



## **PUBLIC DISCLOSURE**

January 6, 2014

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

Meridian Bank, N.A.  
Charter Number: 24320  
2198 E. Camelback Rd., Suite 100  
Phoenix, AZ 85016

Office of the Comptroller of the Currency  
Arizona & New Mexico  
9633 South 48<sup>th</sup> Street, Suite 265  
Phoenix, AZ 85044

**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 **Meridian Bank, N.A.** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Meridian Bank N.A. 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:

- A good level of lending, particularly when considering the economic environment, intense competition in the assessment area (AA), and other performance context factors that limited the Bank's ability to lend in the AA.
- An adequate distribution of home refinance loans and an excellent distribution of small loans to businesses in low- and moderate-income (LMI) geographies.
- Overall good distribution of home refinance loans to LMI borrowers and adequate distribution of loans to small businesses.
- A good level of community development (CD) investments and donations that addressed the need for affordable housing and community services targeted to LMI families and households, as well as small businesses.
- Branch distribution that is reasonably accessible to individuals living in LMI geographies; and
- An excellent level of CD services that were responsive to community needs.

## 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/AA.

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

**Community Development:** Affordable housing (including multi-family 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 CT delineated by the United States Bureau of the Census in the most recent decennial census.

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

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multi-family (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/AA.

**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.

**Multi-family:** 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

Meridian Bank, N.A. (MBNA or Bank) is an intrastate bank headquartered in Phoenix, Arizona. The Bank was originally chartered in Wickenburg, Arizona on May 1, 1978. The charter was moved to the Bank's Phoenix office on November 14, 2011. MBNA is a wholly owned subsidiary of Marquette Financial Companies (MFC), which in turn is entirely owned by members of the Pohlad family of Minneapolis, Minnesota. MFC originally operated seven subsidiary financial companies under the Bank charter. However, during the evaluation period, most of the companies were either sold, merged, or closed and only three companies remain – Marqbank, Marquette Business Credit, and Marquette Transportation Finance. For CRA purposes, bank subsidiaries are treated as affiliates. However, MBNA management did not request the OCC to consider any affiliate activities for this evaluation.

MBNA is a full-service bank that offers various consumer and business deposit and loan products. The Bank operates eight full-service branches in Maricopa County. The main office is located in Phoenix. There are no offices located in either low- or moderate-income census tracts (CTs). Four offices are located in middle-income CTs and four are located in upper-income CTs. The Bank closed three offices (one in a moderate-income CT, one in a middle-income CT, and one in an upper-income CT) and opened three offices (one in a middle-income CT and two in upper-income CTs). The branch that was closed in a moderate-income CT was relocated to a smaller office in an upper-income CT because the Bank downsized and needed more affordable space. The new location is less than a mile from the branch that was closed.

As of September 30, 2013, MBNA had total assets of \$728 million, net income of \$5.4 million, and Tier One Capital of \$119.7 million. Current assets represent a substantial decline from that noted at the previous CRA examination (\$1.6 billion as of December 31, 2009).

MBNA's primary business focus is commercial lending. Although the Bank offers home mortgage products, they are primarily offered as an accommodation to its commercial customers. As of September 30, 2013, net loans equaled \$522 million and represented 72 percent of total assets. The Bank's loan portfolio consisted of the following: construction/land development loans and commercial/industrial loans (78 percent); 1-4 family residential and 1-4 family construction loans (19 percent); multi-family loans (almost two percent); loans to individuals and all other loans (just over one percent).

Due to lending constraints and the inability to generate a profit during part of the review period, the Bank found it difficult to generate commercial loans and provide CD loans in a highly competitive market with tighter credit standards. This is reflected in the significant decline of reported small loans to businesses from 533 during the previous evaluation period to 124 during this evaluation period.

