



PUBLIC DISCLOSURE

August 24, 2015

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Gateway Bank, F.S.B.
Charter Number 708857

2201 Broadway, Suite 404
Oakland, CA 94612

Office of the Comptroller of the Currency

One Front Street
Suite 1000
San Francisco, CA 94111

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

The major factors supporting the institution's rating are:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition and assessment area (AA) credit needs.
- The distribution of loans by borrower income is reasonable.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- The record of providing investment and community development services enhances credit availability.

SCOPE OF EXAMINATION

The evaluation period is from June 7, 2011 to August 25, 2015. For our analysis, however, we used loan data from January 1, 2012 through December 31, 2014. Gateway Bank, F.S.B. (Bank) is primarily a residential mortgage lender. In the AA, the Bank purchased or originated 1,734 loans reportable under the Home Mortgage Disclosure Act (HMDA) from 2012 through 2014. By product type, home refinance loans represented 78.4 percent of reportable HMDA lending in the AA, home purchase loans represented 21.3 percent, multifamily loans represented 0.2 percent, and home improvement loans represented 0.1 percent. Our analysis of lending only covered home refinance and home purchase lending. Given the significance of the Bank's home refinance lending, refinance lending carries the most weight by loan product type.

We conducted a separate data integrity review prior to this evaluation. Overall, we found the HMDA data reported in 2012, 2013, and 2014 to be accurate and reliable for purposes of the CRA analysis.

Ratings

The overall rating is a blend of the metropolitan division (MD) and metropolitan statistical (MSA) area performances. Performance in the Oakland-Fremont-Hayward MD and Santa Clara County carry equal weight given the headquarters and branch location in Oakland and the volume of loans granted in Santa Clara County. Performance in the San Francisco-Redwood City-South San Francisco MD carries secondary weighting.

Distribution of Loans by MD/MSA			
MD/MSA	# of Loans	% # of Loans	\$ Loans
Oakland MD	685	39.5%	\$245,560
San Francisco MD	221	12.7%	\$104,292
San Clara County	828	47.8%	\$332,364
Total AA Lending	1,734		\$682,216

DESCRIPTION OF INSTITUTION

The Bank is a federally chartered stock savings bank, headquartered in Oakland, California, with a single branch office also located in Oakland. The Bank operated a branch in San Francisco but sold the branch in June 2014. As of December 31, 2014, the Bank reported total assets of \$186.5 million, total liabilities of \$176.5 million, and total capital of \$9.9 million. Total loans equaled \$134.1 million, or 71.9 percent of total assets. The loan portfolio (by dollar volume) is comprised of 88.3 percent real estate loans, 11.5 percent other loans, and 0.02 percent commercial loans.

The table below shows the composition of the loan portfolio.

Table 1

Gateway Bank, F.S.B. Loan Portfolio Composition as of 12/31/2014		
Asset Type	Amount (\$000)	% of Loan Portfolio
Permanent Mortgage Loans		
- Single Family	90,459	67.5
- Multifamily	18,276	13.6
- Nonresidential RE and Land	9,667	7.2
Commercial Loans	341	0.2
Other Loans	15,387	11.5

The Bank historically only originated or purchased single-family (one-to-four unit) residential mortgage loans. As part of the Bank's business plan, loan production was predominately generated through its proprietary QuickSale (QS) program. Under this program, the Bank purchased single-family mortgage loans from small third-party mortgage bankers. These loans were then sold with the servicing rights released to the third-party final investors. The Bank's role was to purchase whole loans, or 100 percent participations in such loans, from mortgage bankers, hold the loans for approximately 5 to 30 days, and then deliver the loans to the final investor. The Bank received a specified rate from the mortgage banker on the outstanding loan balance for the period of time between the Bank's purchase of the loan from the mortgage banker and the

subsequent delivery of the loan to the final investor. For this evaluation, we recognize the short-term holding period of these loans. While we do not place significant weight on the program in the evaluation, but do recognize the benefit to the communities in the AA as well as to the small mortgage brokers serving the AA.

