



PUBLIC DISCLOSURE

February 08, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Luther Burbank Savings
Charter Number 707960

500 Third Street
Santa Rosa, CA 95401

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, 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 **Luther Burbank Savings** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Luther Burbank Savings 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:

- Lending levels reflect adequate responsiveness to the credit needs in California. Luther Burbank Savings’ (LBS or the bank) performance in the Los Angeles Metropolitan Statistical Area (MSA) is excellent and, in the Santa Rosa MSA, performance is adequate.
- The geographic distribution of loans reflects good penetration in California. The geographic distribution of loans throughout the Los Angeles MSA and the Santa Rosa MSA is good.
- A high percentage of loans are made in the bank’s assessment areas (AAs). By number and dollar volume of the bank’s HMDA-reportable loans, 75 percent and 76 percent, respectively were inside the AAs.
- The distribution of borrowers reflects, given the product lines offered by the institution, poor penetration among retail customers of different income levels in California. The distribution of home mortgage loans among borrowers of differing income levels reflects poor penetration throughout the Los Angeles MSA and adequate penetration throughout the Santa Rosa MSA.
- LBS made a relatively high level of community development loans in California. LBS’s level of community development (CD) lending positively affects its overall lending performance in the Los Angeles MSA and has a neutral impact on the Santa Rosa MSA.
- LBS makes use of innovative and/or flexible lending practices in order to serve assessment area credit needs in California.

- LBS makes a significant level of qualified community development investments and grants, and exhibits excellent responsiveness to credit and community economic development needs in California. LBS makes limited use of innovative and/or complex investments to support community development initiatives. Investment activity performance in both the Los Angeles MSA and the Santa Rosa MSA is good.
- LBS's delivery systems are reasonably accessible to essentially all portions of the AAs. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Accessibility of delivery systems performance in the Los Angeles MSA is adequate and in the Santa Rosa MSA is excellent.
- LBS is a leader in providing community development services in California. Community development performance in both the Los Angeles MSA and Santa Rosa MSA is excellent.

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 metropolitan area (MA)/assessment area.

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

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

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

Activities that revitalize or stabilize-

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

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

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

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

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include 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 multifamily (five or more families) dwellings, manufactured housing, and one-to-four family dwellings other than manufactured housing.

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

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

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

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. In addition, 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 (MD): 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 (MSA): An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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

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

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

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

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

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

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

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

Luther Burbank Savings (LBS or the bank) is a federally chartered savings association established in 1983 and headquartered in Santa Rosa, California. As of December 31, 2015, LBS had total assets of \$4.4 billion, total loans of \$3.9 billion, and Tier One Capital of \$514 million. LBS is an intrastate bank that operates nine full service branches in California with locations in Santa Rosa, San Rafael, Los Altos, San Jose, Encino, Burbank, Pasadena, Beverly Hills, and Long Beach. In addition to the branch network, LBS operates seven loan production offices. In California, there are five loan production offices located in Santa Rosa, Walnut Creek, Solana Beach, Irvine, and Manhattan Beach. The other two loan production offices are located in Seattle, Washington.

LBS is primarily a portfolio lender with focus on multi-family and single-family residential (SFR) loans. LBS uses a network of mortgage brokers and other real estate professionals to originate loans for its multifamily residential portfolio (five or more units). The mortgage-banking unit uses retail loan officers and underwrites SFR loans that can either be sold to investors or retained in the bank's loan portfolio. LBS offer a full range of banking services, including deposits, lending, an 800 number, and 24 hour online banking. Although the bank's business strategy focuses on single- and multi-family residential properties, it is not limited to any single business endeavor. LBS plans to grow construction and development (C&D) lending through its Long Beach branch location.

According to the FDIC Deposit Market Share Report, dated June 30, 2015, LBS had deposits of \$3.0 billion or 0.26 percent of the California market share. As of December 31, 2015, approximately 87.8 percent of total assets were represented by net loans of which the predominant amount (60 percent) was secured by multi-family residential properties. Other loans represented were 1-4 single family residential properties (38 percent), nonfarm nonresidential properties (1 percent) and construction loans (less than 1 percent).

There are no known legal, financial, or other factors impeding the bank's ability to help meet credit needs in its communities. The bank received a "Satisfactory" rating in its previous CRA examination dated April 22, 2013.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This evaluation period begins January 1, 2012. We reviewed home mortgage loans originated or purchased between January 1, 2012 and June 30, 2015. Home improvement lending is not primary loan product and was not evaluated due to the small number of these loans originated in the assessment areas (AAs). Primary loan products for this review are products in which originations or purchases of whole loans represented at least 20 percent of lending activity in a given AA. The bank does not originate small business and small farm loans. We reviewed community development loans, investments, and

services for the period beginning April 22, 2013 (the start date of the prior CRA evaluation) through February 8, 2016 (the start of this evaluation).

Data Integrity

Prior to this CRA evaluation, we performed a data accuracy and integrity examination to ensure the accuracy of the banks' publicly filed information on home mortgage loans. Reviewed data was collected and reported by the bank over the evaluation period. The testing did not identify any substantive inaccuracies that would affect the CRA analysis. Therefore, we concluded that the home mortgage loan data could be relied upon for this evaluation. Additionally, we reviewed a sample of Community Development (CD) loans, investments, and services made or rendered during the evaluation period to determine their eligibility for consideration. We included the sample of CD activities in this examination that met the definition of CD. Finally, we reviewed the appropriateness of the bank's processes for collecting and reporting home mortgage loan data. We found no substantive deficiencies in these processes.

Selection of Areas for Full-Scope Review

We selected the Santa Rosa MSA and the Los Angeles-Long Beach-Anaheim MSA (Los Angeles MSA) for full-scope reviews based on branches, deposits, and loan origination volumes. The Los Angeles MSA includes the Los Angeles-Long Beach-Glendale MD and the Anaheim-Santa Ana-Irvine MD. Approximately 36 percent of LBS's deposits and 72 percent of its loans are in the Los Angeles MSA. While only 2 percent of the bank's mortgage loans were granted in the Santa Rosa MSA, 35 percent of total deposits are housed in the single branch in the MSA. We performed limited scope reviews of the San Francisco-Oakland-Hayward MSA (San Francisco MSA, which includes the San Rafael MD, the San Francisco-Redwood City-South San Francisco MD, and the Oakland-Hayward-Berkeley MD) and Santa Clara County. None of the limited-scope AAs generated more than 20 percent of the bank's deposits or more than 20 percent of the bank's reportable lending.

Ratings

LBS's overall CRA rating is a blend of its performance under the Lending, Investment, and Service Tests. Under each of those tests, performance in the full-scope AAs carried the most weight. When evaluating the bank's performance under the Lending Test, we placed more weight on the bank's distribution of home purchase and multifamily loans than the distribution of home refinance loans. Overall, home purchase lending represented 39 percent of total mortgage lending in the AAs and multifamily lending represented 35 percent of total mortgage lending. Weighting of home purchase and multifamily lending varied by AA with home purchase lending receiving more weight in certain AAs and multifamily lending receiving more weight in other AAs. Secondary emphasis was placed on mortgage products not receiving greatest weight when appropriate based on loan volume or identified community needs.

Other

We contacted one community organization within the Anaheim-Santa Ana-Irvine MD to identify community needs. We used two recent contacts for the Los Angeles-Long Beach-Glendale MD and one recent contact for the Santa Rosa MSA. Contacts included non-profit community development organizations and a local government economic development department with focuses on affordable homeownership and small business development in underserved communities. According to these contacts, the most pressing financial needs and opportunities for financial institutions in the full-service AAs continues to be homeownership affordability.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 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.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Los Angeles MSA and the Santa Rosa MSA is overall adequate.