MBNA was previously evaluated under the Large Bank CRA Test on February 28, 2010, and received a rating of "Satisfactory." Although MBNA is no longer a large bank due to the substantial decline in assets during the evaluation period, the Bank elected to be evaluated under the Large Bank CRA Test.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

We reviewed home mortgage and small business loans for the period beginning January 1, 2010, through December 31, 2012. The mortgage loans we reviewed were home refinance loans and are reported under the Home Mortgage Disclosure Act (HMDA). Home purchase, home improvement, and multi-family loans were not a primary loan product and were not evaluated. Primary loan products for this review are products in which the Bank originated at least 25 loans within the AA during the evaluation period. Performance tables one through 12 in Appendix C include only data covered by the 2000 Census, specifically 2010 through 2011. However, data from 2012, which is covered by the 2010 Census, is discussed in the applicable narrative sections of the evaluation. We reviewed CD investments and services for the period beginning March 1, 2010, through December 31, 2013.

### Data Integrity

Prior to this CRA evaluation, we tested the accuracy of MBNA's publicly filed information on home mortgage loans and small loans to businesses. The data we reviewed was collected and reported by the Bank over the evaluation period. The testing indicated no substantive inaccuracies in the data for small loans to businesses. Therefore, we concluded that this data could be relied upon for this examination. We identified a significant number of errors in the 2012 HMDA data. However, management subsequently scrubbed the data and resubmitted the report. Consequently, the HMDA data we reviewed for this analysis is accurate. Additionally, CD investments and services made or rendered during the evaluation period were reviewed to determine their eligibility for consideration. We included in this examination all activities found to meet the definition of community development.

### Selection of Areas for Full-Scope Review

MBNA has one AA, which is Maricopa County. There are no limited scope areas. See Appendix A for the dates used in the various tests for MBNA. Also see Appendix B for the Maricopa County AA market profile.

### Ratings

The Bank's overall CRA rating is based on a full-scope review of the Maricopa County AA. To conclude on MBNA's overall record of performance, we assessed activities in the AA under the Lending, Investment, and Service tests. The rating methodology is structured such that the Lending Test is weighted most heavily of the three tests.

Under the Lending Test, we placed slightly more weight on the distribution of the Bank's small business lending than on the Bank's distribution of home mortgage lending. Within the home mortgage category, we considered only home refinance loans. We placed more emphasis on small business lending since this is the Bank's primary loan product; 61 percent of the total loans reported were commercial loans. However, we also wanted to acknowledge the Bank's efforts to provide home mortgage loans in LMI geographies and to LMI individuals, which is a stated need in the AA.

## Other

We reviewed three recent community contacts and performed another in order to identify some of the most significant CD needs in the Bank's AA. These contacts identified the following needs:

- Financing for mixed income projects that help provide affordable housing for LMI individuals.
- Financing for small businesses, particularly very small businesses in distressed areas. These small business loans help revitalize LMI areas.
- Financing to rehabilitate foreclosed homes, as well as mortgage loans for new LMI purchasers.
- Donations for small, grass roots CD organizations to allow them to continue to operate and provide needed services to LMI individuals.
- Education for small business owners regarding business plans, income statements, and cash flow.

While there are abundant CD needs in the AA, the opportunities for CD loans, investments, and services are significantly diminished for smaller banks that have limited financial and human resources, as well as limited expertise regarding complex investments and loans.

## 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 AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

MBNA's performance under the lending test is rated "Low Satisfactory." Based on full-scope reviews, the Bank's performance in Maricopa County is adequate.

### Lending Activity

Refer to Table 1 – Lending Volume in Appendix C for the facts and data used to evaluate the Bank's lending activity.

Lending activity in Maricopa County is good, particularly considering the strong competition by megabanks and other large banks in the AA for all types of loans in the market place.

In Maricopa County, the bank has a deposit market share of 0.77 percent and ranks 14th. Three large banks dominate the market for deposits and hold 74 percent of the market share. For the majority of the remaining banks (49 of 59), each holds less than a one percent market share. For home mortgage loans, the Bank had a nominal market share. However, home mortgage lending is not a significant business focus for MBNA. For small loans to businesses, the Bank's market share compares favorably to its deposit market share. MBNA ranked 28th with a market share of 0.74 percent. There are 159 lenders that make small loans to businesses, indicating strong competition for these loans. Four large financial institutions hold 54 percent of the market share of small loans to businesses.

## **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.

MBNA originated 27 home mortgage loans in 2010 and 2011, and originated 26 home mortgage loans, and purchased 25 home mortgage loans in 2012 in its AA. The majority of these (68 percent) were home refinance loans. Therefore, our analysis focuses only on these loans. In addition, the loan volume of home purchase and home improvement loans was insufficient to perform a meaningful analysis.