During the review period, the Bank was subject to regulatory restrictions that have impacted its loan volume. On October 26, 2011, the OCC issued a Cease and Desist Order to the Bank. The Cease and Desist Order is a public document with certain mandates including specific capital requirements as well as QS and asset concentration limits. These limitations and overall business conditions contributed to a decline in QS volume through the review period. As of December 2014, the Bank discontinued the QS program. From 2012 to 2013, the total number of HMDA loans originated or purchased declined 59 percent from 11,530 loans to 4,755 loans. This decline continued as total HMDA loans decreased 50 percent from 2013 to 2014, when 2,358 loans were originated or purchased. Despite the significant year over year declines in mortgage lending, The Bank reported \$5.6 billion in mortgage loan purchases and originations nationwide during the 36-month review period.

In light of the concerted efforts made by management to reduce QS volume, we consider the Bank to have a good record of meeting the credit and deposit needs of the San Francisco Bay Area. During the 36-month review period, originated or purchased \$682.2 million in HMDA-reportable residential mortgage loans within its AA.

The Bank's CRA performance was last evaluated June 6, 2011, at which time the Bank was rated Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

The Bank has defined one AA in accordance with the technical requirements of the CRA regulation. The AA covers five counties around the San Francisco Bay. It includes the geographies where the Bank's offices are, or were, located and where a substantial number of loans are originated, and does not arbitrarily exclude low- and moderate-income census tracts (CTs). These counties are part of three distinct MSAs or MDs that make up a portion of the larger San Jose-San Francisco-Oakland Combined Statistical Area (CSA):

- The Oakland-Fremont-Hayward MD (Alameda and Contra Costa Counties);
- The San Francisco-Redwood City- South San Francisco MD (San Francisco and San Mateo Counties); and
- Part of the San Jose-Sunnyvale-Santa Clara MSA (Santa Clara County).

The designated AA consists of 1,294 CTs spread among the four income groups as follows: 154 low-income (12 percent), 264 moderate-income (20 percent), 459 middle-income (35 percent), 410 upper-income (32 percent), and 7 have not been assigned an income classification (1 percent). A description of each is provided separately below.

Oakland-Fremont-Hayward MD (Oakland MD)

Oakland MD Income Levels

The Oakland MD covers all 567 CTs in Alameda and Contra Costa Counties. The Bank operates one office in this MD. Based on the 2010 Census, there are 78 low-, 121 moderate-, 189 middle-, and 178 upper-income CTs in the MD. The remaining CT has not been assigned an income classification. Low- and moderate-income families make up 39.7 percent of the families residing in the MD with 29.1 percent of all families living in low- or moderate-income CTs. For purposes of all CRA evaluations, families are categorized as low-, moderate-, middle, or upper-income based on their respective income levels as a percentage of the current Median Family Income (MFI). The parameters for CT classifications are categorized in a similar fashion. Each year, the Federal Financial Institutions Examination Council (FFIEC) determines the annual MFIs for each MSA in the United States. As provided by the FFIEC, the estimated MFI for this MD is \$88,500 in 2014.

Demographic Data and Economic Performance

Economic conditions were mixed during the review period. The average annual unemployment rate decreased from 8.8 percent in 2012 to 7.3 percent in 2013 and 6.0 percent in 2014, according to the Bureau of Labor Statistics (BLS). However, housing affordability continues to decline based on the National Association of Home Builders (NAHB) Housing Opportunity Index (HOI) for the fourth quarter of 2014. The HOI for a given area is defined as the share of homes sold in that area that would have been affordable to a family earning the local median income based on standard mortgage underwriting criteria. The HOI for the MD was 31.4 based on the FFIEC-adjusted MFI for 2014 and the median home sales price of \$499,000 during the fourth quarter of 2014. The MD ranked 215 out of 226 metropolitan areas monitored nationally by the NAHB.

The following table provides select demographic data for the Oakland MD:

Demographic Information for Full Scope Area: Oakland MD (2010 Census)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	567	13.76	21.34	33.33	31.39	0.18
Population by Geography	2,559,296	12.53	20.80	34.45	32.23	0.00
Owner-Occupied Housing by Geography	549,084	5.73	15.64	36.39	42.23	0.00
Business by Geography	189,387	10.19	17.68	31.91	40.19	0.03
Farms by Geography	2,960	6.45	16.52	34.56	42.47	0.00
Family Distribution by Income Level	599,692	23.31	16.42	19.15	41.12	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	238,260	20.56	28.33	34.11	17.00	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2014 Households Below Poverty Level		88,024 88,500 10%	Median Housing Value Unemployment Rate (2010 US Census)		551,319 4.29%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2014 FFIEC updated MFI