Lending Activity

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

Lending levels reflect good responsiveness to the credit needs in California. During the evaluation period, LBS originated 3,031 reportable home mortgage loans totaling \$2.9 billion and 146 community development loans totaling \$154 million in its combined AAs. Based on full-scope reviews, the bank's performance in the Los Angeles MSA is excellent and in the Santa Rosa MSA is adequate. The bank is primarily a residential mortgage lender, granting both single-family and multifamily dwelling mortgage loans. The bank offers commercial loans but this lending is not a primary lending product.

Santa Rosa MSA

Lending levels reflect adequate responsiveness to assessment area credit needs in the Santa Rosa MSA. LBS originated or purchased 70 mortgage loans, totaling \$50.4 million and six community development loans totaling \$5 million in the Santa Rosa MSA. This lending represents 5 percent of total local deposits.

As of June 30, 2015, LBS had a deposit market share of 9.02 percent and ranked fourth among 19 financial institutions that competed for deposits. In comparison, the bank's market share of home purchase loans and home refinance loans was well below its deposit market share. The bank's multifamily market share is slightly below its deposit market share. Despite its low lending market share relative to deposit market share, the bank's market percentile rank by mortgage loan product is reasonable when compared to its deposit market share percentile rank. Multifamily percentile rank exceeds deposit market share percentile rank. The table below illustrates the bank's lending activity by product type as well as deposit and lending market share and market share percentile rank.

Santa Rosa MSA

Product	Number of Loans	Percent of All Loan Products	2014 Market Share	Market Share Rank	Market Share Percentile
Deposits *			9.02	4 of 19	79
Home Purchase	18	26	0.16	75 of 261	71
Home Refinance	21	30	0.10	107 of 290	63
Multifamily	27	39	8.33	3 of 21	86

* Source: FDIC June 30, 2015 Deposit Market Share

In concluding on the bank's performance, we considered the bank's multifamily lending more heavily. There is strong competition in this AA for single-family residential home mortgage loans and limited opportunities to originate home mortgage loans in the Santa Rosa MSA given economic conditions and the high housing costs during this review period.

Los Angeles-Long Beach-Anaheim MSA***Los Angeles-Long Beach-Glendale MD (Los Angeles MD)***

Lending levels reflect excellent responsiveness to assessment area credit needs in the Los Angeles-Long Beach-Glendale MD. LBS originated or purchased 1,677 mortgage loans totaling \$1.7 billion and 85 community development loans totaling \$86 million in the Los Angeles MD. This lending represents 151 percent of total local deposits.

As of June 30, 2015, LBS had a deposit market share of 0.32 percent and ranked 27th among 110 financial institutions that competed for deposits. In comparison, the bank's market share of home purchase loans and multifamily loans exceeds its deposit market share. The bank's market share of home refinance loans is well below its deposit market share. The bank's market percentile rank by mortgage loan product is reasonable when compared to its deposit market share percentile rank. The table below illustrates the bank's lending activity by product type as well as deposit and lending market share and market share percentile rank.

Los Angeles-Long Beach-Glendale MD

Product	Number of Loans	Percent of All Loan Products	2014 Market Share	Market Share Rank	Market Share Percentile
Deposits *			0.32	27 of 110	76
Home Purchase	646	39	0.36	64 of 599	79
Home Refinance	394	24	0.05	190 of 661	71
Multifamily	604	35	1.43	11 of 118	91

* Source: FDIC June 30, 2015 Deposit Market Share

In concluding on the bank's performance, we considered the high level of competition in this AA for single-family residential home mortgages and limited opportunities to originate home mortgage loans in the Los Angeles MD given economic conditions and the high housing costs during this review period.

Anaheim-Santa Ana-Irvine MD (Anaheim MD)

Lending levels reflect adequate responsiveness to assessment area credit needs in the Anaheim-Santa Ana-Irvine MD. LBS originated or purchased 517 mortgage loans totaling \$381.4 million and 10 community development loans totaling \$16.5 million in the Anaheim MD. LBS does not maintain any branches in this MD.

The table below illustrates the bank's lending activity by product type as well as market share and market share percentile rank.

Anaheim-Santa Ana-Irvine MD

Product	Number of Loans	Percent of All Loan Products	2014 Market Share	Market Share Rank	Market Share Percentile
Deposits *			na	na	na
Home Purchase	251	49	0.19	97 of 491	80
Home Refinance	189	37	0.05	180 of 523	66
Multifamily	66	13	2.14	8 of 55	86

* Source: FDIC June 30, 2015 Deposit Market Share

In concluding on the bank's performance, we considered the high level of competition in this AA for single-family residential home mortgages and limited opportunities to originate home mortgage loans in the Anaheim MD given economic conditions and the high housing costs during this review period.

Distribution of Loans by Income Level of the Geography

Overall, the geographic distribution of loans reflects good penetration in California. Based on full-scope reviews, the geographic distribution of loans throughout the Los Angeles MSA and the Santa Rosa MSA is good.

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.

Santa Rosa MSA

The distribution of LBS's home mortgage loans within geographies of different income levels in the Santa Rosa MSA is good. The bank's multifamily lending reflects good responsiveness. The bank's home refinance and home purchase lending reflects adequate responsiveness. Multifamily lending accounts for 39 percent of AA lending, home refinance lending represents 30 percent and home purchase lending represents 26 percent.

The geographic distribution of the bank's multifamily lending is good. The bank's percentage of multifamily lending exceeds both the percentage of multifamily units in low-income geographies and the 2014 HMDA aggregate's lending in low-income geographies. The bank's percentage of multifamily lending was near to the percentage of multifamily units in moderate-income geographies and exceeds the 2014 HMDA aggregate. In 2014, the bank's market share of multifamily loans in low-income geographies was 33 percent, which exceeds the bank's overall market share of multifamily lending of 8 percent within this AA. The bank's market share of multifamily lending in moderate-income geographies was 4 percent and is below the bank's overall market share of multifamily lending.

The bank only originated 18 home purchase loans and 21 home refinance loans in this AA during the evaluation period. There is only one low-income census tract in the Santa Rosa MSA and home ownership opportunities are limited. LBS originated only one home purchase loan and two home refinance loans in moderate-income geographies. In 2014, there were only 13 home purchase loans granted by 10 lenders and 15 home refinance loans granted by 12 lenders in low-income census tracts. There were 120 lenders granting 1,004 home purchase loans and 157 lenders granting 1,297 home refinance loans in moderate-income geographies. For home purchase lending, six of the top 10 lenders granting loans in moderate-income census tract were mortgage companies. Given high housing costs and the type and level of competition for single-family mortgage lending, the bank's performance is adequate.

Los Angeles-Long Beach-Anaheim MSA

Overall, the geographic distribution of LBS's home mortgage loans within geographies of different income levels in the Los Angeles-Long Beach-Santa Ana MSA is good.

Los Angeles-Long Beach-Glendale MD

The distribution of LBS's home mortgage loans within geographies of different income levels in the Los Angeles MD is good. The bank's home purchase and home refinance lending reflects adequate responsiveness. The bank's multifamily lending reflects excellent responsiveness. Home purchase lending accounts for 39 percent of AA lending and multifamily lending represents 36 percent of AA lending.