The geographic distribution of home refinance loans in LMI CTs in the Bank's AA in 2010 and 2011, is adequate particularly when considering the lending obstacles during the review period. The Bank did not originate any home refinance loans in low-income CTs; however, less than two percent of the housing units in these CTs were owner-occupied, limiting opportunities for home mortgage loans. The portion of home refinance loans in moderate-income CTs is somewhat lower than the demographic comparator, but the Bank's market share exceeds overall market share. The Bank's performance in 2012 is weaker than in 2010 and 2011. However, half of the home mortgage loans reported in 2012 were purchased loans with the purpose of attracting additional commercial loan customers and obtaining local deposits. This influenced the Bank's geographic distribution of home mortgage loans in 2012. (See "Appendix B: Market Profiles for Full-Scope Areas" for additional details.)

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

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

MBNA originated 64 small loans to businesses in 2010 and 2011 and 60 in 2012. The geographic distribution of these loans in LMI CTs is excellent in 2010 and 2011. The portion of the Bank's loans significantly exceeds the demographic comparators in LMI CTs. Market share in LMI CTs also exceeds the market share for all lenders as a whole. The geographic distribution of small loans to businesses in 2012 is good. Distribution of these loans

significantly exceeds the demographic comparator in low-income CTs, but it is somewhat lower than the demographic comparator in moderate-income CTs. Market share mirrors the percentage distribution.

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

We reviewed summary reports and maps and analyzed MBNA's home mortgage and small business activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps. The Bank's AA consists of whole geographies, meets the requirements of the CRA regulation, and does not arbitrarily exclude any LMI areas.

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

For the combined three-year evaluation period, MBNA originated a substantial majority of all loan products inside its AA. The Bank originated 95 percent of its small loans to businesses and 86 percent of its home mortgage loans in its AA during the evaluation period.

## **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.

Distribution of home refinance loans to LMI borrowers is good. The portion of the Bank's loans to low-income borrowers is lower than the demographic comparator, and the Bank does not have a market share for loans to these borrowers. However, performance is adequate given the economic conditions and the difficulty to find qualified low-income borrowers during this evaluation period. The portion of the Bank's home refinance loans to moderate-income borrowers significantly exceeds the demographic comparator, and the Bank's market share exceeds overall market share, which is excellent. The Bank's distribution of home refinance loans to LMI borrowers was weaker in 2012, due to the reasons discussed above under the "Distribution of Loans by Income Level of Geography."

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

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

The portion of the Bank's loans to small businesses (businesses with revenues of \$1 million or less) is lower than the demographic comparator, and market share is somewhat below that for all lenders. However, this performance is adequate given lending restrictions, tighter credit standards, and limited opportunities to originate safe and sound loans in the AA during this evaluation period. This factor is reflected in the low market share of loans to small businesses (significantly less than one percent) for all lenders in the market. The Bank's distribution of small loans to businesses in 2012 is consistent with its performance in 2010 and 2011. However, market share showed improvement.

## **Community Development Lending**

The Bank did not provide any CD loans during this evaluation cycle. See “Description of the Institution” for additional details.

## **Product Innovation and Flexibility**

MBNA did not provide any innovative or flexible loans during this evaluation cycle.

## **INVESTMENT TEST**

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

The Bank’s performance under the investment test is rated “High Satisfactory.” Based on full-scope reviews, MBNA’s performance in Maricopa County is good.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the Bank’s level of qualified investments.

In assessing the Bank’s performance, we considered the opportunities for CD investments in Maricopa County, as well as MBNA’s financial and human resources. The Bank does not have the financial resources to purchase large CD investments and does not have experienced staff knowledgeable about more complex investments such as low-income housing tax credits. We also considered the Bank’s responsiveness to identified CD needs within Maricopa County.

