OneCalifornia or Bank) Community Reinvestment Act (CRA) performance. The evaluation covers a review period of January 1, 2007 through December 31, 2009. Telephone conversations were held with bank management, but the examination was performed off-site. No branch office visits were conducted for this evaluation.

The bank was evaluated under the Small Retail Institution CRA Examination Procedures. Our evaluation of OneCalifornia's lending performance included a review of small business loans originated by the bank to businesses with gross revenues of less than \$1 million. The bank's lending results were compared with other financial institutions originating small business loans within the OneCalifornia's assessment area during 2008. The comparisons include distributions of credit activity by geographic area. Aggregate lending results for 2009 were not available as of the date of this review. Lending results were also compared to the 2000 U.S. Census demographic information.

Additionally, the bank's special credit programs targeting underserved segments of the community were reviewed. We reviewed lending and financial information from the Thrift Financial Reports (TFRs) and Uniform Thrift Performance Reports (UTPRs) regarding the bank's performance and that of its asset-size peer group, which consisted of OTS-regulated institutions with total assets of less than \$50.0 million for 2007 and 2008. Due to the OneCalifornia's increased assets, the peer group for 2009 consisted of OTS-regulated institutions with total assets between \$50.0 million and \$100.0 million. In addition, we reviewed internal reports prepared by the bank regarding loan originations and distributions.

We also gave consideration to financial contributions and investments made by OneCalifornia during the review period. Corporate contributions and grants made to qualifying community development organizations were reviewed. Additionally, services provided by the bank's employees to various community development organizations were considered.

To obtain demographic, economic, business, and property-use information for the assessment area, we reviewed information from the 2000 U.S. Census. We also reviewed more current information, including updated population estimates and housing information from the U.S. Census Bureau, updated income information from the U.S. Department of Housing and Urban Development (HUD) as of 2009, and recent employment and income data for 2007 through 2009 from the U.S. Bureau of Labor Statistics (BLS).

Discussions were held with bank management and staff involved in the conduct of the institution's CRA program.

Appendix A (continued)

Finally, inasmuch as we did not identify any discriminatory lending policies or practices, this CRA evaluation was not negatively affected by its fair lending performance.

| SCOPE OF EXAMINATION | | |
|------------------------------|---|--------------------------|
| Full Scope CRA Examination | | |
| TIME PERIOD REVIEWED: | January 1, 2007 through December 31, 2009 | |
| FINANCIAL INSTITUTION | | PRODUCTS REVIEWED |
| OneCalifornia, FSB | | Small Business Loans |
| AFFILIATE(S) | AFFILIATE RELATIONSHIP | PRODUCTS REVIEWED |
| None | | |

| LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION | | | |
|--|---------------------|-------------------------------|---|
| ASSESSMENT AREA | TYPE OF EXAMINATION | BRANCHES VISITED ⁱ | OTHER INFORMATION |
| City of Oakland, California | Full Scope | 0 | Part of the larger Oakland-Fremont-Hayward, CA MD |

ⁱ There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

CRA Rating Definitions

There are four separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OTS will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

1. "Outstanding record of meeting community credit needs."
2. "Satisfactory record of meeting community credit needs."
3. "Needs to improve record of meeting community credit needs."
4. "Substantial noncompliance in meeting community credit needs."

OTS judges an institution's performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the assessment area(s); the lending, investment, and service opportunities in the assessment area(s); the institution's product offerings and business strategy; the institution's capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OTS adjusts the evaluation of an institution's performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.