The geographic distribution of the bank's home purchase lending is adequate. We placed more weight on lending in low-income geographies as this lending serves the most disadvantaged neighborhoods. The bank's percentage of home purchase lending is somewhat lower than the percentage of owner occupied housing units in low-income geographies and is considered adequate. When compared to the 2014 HMDA aggregate data, the bank's percentage of home purchase lending is lower than the HMDA aggregate lending in low-income census tracts. The bank's percentage of home purchase lending is lower than both the percentage of owner occupied housing units in moderate-income geographies and the 2014 HMDA aggregate lending in moderate-income census tracts. Home purchase lending within moderate-income census tracts is considered poor. In 2014, the bank's market share of home purchase lending in low-income geographies was 0.23 percent and is below its overall market share of home purchase lending (0.36 percent) within this AA. The bank's market share of loans in moderate-income geographies was 0.37 percent and exceeds its overall market share of home purchase lending. We placed minimal weight on the market share analysis since overall market share was less than one percent.

The geographic distribution of the bank's home refinance lending is adequate. The bank's percentage of home refinance lending is somewhat lower than the percentage of owner occupied housing units in low-income geographies and is considered adequate. The bank's percentage of home refinance lending is near to the 2014 HMDA aggregate lending in low-income census tracts and is considered good. The bank's percentage of home refinance lending is significantly lower than both the percentage of owner occupied housing units in moderate-income geographies and the 2014 HMDA aggregate and considered very poor. In 2014, the bank's market share of home refinance lending in low-income geographies was 0.09 percent and exceeds its overall market share of home refinance lending (0.05 percent) within its AA. There was no market share information provided for LBS in moderate-income geographies because the bank did not grant any home refinance loans in moderate-income geographies in 2014. We placed more weight on lending in low-income geographies as this lending serves the most disadvantaged neighborhoods.

The geographic distribution of the bank's multifamily lending is good. The bank's percentage of multifamily lending is near to the percentage of multifamily units in low-income geographies and is considered good. When compared to the 2014 HMDA aggregate data, the bank's percentage of multifamily lending is somewhat lower than the 2014 HMDA aggregate lending in low-income census tracts and is considered good. The bank's percentage of multifamily lending exceeds the percentage of multifamily units in moderate-income geographies and mirrors the 2014 HMDA aggregate lending in moderate-income census tracts. The bank's multifamily lending in moderate-income census tracts is excellent. In 2014, the bank's market share of multifamily lending in low-income geographies was 1.53 percent and 1.67 percent in moderate-income geographies, which exceeds the bank's overall market share of multifamily lending of 1.43 percent within its AA.

Anaheim-Santa Ana-Irvine MD

The distribution of LBS's home mortgage loans within geographies of different income levels in the Anaheim MD is excellent. The bank's home purchase lending is excellent, home refinance lending is adequate, and multifamily lending reflects excellent responsiveness. Given that home purchase lending accounts for 49 percent of AA lending, more weight is given to the bank's home purchase lending. Secondary weight is given to home refinance lending as it represents 37 percent of AA lending.

The geographic distribution of the bank's home purchase lending is excellent. The bank's percentage of home purchase lending is lower than the percentage of owner occupied housing units in low-income geographies, but when compared to the 2014 HMDA aggregate data, the bank's percentage of home purchase lending is near to the aggregate and is considered good. The bank's percentage of home purchase lending exceeds both the percentage of owner occupied housing units in moderate-income geographies and the 2014 HMDA aggregate's lending in moderate-income census tracts and is considered excellent. In 2014, the bank's market share of home purchase lending in moderate-income geographies was 0.25 percent and exceeds its overall market share of home purchase lending (0.19) percent within this AA. There is no market share information provided for LBS in low-income geographies because the bank did not grant any home purchase loans in low-income census tracts in 2014. Although not in 2014, during the evaluation period the bank's home purchase lending in low-income census tracts represented 1.59 percent of total home purchase lending.

The geographic distribution of the bank's home refinance lending is adequate. The bank's percentage of home refinance lending is somewhat lower than the percentage of owner occupied housing units in low-income geographies. When compared to the 2014 HMDA aggregate data, the bank's percentage of home refinance lending exceeds the HMDA aggregate in low-income geographies and is considered excellent. The bank's percentage of home refinance lending is significantly lower than both the percentage of owner occupied housing units in moderate-income geographies and the 2014 HMDA aggregate and considered very poor. In 2014, the bank's market share of home refinance lending in low-income geographies was 0.23 percent and LBS exceeds its overall market share of home refinance lending (0.05 percent) within this AA. There was no market share information provided for LBS in moderate-income geographies because the bank did not grant any home refinance loans in moderate-income geographies in 2014.

The geographic distribution of the bank's multifamily lending is excellent. The bank's percentage of multifamily lending exceeds both the percentage of multifamily units in low-income geographies and the 2014 HMDA aggregate lending in low-income geographies and is considered excellent. The bank's percentage of multifamily lending exceeds the percentage of multifamily units in moderate-income geographies. Multifamily lending in moderate-income geographies is near to the 2014 HMDA aggregate and is considered good. In 2014, the bank's market share of multifamily lending in low-

income geographies was 1.10 percent and is below the bank's overall market share of multifamily lending (2.14 percent) within its AA. The bank's market share of multifamily lending in moderate-income geographies is 3.07 percent and exceeds the bank's overall market share of multifamily lending within this AA.

Lending Gap Analysis

We reviewed summary reports and maps and analyzed LBS's home mortgage lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps. All of the bank's AAs consist of whole geographies, meet the requirements of the CRA regulation, and do not arbitrarily exclude any low- or moderate-income areas.

Inside/Outside Ratio

This ratio is a bank-wide calculation and is not calculated by individual AA. Analysis is limited to bank originations and purchases, if applicable, and does not include affiliate lending. For the evaluation period, a high percentage of loans are made in the bank's AAs. By number of HMDA-reportable loans, 75 percent of the bank's loans were inside the AAs. By dollar volume of HMDA-reportable loans, 76 percent of the bank's loans are inside of the AAs.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

Overall, the distribution of borrowers reflects, given the product lines offered by the institution, poor penetration among retail customers of different income levels in California. The bank's distribution of home mortgage loans among borrowers of differing income levels reflects poor penetration throughout the Los Angeles MSA and adequate penetration throughout the Santa Rosa MSA.

Santa Rosa MSA

The distribution of LBS's home mortgage loans among borrowers of different income levels in the Santa Rosa MSA is adequate. While the volume is low, LBS lending activity in this AA does reflect responsiveness to low- and moderate-income borrowers overall.

The bank only originated 18 home purchase loans and 21 home refinance loans in this AA during the evaluation period. LBS originated two home purchase loans to moderate-income borrowers, two home refinance loans to low-income borrowers and one home refinance to a moderate-income borrower. In general, the bank's lending to low- and moderate-income borrowers compared well to the 2014 HMDA

aggregate but loan volume is too low to derive statistically valid conclusions. There were 32 home purchase lenders granting 83 loans and 68 home refinance lenders granting 323 loans to low-income borrowers in 2014. The top lender was a mortgage company with 44 percent of the home purchase loans to low-income borrower and 23 percent of home purchase loans to moderate-income borrowers. This same lender had 12 percent of the home refinance loans to low- and moderate-income borrowers. Given the high housing costs and the type and level of competition for single-family mortgage loans, performance is adequate.

Los Angeles-Long Beach-Anaheim MSA

Overall, the distribution of LBS's home mortgage loans among borrowers of different income levels in the Los Angeles-Long Beach-Santa Ana MSA is poor. In concluding on the bank's performance, we considered competition, the impact of the high cost of homes and the relatively low median family income in the Los Angeles-Long Beach-Glendale MD AA as well as the impact of the housing crisis on California neighborhoods, homeowners, and the economy.