During the review period, the Bank provided 48 qualified investments/donations totaling over \$1.7 million and representing 1.4 percent of Tier One Capital. This is a significant increase over that noted during the previous CRA evaluation period. Although MBNA’s investment and donations are not innovative, they are responsive to identified needs in the AA including affordable housing for LMI families and households, services to LMI individuals, and education to LMI individuals and small business owners. Over \$1.6 million represents a mortgage-backed security, which helped provide mortgages to LMI homebuyers. Over \$112 thousand consists of donations to various CD organizations. A substantial majority of these donations helped provide services, such as food, shelter, education, and health and dental care to LMI individuals. The donations were very responsive to the needs of local CD organizations that provide these critical services to LMI individuals. A community contact stated that many of these organizations have been struggling to keep their doors open because of the downturn in the local economy, which in turn resulted in a significant decline in donations during the evaluation period. In addition, donations totaling over \$10 thousand helped provide financial education to small business owners and aspiring entrepreneurs, which is also an identified need in the Bank’s AA.

## **SERVICE TEST**

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

The Bank's performance under the Service Test is rated "High Satisfactory." Based on full-scope reviews, MBNA's performance in Maricopa County is good. The Bank's excellent efforts to provide CD services in its AA contributed positively to MBNA's Service Test rating.

### **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.

The geographic distribution of MBNA's branches in Maricopa County is reasonable. The Bank has no branches or ATMs located in LMI CTs. However, after considering near-to branches, the accessibility to LMI geographies improved significantly. (Near-to branches are those located in middle- or upper-income CTs that are within one mile from a LMI CT.) MBNA has two branches, one located in a middle-income CT and another located in an upper-income CT that are located across the street from a moderate-income CT. A third branch, in downtown Phoenix, is located within one mile of seven LMI CTs. The Bank also has two other branches that are located within a 1.3-mile radius of one low- and eight moderate-income CTs.

Branch openings and closings have not affected the accessibility of the Bank's delivery systems in this AA, particularly to LMI individuals. During the evaluation period, MBNA opened one branch in a middle-income CT and two in upper-income CTs. The Bank closed one branch in a moderate-income CT, one in a middle-income CT, and one in an upper-income CT. The branch that was closed in a moderate-income CT was relocated to an upper-income CT that is near-by (less than a mile). This allowed the Bank to continue branch services to the existing customers and geographies. All but one of the eight branches have full-service ATMs. Only one branch, located in an upper-income CT in Scottsdale, has an ATM that only dispenses cash and does not take deposits. The branch hours and services do not vary in a way that would inconvenience LMI individuals.

### **Community Development Services**

MBNA's employees provided an excellent level of community development services in the Bank's AA. During the evaluation period, the Bank provided 485 hours of qualified CD services to a number of CD organizations within the AA. This represents a 52 percent increase in the number of CD service hours compared to those provided during the previous evaluation period. This is particularly noteworthy because MBNA experienced a 22 percent decline in employees due to declining assets and income during the current evaluation period.

MBNA's efforts demonstrate a commitment to CD by providing technical assistance regarding financial and banking related matters to a variety of organizations that benefit LMI individuals, promote economic development, and provide affordable housing. Bank employees were particularly instrumental in providing financial education to LMI individuals and small business owners. Following are some examples of MBNA's efforts:

- Homeward Bound – This organization assists families in achieving economic independence, obtaining long-term affordable housing, and breaking the cycle of homelessness and welfare dependence to gain self-sufficiency. Bank employees provided instruction on financial basics to low-income individuals.
- Phoenix Revitalization Corporation – In August 2012, the Federal Deposit Insurance Corporation (FDIC) and the Small Business Administration (SBA) held a joint meeting with financial institutions in Arizona requesting assistance in providing financial education to small business owners and aspiring entrepreneurs. The FDIC, SBA, and CD organizations recognized that financial education was needed in the community to help generate business opportunities and employment. To respond to this need, the FDIC and SBA committed to implement a new “Money Smart” curriculum and requested the assistance of local banks to execute the program. MBNA took a leadership role in working with the City of Phoenix and the Phoenix Revitalization Corporation to create a program for delivery of the curriculum. In addition to providing donations exceeding \$10 thousand and public support for the program, Bank employees volunteered their time to provide instruction.
- Helping Hands for Single Moms – This organizations assists low-income single mothers pursue their dream of a college education by providing scholarships and other services, with the final goal of helping these single mothers gain financial independence. MBNA employees provided instruction on building and maintaining credit.
- Valley Life of Arizona – This organization assists low-income individuals with developmental disabilities who are on public assistance and trying to re-enter the work force and become financially independent. MBNA employees provided assistance by developing a pilot financial basics program.