As indicated in the table above, 10 percent of the households in the MD have incomes below the poverty level. The data also reflects that the percentage of owner-occupied housing units within low- and moderate-income CTs is 5.73 percent and 15.64 percent, respectively. Other US Census data reflects that of the total housing, 24.65 percent of owners and 18.15 percent of renters in the MD have monthly owner and rental costs, respectively, greater than 30 percent of their income. Based on the 2014 D&B business demographics, there are 189,387 non-farm businesses in the MD. Of these, 73.14 percent had gross annual revenues of \$1 million or less, 4.99 percent reported gross annual revenues greater than \$1 million, and 21.86 percent did not report revenues.

Competition

According to the June 30, 2014 Federal Deposit Insurance Corporation (FDIC) Summary of Deposits (SOD) Report, 42 FDIC-insured financial institutions operate in Alameda County. These financial institutions have 297 offices in Alameda County and hold \$35.7 billion in FDIC-insured deposits. The top five banks (by market share) controlled 73.0 percent of the deposits. The Bank operates only one branch in Alameda County and ranks 16th in market share with 0.57 percent of the deposits. In addition to competing with a variety of financial institutions, the Bank faces competition for deposit and loan products from other nonbank entities in the county that were not included in

the SOD Report, including credit unions, mortgage loan brokers, insurance companies, and money management firms.

San Francisco-Redwood City-South San Francisco MD (San Francisco MD)

San Francisco MD Income Levels

The San Francisco MD covers all 355 CTs in San Francisco and San Mateo Counties. The Bank operated one office in this MD until June 2014. Based on the 2010 Census, there are 40 low-, 59 moderate-, 132 middle-, and 119 upper-income CTs in the MD. The remaining five CTs have not been assigned an income classification. Low- and moderate-income families make up 39.9 percent of the families residing in the MD with 25.0 percent of all families living in low- or moderate-income CTs. As provided by the FFIEC, the estimated MFI for the MD is \$94,800 in 2014.

Demographic Data and Economic Performance

Economic conditions were mixed during the review period. The average annual unemployment rate (not seasonally adjusted) decreased from 6.6 percent in 2012 to 5.4 percent in 2013 and 4.3 percent in 2014 according to the BLS. However, housing affordability continues to decline based on the NAHB HOI for the fourth quarter of 2014. The HOI for the MD was 11.1 based on the HUD Adjusted MFI for 2014 and the median home sales price of \$920,000 during the fourth quarter of 2014. The MD ranked last out of 226 metropolitan areas monitored nationally by the NAHB.

The following table provides select demographic data for the San Francisco MD:

Demographic Information for Full Scope Area: San Francisco MD						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	355	11.27	16.62	37.18	33.52	1.41
Population by Geography	1,523,686	10.76	18.22	39.96	31.05	0.01
Owner-Occupied Housing by Geography	282,177	3.25	12.32	42.73	41.70	0.00
Business by Geography	155,105	17.89	11.11	31.77	39.12	0.11
Farms by Geography	1,648	7.34	14.26	35.68	42.66	0.06
Family Distribution by Income Level	322,846	23.72	16.23	18.15	41.91	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	128,967	16.13	26.23	39.56	18.08	0.01
Median Family Income FFIEC Adjusted Median Family Income for 2014 Households Below Poverty Level		93,987 94,800 9%	Median Housing Value Unemployment Rate (2010 US Census)	769,464 3.89%		

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

Source: 2010 US Census and 2014 FFIEC updated MFI

As indicated in the table above, 9 percent of the households in the MD have incomes below the poverty level. The data also reflects that the percentage of owner-occupied housing units within low- and moderate-income CTs is 3 percent and 12 percent, respectively. Other US Census data reflects that of the total occupied housing, 17.83 percent of owners and 20.94 percent of renters in the MD have monthly owner and rental costs, respectively, greater than 30 percent of their income. Based on the 2014 D&B business demographics, there are 155,105 non-farm businesses in the MD. Of these, 70.93 percent had gross annual revenues of \$1 million or less, 5.71 percent reported gross annual revenues greater than \$1 million, and 23.36 percent did not report revenues.