Los Angeles-Long Beach-Glendale MD

The distribution of LBS's home mortgage loans among borrowers of different income levels in the Los Angeles MD is poor. The bank's home purchase and home refinance lending reflects poor responsiveness. Given that home purchase lending accounts for 39 percent of AA lending, more weight is given to the home purchase lending performance. While not analyzed under this component, as borrower income information is not obtained on multifamily loans, multifamily lending accounts for 36 percent of AA lending. This level of multifamily lending provides some mitigation to generally very poor overall performance.

The distribution of LBS's home purchase lending among borrowers of different income levels is poor. The bank's percentage of home purchase lending is lower than the percentage of low-income families in the AA and is significantly lower than the 2014 HMDA aggregate lending to low-income borrowers and is considered poor. The bank's percentage of home purchase lending is significantly lower than the percentage of moderate-income families and lower than the 2014 HMDA aggregate lending to moderate-income borrower and is considered poor. In 2014, the bank's market share of home purchase lending to moderate-income borrowers was 0.37 percent and exceeds its overall market share of home purchase lending (0.36 percent) within the AA. There was no market share for low-income borrowers because the bank did not grant any home purchase loans to low-income borrowers in 2014. We placed minimal weight on this performance factor since overall market share was less than one percent.

The distribution of LBS's home refinance lending among borrowers of different income levels is poor. The bank's percentage of home refinance lending is significantly lower than the percentage of low-income families and is lower than the 2014 HMDA aggregate lending to low-income borrower and is considered poor. The bank's percentage of home refinance lending is significantly lower than the percentage of moderate-income families and considered to be very poor, but when compared to the 2014

aggregate lending data, the bank's percentage is lower than the 2014 HMDA aggregate lending and is considered poor. In 2014, the bank's market share of home refinance lending to moderate-income borrowers was 0.01 and exceeds its overall market share of home refinance lending (0.05 percent) within this AA. There was no market share information provided for LBS to low-income borrowers because the bank did not grant any home refinance loans to low-income borrowers in 2014. We placed minimal weight on this performance factor since overall market share was less than one percent.

Anaheim-Santa Ana-Irvine MD

The distribution of LBS's home mortgage loans among borrowers of different income levels in the Anaheim MD is good. The bank's home purchase lending is excellent and home refinance lending reflects very poor responsiveness. Home purchase lending accounts for 49 percent of AA lending and home refinance lending represents 37 percent of AA lending. Since multifamily loans are not analyzed under this performance component because borrower income is not collected, home purchase lending represents 56 percent of single-family mortgage loans analyzed in this AA and home refinance lending represents 42 percent of single-family lending. Given that home purchase loans represent the majority of loans granted in the AA and home purchase loans require more bank resources to make, we placed more weight on the bank's home purchase lending performance.

The distribution of LBS's home purchase lending among borrowers of different income levels is excellent. The bank's percentage of home purchase lending is lower than the percentage of low-income families but exceeds the 2014 HMDA aggregate lending and is considered excellent. The bank's percentage of home purchase lending exceeds both the percentage of moderate-income families and the 2014 HMDA aggregate lending and is considered excellent. In 2014, the bank's market share of home purchase lending to low-income borrowers and moderate-income borrowers was 0.45 percent and 0.55 percent, respectively and exceeds its overall market share of home purchase lending of 0.19 percent within the AA. We placed minimal weight on this performance factor since overall market share was less than one percent.

The distribution of LBS's home refinance lending among borrowers of different income levels is very poor. The bank's percentage of home refinance lending is significantly lower than both the percentage of low-income families and the 2014 HMDA aggregate lending and considered very poor. The bank's percentage of home refinance lending is significantly lower than the percentage of moderate-income families and considered very poor. The bank's home refinance lending to moderate-income is lower than the 2014 HMDA aggregate lending and is considered poor. In 2014, there was no market share information provided for LBS' lending to both low- and moderate-income borrowers.

Community Development Lending

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

LBS's level of CD lending positively impacts its overall lending performance in the Los Angeles-Long Beach-Anaheim MSA and has a neutral impact on the Santa Rosa MSA.

Santa Rosa MSA

CD lending has a neutral impact on lending performance in the Santa Rosa MSA. The bank reported six loans totaling \$5 million. The volume represents 2.9 percent of allocated Tier One Capital. The majority of the CD loans in this AA provided affordable housing to low- and moderate-income individuals through multifamily apartment financing.

Los Angeles-Long Beach-Anaheim MSA

CD lending has a significant positive impact on lending performance in the Los Angeles MSA.

Los Angeles-Long Beach-Glendale MD

The bank reported 85 loans totaling \$86 million. The volume represents 46.4 percent of allocated Tier One Capital. The majority of the CD loans in this AA provided affordable housing to low- and moderate-income individuals through multifamily apartment financing.

Anaheim-Santa Ana-Irvine MD

The bank reported 10 loans totaling \$16.6 million. The volume represents a positive impact to the bank's AA. The majority of the CD loans in this AA provided affordable housing to low-and moderate income individuals through multifamily apartment financing.

Product Innovation and Flexibility

LBS's product flexibility has a positive impact on overall lending performance. During the evaluation period, the bank uses innovative and/or flexible lending practices in order to serve assessment area credit needs. The bank participated in third-party programs as well as its own in-house programs. Loan programs include Fannie Mae's MyCommunity Mortgage first-time homebuyer program (16 loan originations); FHA/VA programs (13 loan originations); and the Mortgage Credit Certificate Program, which is offered through the Community Development commission of the County of Los Angeles and the city of Los Angeles (18 loan originations).

LBS developed two loan programs to assist low- and moderate-income individuals obtain affordable mortgage loans. The bank developed its “Daisy” loan program to provide down payment assistance. The Daisy loan is a second trust deed with zero interest and forgiven after 3 years. The bank made 83 Daisy loans totaling \$1.0 million in its combined assessment areas. The Grow loan program is a conventional mortgage loan that offers flexible underwriting to qualified borrowers who meet specific income criteria or properties that meet geographic location eligibility criteria. This loan product was launched in 2015, and revamped and relaunched in late 2015 but there have been no fundings as of this evaluation.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the lending test in the San Francisco-Oakland-Hayward MSA and the San Jose MSA is not inconsistent with the bank’s overall Low Satisfactory performance under the lending test.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank’s performance under the investment test is rated “High Satisfactory”. LBS makes a significant level of qualified community development investments and grants, and exhibits excellent responsiveness to credit and economic development needs. LBS makes occasional use of innovative and/or complex investments to support community development initiatives. Based on full-scope reviews, the bank’s performance in both the Santa Rosa MSA and the Los Angeles MSA is good. Performance in the limited-scope AAs did not impact the bank’s Investment Test rating.

We also gave positive consideration of two investments totaling \$750 thousand that serve a broader statewide or regional area that includes the bank’s AAs.

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

Santa Rosa-Petaluma MSA

Overall, the bank’s performance in the Santa Rosa MSA is good and reflects a significant positive impact. During the evaluation period, LBS purchased 11 investments in the Santa Rosa MSA totaling \$5.7 million and made \$103 thousand in charitable donations to CD organizations. In addition, we considered the ongoing impact that investments made prior to the current evaluation period had within the AA. The remaining balance on three prior period investments as of the date of our examination was

\$1.7 million. When considering both current and prior period investments, the total of \$7.5 million represents approximately 4.2 percent of allocated Tier 1 Capital for the AA.

The bank makes a significant level of qualified CD investments in the Santa Rosa MSA. The bank's responsiveness to the CD needs in the AA is excellent. A significant majority of the bank's investments and grants were made to organizations focused on affordable housing. Investments include targeted mortgage-backed securities, where the underlying mortgages were made to LMI borrowers and a CRA Qualified Investment Fund that provides affordable housing for LMI communities and economic development. The remaining investments and grants were made to organizations focused on community services such as financial literacy.