MBNA was also instrumental in assisting one of its customers (a CD organization) where foreclosure seemed imminent. Bank management recognized that failure of this non-profit organization would impact LMI communities. Consequently, the Bank reached out to another CD organization to see if an alternative financing arrangement could be created. The Bank agreed to a discounted payoff, which allowed the CD organization to continue its services to the community.

Since the Bank met the CD service needs in its AA, we also considered CD services outside the Bank’s AA. An employee provided an additional 15 hours to the finance committee of an organization that assisted victims in a designated disaster area in Arizona that is outside the Bank’s AA.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: 01/01/2010 to 12/31/2012 Investment and Service Tests: 03/01/2010 to 12/31/2013	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Meridian Bank, N.A. Phoenix, AZ	Home Refinance Loans Small Loans to Businesses CD Investments and Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		No affiliate products were reviewed.
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Maricopa County, AZ	Full-Scope	

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

### Maricopa County AA - 2000 Census

Demographic Information for Full Scope Area: Maricopa County AA - 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	663	6.03	27.30	34.69	31.37	0.60
Population by Geography	3,072,149	4.88	28.69	36.78	29.64	0.01
Owner-Occupied Housing by Geography	764,563	1.53	21.47	40.34	36.66	0.00
Business by Geography	464,595	3.55	17.80	32.48	46.10	0.07
Farms by Geography	7,678	2.25	19.71	36.19	41.81	0.04
Family Distribution by Income Level	768,800	19.09	18.51	21.75	40.65	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	289,057	7.44	41.75	36.25	14.56	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		51,172 65,500 10%	Median Housing Value Unemployment Rate (2000 US Census)	130,648 2.31%		

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

### Maricopa County AA - 2010 Census

Demographic Information for Full Scope Area: Maricopa County AA - 2010 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	916	9.39	23.91	31.99	33.62	1.09
Population by Geography	3,817,117	8.42	24.46	33.25	33.69	0.18
Owner-Occupied Housing by Geography	916,515	3.61	20.72	35.75	39.90	0.02
Business by Geography	453,321	6.48	15.59	29.79	47.67	0.47
Farms by Geography	7,844	5.84	16.94	32.28	44.71	0.23
Family Distribution by Income Level	913,798	20.93	17.44	20.15	41.48	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	350,618	13.75	36.07	32.18	18.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		64,408 66,400 12%	Median Housing Value Unemployment Rate (2010 US Census)	258,903 3.48%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2012 HUD updated MFI

MBNA operates eight branches and seven full-service ATMs in one AA - Maricopa County. Maricopa is one of two counties that comprise the Phoenix-Mesa-Scottsdale MSA.

Based on 2000 U.S. Census data, Maricopa County had 663 CTs; six percent were low-income, 27 percent were moderate-income, 35 percent were middle-income, and 32 percent were upper-income. The population at the time of the 2000 Census was 3.1 million; five percent was low-income, 29 percent was moderate-income, 37 percent was middle-income,

and 29 percent was upper-income. The portion of households below the poverty level was ten percent.

The 2010 U.S. Census data indicates an increase in the number of CTs from 663 to 939; nine percent of the tracts are low-income, 24 percent are moderate-income, 32 percent are middle-income, 34 percent are upper-income, and one percent has no income designation. The population at the time of the 2010 Census increased to 3.8 million from that noted in the 2000 Census, of which eight percent is low-income, 25 percent is moderate-income, 33 percent is middle-income, and 34 percent is upper-income. The portion of households below the poverty level is 12 percent.

### Economy

The state of Arizona was one of the hardest hit during the most recent recession. Economists note that the recession has been the most protracted and severe, and the current economic recovery by far the weakest in the period since World War II (December 2011 *Policy Points*). Economic reports indicate that Arizona experienced job losses of almost 12 percent between 2007 and 2011. The majority of the jobs were in the construction industry. As of September 2013, the seasonally adjusted unemployment rate for Maricopa County was 8.3 percent. This is higher than the U.S. unemployment rate of 7.3 percent. The top ten employers in Maricopa County are the State of Arizona, Wal-Mart Stores Inc., Banner Health, City of Phoenix, Wells Fargo Bank, Bank of America, Maricopa County, Raytheon Co., Arizona State University, and Apollo Group.