Competition

According to the June 30, 2014 FDIC SOD Report, 49 FDIC-insured financial institutions operate in San Francisco County. These financial institutions have 289 offices in San Francisco County and hold \$198.6 billion in FDIC-insured deposits. The top five banks (by market share) controlled 87.3 percent of the deposits. The Bank closed its lone office in San Francisco County in June 2014 and the Bank was not included in the SOD Report.

Santa Clara County

Santa Clara County Income Levels

Santa Clara County along with San Benito County make up the San Jose-Sunnyvale-Santa Clara MSA. The Bank's AA includes all 372 CTs in Santa Clara County. T did not operate any offices in this county during the review period, but made a substantial portion of its loans in the county. Based on the 2010 Census, there are 36 low-, 84 moderate-, 138 middle-, and 113 upper-income CT in the county. The remaining CT has not been assigned an income classification. Low- and moderate-income families make up 39.6 percent of the families residing in the county with 29.4 percent of all families living in low- or moderate-income CTs. As provided by the FFIEC, the estimated MFI for the county is \$101,900 in 2014.

Demographic Data and Economic Performance

Economic conditions were mixed during the review period. The average annual unemployment rate (not seasonally adjusted) decreased from 7.9 percent in 2012 to 6.5 percent in 2013 and 5.2 percent in 2014 according to the BLS. However, housing affordability continues to decline based on the NAHB HOI for the fourth quarter of 2014. The HOI for the MSA (including Santa Clara and San Benito Counties) was 21.8 based on the FFIEC-adjusted MFI for 2014 and the median home sales price of \$681,000

during the fourth quarter of 2014. The MSA ranked 220 out of 226 metropolitan areas monitored nationally by the NAHB.

The following table provides select demographic data for Santa Clara County:

Demographic Information for Full Scope Area: Santa Clara County (2010)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	372	9.68	22.58	37.10	30.38	0.27
Population by Geography	1,781,642	9.22	24.43	36.92	29.26	0.15
Owner-Occupied Housing by Geography	353,399	4.49	17.93	38.99	38.60	0.00
Business by Geography	149,201	6.09	21.31	34.58	37.90	0.12
Farms by Geography	2,083	7.73	22.61	33.99	35.57	0.10
Family Distribution by Income Level	421,343	23.41	16.16	19.35	41.08	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	166,752	14.74	31.56	35.84	17.85	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2014 Households Below Poverty Level		99,794 101,900 8%	Median Housing Value Unemployment Rate (2010 US Census)		677,721 4.01%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2014 FFIEC updated MFI

As indicated in the Table above, 8 percent of the households in the county have incomes below the poverty level. The data also reflects that the percentage of owner-occupied housing units within low- and moderate-income CTs is 4 percent and 18 percent, respectively. Other US Census data reflects that of the total occupied housing, 23.08 percent of owners and 17.13 percent of renters in the county have monthly owner and rental costs, respectively, greater than 30 percent of their income. Based on the 2014 D&B business demographics, there are 149,201 non-farm businesses in the county. Of these, 69.80 percent had gross annual revenues of \$1 million or less, 5.30 percent reported gross annual revenues greater than \$1 million, and 24.90 percent did not report revenues.

Competition

According to the June 30, 2014, FDIC SOD Report, there are 49 FDIC-insured financial institutions operating in Santa Clara County. These financial institutions have 363 offices in the county and hold \$99.2 billion in FDIC-insured deposits. The top five banks (by market share) controlled 75.9 percent of the deposits. The Bank does not have an office in the county and was not included in the SOD Report.

Credit Needs of the Assessment Area

Based on the demographic data presented within each MD/MSA, several conclusions regarding the credit needs of the AA can be made. The high number of rental units in each MD/MSA, particularly within low- and moderate-income areas, combined with the low percentage of owner-occupied housing units in these areas, indicates the need for affordable housing loans, loan programs that offer assistance with down payment and closing costs, and loan programs for first-time home buyers. The low level of home ownership in these areas suggests that home ownership costs may be excessive for individuals living in these areas. Given the high poverty rates, particularly in low-income CTs, it is doubtful that individuals in these areas would qualify for conventional home loans. Therefore, loans to creditworthy contractors or investors willing to build/provide affordable rental housing may be needed. In addition, the age of the units within these areas suggests that home improvement loans may also be needed. Finally, loans to small businesses in these areas could help induce economic revitalization and provide needed jobs.