Funding for affordable housing is one of the main identified CD needs in the AA. There are several nonprofit organizations located in Santa Rosa that provide investment opportunities for financial institutions in the AA. These organizations provide affordable housing and community services to LMI families, economic development activities, and small business financial and educational support.

Los Angeles-Long Beach-Anaheim MSA

Overall, the bank's investment performance in the Los Angeles MSA is good.

Los Angeles-Long Beach-Glendale MD

Performance in the Los Angeles MD is good and reflected a significant positive impact. During the evaluation period, LBS purchased five investments totaling \$2.7 million in the Los Angeles MD, made one binding commitment totaling \$4.0 million, and made \$383 thousand in charitable and in-kind donations to CD organizations. When considering both current investments and legally binding commitments to invest, the total \$7.1 million represents 3.8 percent of allocated Tier 1 Capital.

The bank makes a significant level of qualified CD investments in the Los Angeles MD. The bank's responsiveness to the CD needs in the AA is excellent. A significant majority of the bank's investments and grants were made to organizations focused on affordable housing. Significant investments include a CRA Qualified Investment Fund that provides capital for LMI communities and economic development and a legally binding preferred equity investment for affordable senior housing that directly benefit the AA. While most of the bank's investments are not particularly innovative or complex, the bank's commitment to the \$4.0 million equity investment is considered complex and very responsive. This equity investment will fund the remodeling and updating of a 66-unit Section 8 rent subsidized assisted living senior residential housing project. This investment also includes the application of a new 20-year Housing Assistance Payment (HAP) contract with the United States Department of Housing and Urban Development to renew the current HAP contract set to expire in 2016 in order to preserve these 66 units as affordable senior housing. The remaining investments and grants were made to organizations focused on economic development, community services and to purchase certificate of deposits in minority-owned financial institutions.

Funding for affordable housing is one of the main identified CD needs in the AA. There are several nonprofit organizations located in Los Angeles MD that provide ample investment opportunities for financial institutions in the AA. These organizations provide affordable housing and community services to LMI families, economic development activities, and small business financial and educational support.

Anaheim-Santa Ana-Irvine MD

Performance in the Anaheim-Santa Ana-Irvine MD reflected a positive impact to the overall MD. While LBS has no branches or deposits in this MD, during the evaluation period, LBS purchased three investments totaling \$580 thousand and made \$243 thousand in charitable donation to CD organizations. In addition, we considered the ongoing impact that investments made prior to the current evaluation period had within the MD. The remaining balance on one prior period investment as of the date of our examination was \$1.4 million. When considering both current and prior period investments, a total of \$2.2 million in investments were made in this AA.

The bank's responsiveness to the CD needs in the AA is positive. The majority of the bank's investments and grants were made to organizations focused on affordable housing. Investments include targeted mortgage-backed securities, where the underlying mortgages were made to LMI borrowers. The remaining investments and grants were made to organizations focused on economic development.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance in Santa Clara County is consistent with the bank's overall High Satisfactory performance under the investment test. Performance in the San Francisco-Oakland-Hayward MSA is weaker based on performance in the San Rafael MD. By MD in the San Francisco MSA, performance in the San Rafael MD was poor and while LBS has no branches in the Oakland-Hayward-Berkeley MD and the San Francisco-Redwood City-South San Francisco MD, performance in these MDs reflected a positive impact to the overall MSA. The combined performance in the limited-scope AAs was not significant enough to impact the overall rating for the bank. Refer to Table 14 in appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

LBS's performance under the service test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Santa Rosa MSA is excellent and in the Los Angeles MSA is good. Performance in the limited-scope AAs did not impact the bank'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.

LBS's delivery systems are reasonably accessible to essentially all portions of the AAs. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Services and business hours do not vary in a way that inconveniences certain portions of the AAs, particularly low- and moderate-income geographies and/or individuals.

Accessibility of Delivery Systems

Branch Network

Santa Rosa, CA MSA

Delivery systems are readily accessible to all portions of the institution's assessment area. LBS's branch distribution in the Santa Rosa MSA is excellent. The bank maintains one branch in this AA and it is located in a low-income census tract. The distribution of LBS' branches in low-income census tracts exceeds the percentage of the population in low and moderate- income census tracts combined.

Los Angeles-Long Beach-Anaheim MSA

Overall, LBS's branch distribution in the Los Angeles-Long Beach-Anaheim MSA is adequate.

Los Angeles-Long Beach-Glendale MD

Delivery systems are reasonably accessible to essentially all portions of the institution's assessment area. LBS maintains five branches in this MD and all are located in upper-income geographies. While there are no branches in low-income census tracts, the percentage of the population in low-income census tracts is low. The distribution of branches in moderate-income census tracts is significantly lower than the percentage of the population in moderate-income geographies. The poor distribution of branches in low- and moderate-income census tracts is slightly mitigated by the proximity of the bank's branches to adjacent low- or moderate-income geographies. Two branches (Pasadena and Long Beach) are near to moderate-income census tracts. Near-to branches are those located in middle- or upper-income census tracts that are within one half mile from a low- or moderate-income census tracts.

Anaheim-Santa Ana-Irvine MD

This component does not apply to the Anaheim MD as LBS does not currently operate, and never has maintained, any deposit-taking branches or facilities in this MD. For information purposes only, LBS'

Long Beach branch in the Los Angeles MD is very close to the Anaheim MD border. The Long Beach branch is near to moderate-income geographies.

Alternative Delivery Systems

While LBS does not maintain any Automated Teller Machines (ATMs) at its branches nor any stand-alone sites, LBS does provide ATM/point of sale debit cards to its deposit customers to allow cash withdrawals at any ATM and to make purchases wherever point of sale transactions are accepted. All ATM service fees charged to the customer are reimbursed with no limits. LBS also provides “bank-by-phone” and “bank by mail” services as well as online and mobile banking.

Since our last CRA evaluation, LBS introduced the Daisy mobile banking application where customers can do their banking anytime from anywhere simply by using a smartphone or tablet.

Changes in Branch Location

Branch openings and closings have not adversely affected the overall accessibility of the bank’s delivery systems.

Santa Rosa MSA

The bank’s record of opening and closing branches in the Santa Rosa MSA has no impact on this AA. There were no changes in branch locations during the evaluation period. No new branches were opened and no branches were closed or relocated in the Santa Rosa MSA.

Los Angeles-Long Beach-Anaheim MSA

Branch openings and closings have not adversely affected the overall accessibility of the bank’s delivery systems.

Los Angeles-Long Beach-Glendale MD

LBS's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low-and moderate-income geographies and/or to low- and moderate-income individuals. Since the last CRA evaluation, one branch (Beverly Hills) was closed and relocated. In addition, LBS opened one new branch in an upper-income census tract in Long Beach.

Anaheim-Santa Ana-Irvine MD

This component does not apply to the Anaheim MD as LBS does not currently operate, and never has maintained, any deposit-taking branches or facilities in this MD.

Reasonableness of Services and Hours of Operation

All branches maintain uniform hours of operation business. Branches are open from 9:00am to 5:00pm, Monday through Friday. All branches are full service branches. Products and services offerings do not vary between branches. LBS offers checking and savings accounts and certificates of deposits (CDs). Within its checking account product line, LBS offers a low-fee, low-minimum balance interest-bearing checking account.

LBS operates in a very competitive financial services markets; however, there are no legal, financial, or other factors to impede its ability to help meet the credit needs of its AAs.