### Housing and Opportunities for Home Mortgage Lending

Housing prices hit bottom in Arizona, including the Bank's AA, in 2011. However, since then prices have steadily increased with the decline of foreclosures. As of December 2009, the number of foreclosures was at 47,606. As of May 2013, the number of foreclosures had declined to 7,786. The median home price varies from city to city in the AA, with a low of \$71,500 in Youngtown to a high of \$1,100,000 in Paradise Valley. Realty Trac notes the median sales price of a distressed property in Maricopa County is \$150,000; and for a non-distressed property, it is \$186,500, which is still relatively affordable. Despite this, a representative of a local CD organization noted that it is difficult to find qualified LMI borrowers because of the number of foreclosures that also affected LMI families, as well as stricter credit standards that prohibit LMI individuals from qualifying.

Historically, MBNA has focused its efforts on commercial lending; consumer financing has been a minor component of the Bank's lending program. The Bank provides these loans only as an accommodation to business clients in an effort to build banking relationships. In 2012, the Bank approved a jumbo mortgage loan purchase program, with the intention of gaining additional commercial loan leads by approaching the relationship from a consumer-financing platform. MBNA believed that this would enhance the Bank's efforts to increase its commercial loan portfolio and to gather local deposits. The purchased loans affected the Bank's distribution of home mortgage loans since a majority of the purchased loans were to middle- and upper-income business borrowers that lived in moderate- and upper-income CTs. In April 2013, senior management realized that the program was not successful in providing either commercial loan or deposit opportunities and the program was terminated. MBNA's loan portfolio continues to be commercially focused.

### Opportunities for Commercial Lending

During the evaluation period, opportunities for safe and sound small business loans declined. As credit terms tightened and the competition for stronger business borrowers increased, it became more difficult for MBNA to originate loans. Although opportunities to originate small business loans showed improvement in 2012, the pace of improvement has been slow. A Small Business Lending study performed by the SBA in July 2013 notes that mega financial institutions (those exceeding \$50 billion in assets) continue to hold more than one-third of all small business loans outstanding.

### Competition

Competition for both deposits and loans is intense in the AA. Based on the June 2013 FDIC Deposit Market Share Report, 50 financial institutions compete for deposits in the AA. JP Morgan Chase Bank, N.A.; Wells Fargo Bank, N.A.; and Bank of America, N.A. combined hold 74 percent of all deposits in the AA. MBNA ranks fourteenth with a market share of 0.77 percent. As of September 30, 2013, the Bank's brokered deposits represent less than eight percent of total deposits. This is a substantial decline in the percentage of brokered deposits noted at the last CRA evaluation; as half of all the Bank's deposits were brokered deposits as of December 31, 2009. The Bank competes with several large, mid-size, and community banks and credit card financial institutions that make loans, but do not gather deposits in the AA. The 2012 Peer Small Business Data indicates MBNA ranks twenty-eighth among 159 lenders and holds a market share of 0.74 percent.

### Community Development Needs

The Bank's CRA Officer is a member of the Arizona Community Reinvestment Collaborative and regularly attends CRA Roundtable meetings in order to remain knowledgeable about CD needs in MBNA's AA. For additional information regarding the specific needs of the AA, see the "Scope of the Evaluation - Other" section.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA; (2) Partially geocoded loans (loans where no CT is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. Community development loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. See Interagency Q&As12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/AA. 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 Multi-family Loans** - Compares the percentage distribution of the number of multi-family loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income

geographies to the percentage distribution of multi-family 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 AA.
- 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 AA.
- 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/AA. 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/AA.

**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 AA. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

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

**Table 1. Lending Volume**

LENDING VOLUME		Geography: ARIZONA						Evaluation Period: JANUARY 1, 2010 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:												
Maricopa County AA - 2000 C	100.00	27	9,143	64	14,892	0	0	0	0	91	24,035	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 March 1, 2010 to December 31, 2013.