A recent community contact indicated a need for affordable housing, small business financing, and economic development to create jobs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The Bank's loan-to-deposit (LTD) ratio is reasonable given the Bank's size, financial condition, and the credit needs of the community. Over the last 17 quarters (March 2011 to March 2015), The Bank's average LTD ratio is 66.46 percent. We compared the Bank to two other financial institutions, similar both in size and location. The assets of these peer banks were \$211 million and \$139 million. The institutions are located in a similar market and have a similar number of branches. The average quarterly LTD ratio for these two banks is 76.67 percent.

The Bank's QS program generated a significant volume of loans (18,643 loans totaling \$5.6 billion) during the evaluation period. The quarterly LTD ratio is a static ratio, reflecting only quarter-end loan and deposit balances, and does not reflect loan sales.

Lending in Assessment Area

A very small percentage of the Bank’s HMDA-reportable loans are made inside the Bank’s AA. Of the 18,643 loans purchased or originated between 2012 and 2014, only 9 percent of the number and 12 percent of the dollar volume were granted within the AA.

While most of the Bank’s lending was granted outside of its AA, the volume of lending within the AA is significant relative to deposits. Based on year-end December 31, 2014 deposits and the dollar volume of HMDA loans originated or purchased between 2012 and 2014 in the AA, the Bank’s local area lending to deposits is 441 percent. Further, the dollar volume of loans granted to low- and moderate-income borrowers between 2012 and 2014 represents 61 percent of year-end 2014 deposits.

Table 2

Gateway Bank, F.S.B. Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (\$000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA Loans	1,734	9.0	16,909	91.0	18,643	682,216	12.0	4,932,636	88.0	5,614,852

Source: HMDA-reportable loans originated between 1/1/12-12/31/14

Lending to Borrowers of Different Incomes

The Bank’s distribution of loans to different incomes reflects reasonable penetration, given the demographics of its AA. Our analysis of lending only covered home refinance and home purchase lending. Given the significance of home refinance lending by the Bank, refinance lending carries the most weight.

Table 3 below shows the distribution of home mortgage loans to borrowers of different income levels.

Table 3

Borrower Distribution of Residential Real Estate Loans by MD/MSA										
Borrower Income Level	Low			Moderate			Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans		% of AA Families	% of Number of Loans		% of AA Families	% of Number of Bank Loans	% of AA Families	% of Number of Bank Loans
		Bank	2013 HMDA Agg		Bank	2013 HMDA Agg				
Oakland MD										
Refinance	23.31	2.43	6.23	16.42	13.06	14.2	19.15	22.95	41.12	61.57
Purchase	23.31	8.78	4.18	16.42	27.70	15.0	19.15	26.35	41.12	37.16
San Francisco MD										
Refinance	23.72	5.81	5.76	16.23	9.88	12.64	18.15	31.98	41.91	52.33
Purchase	23.72	9.30	1.57	16.23	23.26	7.74	18.15	18.60	41.91	48.84
Santa Clara County										
Refinance	23.41	5.86	5.55	16.16	15.72	12.92	19.35	28.35	41.08	50.08
Purchase	23.41	1.68	1.81	16.16	18.99	9.89	19.35	32.40	41.08	46.93

Note: Bank percentages may not total to 100%. The table does not show loans granted to borrowers whose income was not reported.

Oakland MD

The Bank's record of home mortgage lending to low- and moderate-income borrowers reflects overall reasonable penetration in the Oakland MD.

The Bank's lending to low-income borrowers is reasonable. The Bank's percentage of home mortgage loans to low-income borrowers is well below the percentage of low-income families in the MD. The Bank's home purchase lending to low-income borrowers significantly exceeds the 2013 HMDA aggregate, but its home refinance lending is well below the 2013 aggregate. With consideration given to strong home purchase lending relative to the peer aggregate as well as the generally higher degree of difficulty for low-income borrowers to qualify for home mortgage purchase loans based on traditional underwriting standards, the Bank's home mortgage lending, overall, to low-income borrowers in the MD is considered reasonable.

The Bank's lending to moderate-income borrowers is excellent. The Bank's percentage of home refinance lending to moderate-income borrowers is below the percentage of

moderate-income families in the MD, while the percentage of its home purchase loans exceeds the proportion of moderate-income families in the MD. The Bank's home refinance lending to moderate-income borrowers is near the 2013 HMDA aggregate, but home purchase lending is well above the 2013 aggregate. Additionally, in 2013, the Bank's market share of the number of home purchase and home refinance loans granted to moderate-income borrowers in the MD (0.18 percent) is higher than the Bank's overall market share of the number of all HMDA home purchase and home refinance loans granted in the MD (0.12 percent).