Community Development Services

The bank is a leader in providing community development services in California. LBS employees in the Santa Rosa MSA and Los Angeles MSA provided a high level of community development services. Bank employees participated in a variety of organizations and partnerships, some in leadership roles, that benefited LMI individuals, promoted economic development, and provided affordable housing. They also provided technical assistance on financial and banking related matters to numerous community groups, low- and moderate-income persons and families, and small businesses.

Santa Rosa MSA

In the Santa Rosa MSA, LBS employees provided 910 hours of CD services to 17 different community development organizations and programs. Below are examples of LBS's community development services in the MSA:

Community Action Partnership - An LBS employee provided assistance in the area of Loan Modification, Asset Classification Management, and Financial Performance Monitoring. Since Community Action Partnership's inception, they have helped low-income Americans escape poverty and achieve economic security. Through programs such as Head Start, job training, housing, food banks, energy assistance, and financial education.

Friends in Sonoma Helping (F.I.S.H) - An LBS employee organized a benefit concert for F.I.S.H. to help support healthcare and other services needed for the poor. F.I.S.H. provides temporary or supplemental help to residents in need of assistance, generally but not limited to: food, clothing, rent, utility assistance or transportation to medical, dental or social service appointments. F.I.S.H. helps keep families in Sonoma Valley from becoming homeless or going hungry.

Los Angeles-Long Beach-Anaheim MSA

In the Los Angeles MSA, LBS employees provided 3,623 hours of community development services to 40 different community development organizations.

Los Angeles-Long Beach-Glendale MD

In total, LBS provided 3,405 hours of CD services in the Los Angeles MD. Below are a couple of examples of these services:

San Gabriel Valley Habitat for Humanity – A bank employee serves on the Family Selection Committee and participates in application workshops focusing on LMI individuals becoming homeowners.

Federal Home Loan Bank of San Francisco (FHLB) – The bank facilitated the awarding of grant funds through the FHLB’s Affordable Housing Program (AHP), Workforce Initiative Subsidy for Homeownership (WISH) Program, and Individual Development and Empowerment Account (IDEA) program. These programs promote development of new public-private partnerships to create or preserve affordable housing and help lower-income households move from renting to owning. The bank funded nearly 30 loans distributing over \$400,000 of WISH down payment grants. LBS also provides on-going monitoring of 11 AHP projects to ensure compliance with the terms and restriction of the projects.

Anaheim-Santa Ana-Irvine MD

In total, LBS provided 218 hours of CD services in the Anaheim MD. Below is an example of these services:

Affordable Housing Clearinghouse (AHC) - An LBS employee provided technical expertise as a member of the Board and Lender Advisory committee by providing assistance with strategic planning, budgeting, and reviewing various lending programs. AHC is a non-profit organization that provides financing for affordable housing and homeownership.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the service test in the San Francisco-Oakland-Hayward MSA (Oakland-Hayward-Berkeley MD, San Rafael MD, and San Francisco-Redwood City-South San Francisco MD) and Santa Clara County is weaker than the bank’s overall “High Satisfactory” performance under the service test due to limited resources and limited number of branches. Performance differences in these areas are not significant enough to impact the bank’s overall rating. Refer to Table 15 in appendix C for the facts and data that support these conclusions.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD Loans): (01/01/12 to 06/30/15)	
	Investment and Service Tests and CD Loans: (04/22/13 to 02/08/16)	
Financial Institution	Products Reviewed	
Luther Burbank Savings (LBS or bank) Santa Rose, CA	HMDA Loans CD Loans CD Investments CD Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area		Type of Exam
Los Angeles-Long Beach-Anaheim MSA:		
Los Angeles-Long Beach-Glendale, CA MD	# 31084	Full-Scope
Anaheim-Santa Ana-Irvine, CA MD	# 11244	Full-Scope
Santa Rosa, CA MSA	# 42220	Full-Scope
San Francisco-Oakland-Hayward, CA MSA:		
San Rafael, CA MD	# 42034	Limited-Scope
San Francisco-Redwood City-South San Francisco, CA MD	# 41884	Limited-Scope
Oakland-Hayward-Berkeley, CA MD	# 42034	Limited-Scope
Santa Clara County, CA	portion of # 41940	Limited-Scope

Appendix B: Market Profiles for Full-Scope Areas

Los Angeles-Long Beach-Glendale MD (31084)

Demographic Information for Full-Scope Area: Los Angeles-Long Beach-Glendale MD (31084)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2,346	8.99	28.64	26.77	34.02	1.58
Population by Geography	9,818,605	8.01	29.43	28.26	33.92	0.39
Owner-Occupied Housing by Geography	1,552,091	2.13	16.61	28.64	52.61	0.01
Businesses by Geography	734,030	6.42	18.23	25.19	48.90	1.26
Farms by Geography	7,024	3.29	16.29	26.79	52.98	0.65
Family Distribution by Income Level	2,170,227	24.05	16.43	17.64	41.88	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	878,478	13.64	41.84	26.84	17.67	0.01
Median Family Income		61,622		Median Housing Value	526,439	
HUD Adjusted Median Family Income for 2015		60,600		Unemployment Rate **	6.9%	
Households Below Poverty Level		14%				

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

(**) 2015 Bureau of Labor Statistics

Source: 2010 US Census and 2015 HUD updated MFI.

The Los Angeles-Long Beach-Glendale MD is comprised of Los Angeles County: a diverse urban area that includes 88 incorporated cities and a number of unincorporated areas. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income (LMI) geographies. Los Angeles County is the most populous county in the State of California with 10.1 million residents as of 2014, an increase of 298,000 since the 2010 Census.

The HUD-adjusted median family income for 2015 is \$60,600. The poverty rate as of the 2010 Census was 14 percent. Approximately 38 percent of the census tracts in Los Angeles County are designated as low- or moderate-income and 37 percent of the population resides in these low-and moderate-income geographies.

Los Angeles County has a diverse economic base. Los Angeles and Long Beach are home to the two busiest seaports in the nation and international trade is an important driver to the economy. The largest industries in the AA include health services, aviation, education, banking, retail, and manufacturing. Top employers include Kaiser Permanente, University of California Los Angeles, Northrup Grumman Corporation, Target Corporation, and Providence Health Systems. Employment conditions continue to

improve in the AA. According to the Bureau of Labor Statistics, the average unemployment rate was 6.9 percent in 2015. This compares favorably to an average unemployment rate of 8.3 percent in 2014 and 9.8 percent in 2013.

Housing in the Los Angeles-Long Beach-Glendale MD is expensive. According to the U.S. Census Bureau's 5-year American Community Survey (2009-2013), Los Angeles County's affordability ratio was 7.51, which is 125 percent higher than the national ratio. The Affordability Ratio measures homeownership opportunity by dividing the median value of owner occupied housing by the median income of the area. The National Association of Home Builders' (NAHB) Housing Opportunity Index (HOI) for 4th Quarter 2015 further substantiates the high cost of housing in the county. The HOI for the Los Angeles-Long Beach-Glendale MD was 14.9 based on the median income in 2015 and the median home sales price of \$500,000 during fourth-quarter 2015. The metropolitan division ranks 224 out of 225 metropolitan areas monitored nationally. The HOI is defined as the share of homes that would have been affordable to a family earning the median income. Accumulating sufficient funds for down payment on a median priced home is a barrier for low- and moderate-income homebuyers. According to the 5-year American Community Survey from 2009 through 2013, the homeownership in Los Angeles is 46.9 percent.