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

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

Geographic Distribution: HOME PURCHASE			Geography: ARIZONA				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011								
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total **	% Owner Occ Units ***	% BANK Loans ****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Maricopa County AA - 2000 Census	3	100.00	1.53	100.00	21.47	0.00	40.34	0.00	36.66	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2011 Peer Mortgage Data (USPR)

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

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

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

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

Geographic Distribution: HOME IMPROVEMENT		Geography: ARIZONA						Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Maricopa County AA - 2000 Census	0	0.00	1.53	0.00	21.47	0.00	40.34	0.00	36.66	0.00	0.00	0.00	0.00	0.00	0.00

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

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: ARIZONA			Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography								
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp				
Full Review:																			
Maricopa County AA - 2000 Census	23	100.00	1.53	0.00	21.47	8.70	40.34	39.13	36.66	52.17	0.01	0.00	0.02	0.01	0.01				

\* 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 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 5. Geographic Distribution of Multi-family Loans**

Geographic Distribution: MULTI-FAMILY		Geography: ARIZONA				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011									
Assessment Area:	Total Multi-family Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total **	% of MF Units ***	% BANK Loans ****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Maricopa County AA - 2000 Census	1	100.00	6.97	0.00	40.88	100.00	36.33	0.00	15.82	0.00	0.00	0.00	0.00	0.00	0.00

\* 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 multi-family units in a particular geography divided by the number of multi-family housing units in the area based on 2000 Census information.

\*\*\*\* Multi-family loan distribution includes Home Purchases, Home Improvement and Refinances.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES															Geography: ARIZONA					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography													
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Maricopa County AA - 2000 Census	64	100.00	3.55	9.38	17.80	37.50	32.48	21.88	46.10	31.25	0.05	0.10	0.11	0.03	0.03									

\* Based on 2011 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2011).

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

Geographic Distribution: SMALL LOANS TO FARMS															Geography: ARIZONA					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography													
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Maricopa County AA - 2000 Census	0	0.00	2.25	0.00	19.71	0.00	36.19	0.00	41.81	0.00	0.00	0.00	0.00	0.00	0.00									

\* 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 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE															Geography: ARIZONA					Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *													
	#	% of Total **	% Families ***	% BANK Loans ****	% Families <sup>1</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Maricopa County AA - 2000 Census	3	100.00	19.09	0.00	18.51	0.00	21.75	100.00	40.65	0.00	0.00	0.00	0.00	0.00	0.00									

\* 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.

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

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

Borrower Distribution: HOME IMPROVEMENT			Geography: ARIZONA				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011								
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total **	% Families ***	% BANK Loans ****	% Families <sup>2</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Maricopa County AA - 2000 Census	0	0.00	19.09	0.00	18.51	0.00	21.75	0.00	40.65	0.00	0.00	0.00	0.00	0.00	0.00

\* 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 Families is based on the 2000 Census information.

\*\*\*\* As a percentage of loans with borrower income information available.

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: ARIZONA				Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011								
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share *				
	#	% of Total **	% Families ***	% BANK Loans ****	% Families <sup>3</sup>	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Maricopa County AA - 2000 Census	23	100.00	19.09	4.55	18.51	22.73	21.75	18.18	40.65	54.55	0.01	0.00	0.02	0.01	0.01

\* 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.

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

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: ARIZONA			Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011	
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share *	
	#	% of Total **	% of Businesses ***	% BANK Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Maricopa County AA - 2000 Census	64	100.00	66.50	25.00	34.38	40.63	25.00	0.05	0.03

\* 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.

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

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 3.13% of small loans to businesses originated and purchased by the bank.

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: ARIZONA			Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2011				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share *	
	#	% of Total **	% of Farms ***	% BANK Loans ****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less
Full Review:									
Maricopa County AA - 2000 Census	0	0.00	95.17	0.00	0.00	0.00	0.00	0.00	0.00

\* 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.

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

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: ARIZONA					Evaluation Period: MARCH 1, 2010 TO DECEMBER 31, 2013				
Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments **	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Maricopa County AA - 2010 Census	0	0	48	\$1.731	48	\$1.731	100.00	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: ARIZONA Evaluation Period: JANUARY 1, 2010 TO DECEMBER 31, 2013																	
MA/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:																	
Maricopa County AA - 2010 Census	100.00	8	100.00	0.00	0.00	50.00	50.00	3	3	0	-1	0	+1	8.42	24.46	33.25	33.69