San Francisco MD

The Bank's record of home mortgage lending to low- and moderate-income borrowers reflects overall reasonable penetration in the San Francisco MD.

The Bank's lending to low-income borrowers is reasonable. The Bank's percentage of home mortgage loans to low-income borrowers is well below the percentage of low-income families in the MD. However, the Bank's home refinance lending to low-income borrowers is comparable to the 2013 HMDA aggregate, and its home purchase lending to low-income borrowers is significantly above the peer aggregate. In 2013, the Bank's market share of the number of home purchase and home refinance loans granted to low-income borrowers in the MD (0.14 percent) exceeds the Bank's overall market share of the number of home purchase and home refinance loans granted in the MD (0.09 percent).

The Bank's lending to moderate-income borrowers is reasonable. The Bank's percentage of home refinance loans to moderate-income borrowers is well below the percentage of moderate-income families in the MD and its home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the MD. The Bank's home refinance lending to moderate-income borrowers is below the 2013 HMDA aggregate but its home purchase lending to moderate-income borrowers significantly exceeds the peer aggregate. In 2013, the Bank's market share of the number of home purchase and home refinance loans granted to moderate-income borrowers in the MD (0.11 percent) is higher than the Bank's overall market share of the number of home purchase and home refinance loans granted in the MD of 0.09 percent.

Santa Clara County

The Bank's record of home mortgage lending to low- and moderate-income borrowers reflects overall reasonable penetration in Santa Clara County.

The Bank's lending to low-income borrowers is reasonable. The Bank's percentage of home mortgage loans to low-income borrowers is well below the percentage of low-income families in the county. However, the Bank's home refinance lending to low-income borrowers exceeds the 2013 HMDA aggregate and its home purchase lending to low-income borrowers is near the peer aggregate. In 2013, the Bank's market share of the number of home purchase and home refinance loans granted to low-income borrowers in the county (0.21 percent) is equal to the Bank's overall market share of the number of home purchase and home refinance loans granted in the county.

The Bank's lending to moderate-income borrowers is excellent. The Bank's percentage of home refinance loans to moderate-income borrowers is near the percentage of moderate-income families in the county, and its home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the county. The Bank's home purchase and home refinance lending among moderate-income borrowers exceeds the 2013 HMDA aggregate for both loan products. In 2013, the Bank's market share of the number of home purchase and home refinance loans granted to moderate-income borrowers in the county (0.31 percent) is higher than the Bank's overall market share of the number of home purchase and home refinance loans granted in the county (0.21 percent).

Geographic Distribution of Loans

The Bank's geographic distribution of loans reflects excellent dispersion throughout its AA. Our analysis of lending only covered home refinance and home purchase lending. Given the significance of home refinance lending by the Bank, refinance lending carries the most weight. There were no conspicuous gaps in the Bank's distribution of loans.

Table 4 below shows the distribution of home mortgage loans within geographies of different income levels.

Table 4

Geographic Distribution of Residential Real Estate Loans by MD/MSA										
Census Tract Income Level	Low			Moderate			Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans		% of AA Owner Occupied Housing	% of Number of Loans		% of AA Owner Occupied Housing	% of Number of Bank Loans	% of AA Owner Occupied Housing	% of Number of Bank Loans
		Bank	2013 HMDA Agg		Bank	2013 HMDA Agg				
Oakland MD										
Refinance	5.73	4.85	3.76	15.64	11.94	12.04	36.39	26.12	42.23	57.09
Purchase	5.73	5.41	5.8	15.64	14.19	14.17	36.39	45.27	42.23	35.14
San Francisco MD										
Refinance	3.25	11.49	3.94	12.32	12.07	14.56	42.73	43.86	41.70	32.76
Purchase	3.25	2.33	5.94	12.32	16.28	14.77	42.73	62.79	41.70	18.60
Santa Clara County										
Refinance	4.49	5.08	4.04	17.93	17.26	18.85	38.99	42.68	38.60	34.98
Purchase	4.49	7.82	5.00	17.93	24.58	20.35	38.99	45.25	38.60	22.35

Oakland MD

The geographic distribution of home mortgage loans reflects reasonable penetration in the Oakland MD.