The banking environment in the AA area is highly competitive. As of June 30, 2015, there are 110 financial institutions with branch operations in Los Angeles County. According to the June 30, 2015 FDIC's Summary of Deposits report, LBS ranks 27th with 0.32 percent deposit market share. LBS has deposits of \$1.1 billion distributed among four branches serving Los Angeles County. The date of this report is prior to the opening of the LBS's fifth Los Angeles County branch located in Long Beach California. Bank of America is the number one institution in the county with 20.3 percent of the deposit market share, followed by Wells Fargo Bank and Union Bank of California with 15.1 percent and 10.9 percent market shares respectively.

Two community contacts were completed as part of this profile. There are abundant opportunities in the Los Angeles area for financial institutions to help meet community credit and community development needs. Community contact interviews with organizations identify needs for affordable housing, small business development, homeowner education, affordable small dollar loans and deposit accounts, financial literacy, health and fitness, and computer literacy. Financial support and volunteering, including board and committee membership, at community development organizations were other suggestions made by a contact that banks can offer.

Anaheim-Santa Ana-Irvine MD (11244)

Demographic Information for Full-Scope Area: Anaheim-Santa Ana-Irvine MD (11244)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	583	5.83	26.24	32.76	34.48	0.69
Population by Geography	3,010,232	6.49	29.75	31.47	32.28	0.02
Owner-Occupied Housing by Geography	599,032	2.99	19.61	33.21	44.19	0.00
Businesses by Geography	270,552	4.74	25.30	32.74	36.17	1.07
Farms by Geography	3,355	4.86	25.90	33.32	35.44	0.48
Family Distribution by Income Level	699,333	22.02	17.33	19.49	41.16	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	275,193	10.52	39.87	30.55	19.07	0.00
Median Family Income		83,735	Median Housing Value	598,487		
HUD Adjusted Median Family Income for 2015		84,900	Unemployment Rate	4.4%		
Households Below Poverty Level		9%	(2010 US Census)			

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

(**) 2015 Bureau of Labor Statistics

Source: 2010 US Census and 2015 HUD updated MFI.

The Santa Ana-Anaheim-Irvine MD covers Orange County. The assessment area meets regulatory requirements and does not arbitrarily exclude low- or moderate-income areas. Orange County's population is 3.1 million as of 2014, an increase of 135,000 since the 2010 Census.

The HUD-adjusted median family income for 2015 is \$84,900. The poverty rate as of the 2010 Census was 9 percent. Approximately 32 percent of the census tracts in Orange County are designated as low- or moderate-income and 36 percent of the population resides in these low- or moderate-income geographies.

Leading industries include trade, business and professional services, tourism, hospitality, and health and education services. Major employers in Orange County include Walt Disney Company, Boeing, St. Josephs Health System, University of California Irvine, and Broadcom. According to the Bureau of Labor Statistics, the average unemployment rate was 4.4 percent in 2015. This is an improvement from the average unemployment rate of 5.5 percent in 2014 and 7.0 percent in 2013.

Housing in Orange County is expensive. According to the U.S. Census Bureau's 5-year American Community Survey (2009-2013), Orange County's affordability was 6.89, which is more than two times the national average. The HOI for 4th Quarter 2015 further substantiates the high housing costs in the county. The HOI for the Santa Ana-Anaheim-Irvine MD was 16.0 based on the median family income for 2015 and the median home sales price of \$625,000 during fourth quarter 2015. This MSA ranked 223 out of 225 metropolitan areas monitored nationally. According to the 5-year American Survey from 2009 to 2013, the homeownership rate in Orange County is 58.7 percent.

As of June 30, 2015, there are 79 financial institutions with branch operations in Orange County. LBS does not operate any branches in this AA. Wells Fargo is the number one institution in the county with 20.9 percent of the deposit market share, followed by Bank of America and JP Morgan Chase Bank with 18.5 percent and 10.8 percent market shares respectively.

We contacted one community organization within the Anaheim-Santa Ana-Irvine MD to identify community needs. The organization's primary mission is to provide affordable housing options for LMI individuals and promote financial literacy within the community. According to these contacts, the most pressing financial needs and opportunities for financial institutions in the full-service AAs continues to be homeownership affordability. Other needs include support for foreclosure prevention programs, homebuyer education and counseling, promoting financial literacy, and community leadership development.

Santa Rosa MSA (42220)

Demographic Information for Full-Scope Area: Santa Rosa MSA (42220)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	100	1.00	20.00	56.00	22.00	1.00
Population by Geography	483,878	0.43	24.20	55.15	20.22	0.00
Owner-Occupied Housing by Geography	114,787	0.09	16.64	58.49	24.78	0.00
Businesses by Geography	41,846	3.57	19.97	53.04	23.42	0.00
Farms by Geography	2,022	0.79	12.46	56.23	30.51	0.00
Family Distribution by Income Level	116,699	20.14	18.47	20.77	40.62	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	45,055	0.40	31.95	54.74	12.91	0.00
Median Family Income		76,715		Median Housing Value	526,122	
HUD Adjusted Median Family Income for 2015		76,900		Unemployment Rate **	4.4%	
Households Below Poverty Level		9%				

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

(**) 2015 Bureau of Labor Statistics

Source: 2010 US Census and 2015 HUD updated MFI.

The Santa Rosa-Petaluma MSA covers Sonoma County. The assessment area meets regulatory requirements and does not arbitrarily exclude low- or moderate-income areas. Sonoma County’s population is approximately 500,000 as of 2014, an increase of 16,000 since the 2010 Census.

The HUD-adjusted median family income for 2015 is \$76,900. The poverty rate as of the 2010 Census was 9 percent. Approximately 20 percent of the census tracts in Sonoma County are designated moderate-income geographies and 24 percent of the population resides in these moderate-income geographies. As of the 2010 Census, there is only one low-income census tract with less than one percent of the population residing there.

The largest industries in the county are education and healthcare services, government, retail, hospitality, and manufacturing. Sonoma County also has an agricultural sector and is a large producer of wine grapes. The top employers include Kaiser Permanente, Graton Resort & Casino, Sutter Medical Center of Santa Rosa, St. Joseph Health System, and Safeway Inc. According to the Bureau of Labor Statistics, the average unemployment rate was 4.4 percent in 2015. This is an improvement from the average unemployment rate of 5.6 percent in 2014 and 7.0 percent in 2013.

Housing in Sonoma County is expensive. According to the U.S. Census Bureau’s 5-year American Community Survey (2009-2013), Sonoma County’s affordability ratio was 6.43, which is 93 percent higher than the national average. The HOI for the Santa Rosa-Petaluma MSA was 21.1 based on the median family income in 2015 and the median home sales price of \$475,000 during fourth-quarter 2015.

The MSA is ranked 218 out of 225 metropolitan areas monitored nationally. According to the 5-year American Survey from 2009 to 2013, the homeownership rate in Sonoma County is 60.1 percent.

As of June 30, 2015, there are 19 financial institutions with branch operations in Sonoma County. According to the June 30, 2015 FDIC's Summary of Deposits report, LBS ranks 4th with 9.1 percent of market share. LBS has deposits of \$1.1 billion in a single branch serving Sonoma County. Wells Fargo is the number one institution in the county with 26.2 percent of the deposit market share, followed by Exchange Bank and Bank of America with 14.6 percent and 11.7 percent market shares respectively.

A recent community contact was made to a local government economic development department in the City of Santa Rosa that is responsible for administering affordable housing programs. This local government provides loans to agencies for affordable housing development projects that include acquisition, rehabilitation, and new construction. The contact stated that an obstacle facing the organization is a drop in redevelopment housing funding. Overall, the contact indicated that the community was in desperate need of more affordable housing, particularly for extremely low- and low-income people. The vacancy rate within the local government's jurisdiction is almost zero percent, which is creating a barrier to entry for individuals and families seeking homes. The contact stated opportunity for financial institutions to be more involved by providing low interest loans to the local Housing Authority.