The Bank's lending within low-income CTs is reasonable. The Bank's percentage of home mortgage lending is slightly below the percentage of owner-occupied housing units in low-income CTs. The Bank's home refinance lending within low-income CTs exceeds the 2013 HMDA aggregate, and its home purchase lending within low-income CTs is near the peer aggregate. In 2013, the Bank's market share of the number of home purchase and home refinance loans granted within low-income CTs in the MD (0.19 percent) is higher than the Bank's overall market share of the number of all home purchase and home refinance loans granted in the MD (0.12 percent).

The Bank's lending within moderate-income CTs is reasonable. The Bank's percentage of home mortgage lending is slightly below the percentage of owner-occupied housing

units in moderate-income CTs. The Bank's home refinance and home purchase lending within moderate-income CTs is comparable to the 2013 HMDA aggregate for both products. In 2013, the Bank's market share of the number of home purchase and home refinance loans granted within moderate-income CTs in the MD (0.14 percent) is higher than the Bank's overall market share of the number of all home purchase and home refinance loans granted in the MD (0.12 percent).

San Francisco MD

The geographic distribution of home mortgage loans reflects excellent penetration in the San Francisco MD.

The Bank's lending within low-income CTs is excellent. The Bank's percentage of home refinance lending in low-income CTs significantly exceeds the percentage of owner-occupied housing units in low-income CTs, but its home purchase lending is below the percentage of owner-occupied housing units in low-income CTs. The Bank's home refinance lending within low-income CTs significantly exceeds the 2013 HMDA aggregate, while its home purchase lending within low-income CTs is well below the peer aggregate. In 2013, the Bank's market share of the number of home purchase and home refinance loans granted within low-income CTs in the MD (0.33 percent) is higher than the Bank's overall market share of the number of all home purchase and home refinance loans granted in the MD (0.09 percent).

The Bank's lending within moderate-income CTs is excellent. The Bank's percentage of home refinance and home purchase lending is near to and exceeds, respectively, the percentage of owner-occupied housing units in moderate-income CTs. The Bank's home refinance lending within moderate-income CTs is below the 2013 HMDA aggregate, while its home purchase lending within moderate-income CTs exceeds the peer aggregate. In 2013, the Bank's market share of the number of home purchase and home refinance loans granted within moderate-income CTs in the MD (0.08 percent) is slightly below the Bank's overall market share of the number of all home purchase and home refinance loans granted in the MD (0.09 percent).

Santa Clara County

Geographic distribution of home mortgage loans reflects excellent penetration in Santa Clara County.

The Bank's lending within low-income CTs is excellent. The Bank's percentage of home mortgage lending exceeds the percentage of owner-occupied housing units in low-income CTs. The Bank's home mortgage lending within low-income CTs exceeds the 2013 HMDA aggregate for both home refinance and home purchase lending. In

2013, the Bank's market share of the number of home purchase and home refinance loans granted within low-income CTs in the county (0.29 percent) is higher than the Bank's overall market share of the number of all home purchase and home refinance loans granted in the county of 0.21 percent

The Bank's lending within moderate-income CTs is excellent. The Bank's percentage of home refinance lending is near the percentage of owner-occupied housing units in moderate-income CTs, and its home purchase lending exceeds the percentage of owner-occupied housing units in moderate-income CT. The Bank's home refinance lending within moderate-income CTs is slightly lower than that of the 2013 HMDA aggregate, and its home purchase lending within moderate-income CTs exceeds the peer aggregate. In 2013, the Bank's market share of the number of home purchase and home refinance loans granted within moderate-income CTs in the county (0.29 percent) is higher than the Bank's overall market share of the number of all home purchase and home refinance loans granted in the county (0.21 percent).

Qualified Investments and CD Services (Optional)

Qualified CD services and donations represent a significant commitment to serving community needs. We reviewed donations and services from July 1, 2014, to June 30, 2015. During this period, the Bank donated \$3,200 and served 120 hours across six community organizations. These organizations primarily emphasized community safety, education, health, financial awareness, and police dialogue within the Chinatown population in Oakland, particularly for low- and moderate-income residents and small businesses.

Responses to Complaints

The Bank did not receive any CRA-related complaints during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

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

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