Appendix C: Tables of Performance Data

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/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % 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/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration.
- 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/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage

distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area.

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: CALIFORNIA												
Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2015												
MA/Assessment Area:	% 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:												
Anaheim-Santa Ana-Irvine MD (11244)	16.59	517	378,219	0	0	0	0	10	16,594	527	394,813	0.00
Los Angeles-Long Beach-Glendale MD (31084)	55.46	1,677	1,661,485	0	0	0	0	85	86,026	1,762	1,747,511	36.04
Santa Rosa MSA (42220)	2.39	70	50,446	0	0	0	0	6	5,121	76	55,567	34.58
Limited Review:												
Oakland-Hayward-Berkeley MD (36084)	8.09	234	217,320	0	0	0	0	23	23,594	257	240,914	0.00
San Rafael MD (42034)	1.83	55	63,199	0	0	0	0	3	357	58	63,556	17.86
San Francisco-Redwood City-So San Francisco MD(41884)	8.03	247	283,977	0	0	0	0	8	13,180	255	297,157	0.00
Santa Clara County (Part 41940)	7.62	231	244,017	0	0	0	0	11	9,318	242	253,335	11.52

* Loan Data as of June 30, 2015. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2015 to February 8, 2016.

*** Deposit Data as of June 30, 2015. 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: CALIFORNIA				Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2015								
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Anaheim-Santa Ana-Irvine MD (11244)	251	21.04	2.99	1.59	19.61	21.91	33.21	21.51	44.19	54.98	1.87	17.75	31.70	48.69
Los Angeles-Long Beach-Glendale MD (31084)	646	54.15	2.13	1.39	16.61	8.82	28.65	14.24	52.61	75.54	2.93	18.40	28.03	50.63
Santa Rosa MSA (42220)	18	1.51	0.09	0.00	16.64	5.56	58.49	38.89	24.78	55.56	0.25	20.44	58.01	21.30
Limited Review:														
Oakland-Hayward-Berkeley MD (36084)	59	4.95	5.73	11.86	15.64	3.39	36.39	18.64	42.23	66.10	6.13	15.30	37.88	40.68
San Rafael MD (42034)	20	1.68	1.19	0.00	14.78	10.00	56.49	55.00	27.54	35.00	1.44	16.84	53.79	27.94
San Francisco-Redwood City-So San Francisco MD(41884)	99	8.30	3.25	2.02	12.32	10.10	42.73	22.22	41.70	65.66	6.25	11.37	40.82	41.56
Santa Clara County (Part 41940)	100	8.38	4.49	5.00	17.93	8.00	38.99	20.00	38.60	67.00	5.51	22.52	40.57	31.40

* Based on 2014 Peer Mortgage Data -- US and PR

** 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 housing units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 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: CALIFORNIA				Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2015							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total*	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Anaheim-Santa Ana-Irvine MD (11244)	11	19.30	2.99	0.00	19.61	0.00	33.21	36.36	44.19	63.64	1.82	17.77	32.63	47.79
Los Angeles-Long Beach-Glendale MD (31084)	33	57.89	2.13	0.00	16.61	3.03	28.65	21.21	52.61	75.76	1.64	15.47	27.84	55.05
Santa Rosa MSA (42220)	4	7.02	0.09	0.00	16.64	0.00	58.49	25.00	24.78	75.00	0.00	15.20	59.20	25.60
Limited Review:														
Oakland-Hayward-Berkeley MD (36084)	4	7.02	5.73	0.00	15.64	0.00	36.39	25.00	42.23	75.00	6.90	16.13	38.00	38.97
San Rafael MD (42034)	0	0.00	1.19	0.00	14.78	0.00	56.49	0.00	27.54	0.00	0.00	14.97	53.95	31.07
San Francisco-Redwood City-So San Francisco MD(41884)	5	8.77	3.25	0.00	12.32	20.00	42.73	0.00	41.70	80.00	4.20	12.87	41.07	41.85
Santa Clara County (Part 41940)	0	0.00	4.49	0.00	17.93	0.00	38.99	0.00	38.60	0.00	4.37	16.88	40.85	37.90

* Based on 2014 Peer Mortgage Data -- US and PR

** 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 housing units in a particular geography divided by number of owner occupied housing units in the area based on 2010 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: CALIFORNIA						Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2015					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Anaheim-Santa Ana-Irvine MD (11244)	189	26.32	2.99	2.12	19.61	5.82	33.21	21.16	44.19	70.90	1.98	17.20	33.81	47.01
Los Angeles-Long Beach-Glendale MD (31084)	393	54.74	2.13	1.78	16.61	4.58	28.65	15.27	52.61	78.37	2.02	15.61	27.76	54.61
Santa Rosa MSA (42220)	21	2.92	0.09	0.00	16.64	9.52	58.49	47.62	24.78	42.86	0.19	16.83	58.71	24.27
Limited Review:														
Oakland-Hayward-Berkeley MD (36084)	21	2.92	5.73	0.00	15.64	9.52	36.39	19.05	42.23	71.43	4.16	13.98	37.74	44.13
San Rafael MD (42034)	14	1.95	1.19	7.14	14.78	28.57	56.49	50.00	27.54	14.29	0.86	16.28	56.17	26.69
San Francisco-Redwood City-So San Francisco MD(41884)	33	4.60	3.25	6.06	12.32	3.03	42.73	42.42	41.70	48.48	4.11	12.57	41.49	41.83
Santa Clara County (Part 41940)	47	6.55	4.49	4.26	17.93	14.89	38.99	36.17	38.60	44.68	4.78	18.99	39.29	36.95

* Based on 2014 Peer Mortgage Data -- US and PR

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

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2010 Census information.

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY												Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2015				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income									
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp	Upp					
Full Review:																				
Anaheim-Santa Ana-Irvine MD (11244)	66	6.21	10.56	30.30	35.81	45.45	32.80	21.21	20.84	3.03	19.4 4	48.7 2	23.2 9	8.55						
Los Angeles-Long Beach-Glendale MD (31084)	604	56.87	13.18	11.59	31.63	41.06	24.71	27.81	30.48	19.54	14.5 9	41.2 6	23.5 3	20.6 3						
Santa Rosa MSA (42220)	27	2.54	1.80	7.41	38.46	33.33	51.56	51.85	8.17	7.41	4.17	34.7 2	51.3 9	9.72						
Limited Review:																				
Oakland-Hayward-Berkeley MD (36084)	150	14.12	19.71	12.67	31.65	46.00	34.25	30.00	14.38	11.33	23.2 9	41.8 6	25.0 0	9.86						
San Rafael MD (42034)	21	1.98	9.04	4.76	24.21	19.05	53.11	71.43	13.64	4.76	7.46	19.4 0	53.7 3	19.4 0						
San Francisco-Redwood City-So San Francisco MD(41884)	110	10.36	26.82	13.64	12.92	21.82	29.46	37.27	30.79	27.27	20.7 8	16.7 4	31.2 4	31.2 4						
Santa Clara County (Part 41940)	84	7.91	10.25	23.81	31.90	30.95	39.75	33.33	18.10	11.90	18.8 5	32.9 1	31.3 1	16.9 3						

* Based on 2014 Peer Mortgage Data -- US and PR

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2010 Census information.

Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: CALIFORNIA					Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2015							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data [*]			
	#	% of Total [*]	% Families ^{***}	% BANK Loans ^{1**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	Low	Mod	Mid	Upp
Full Review:														
Anaheim-Santa Ana-Irvine MD (11244)	251	21.04	22.02	5.02	17.33	24.66	19.49	16.44	41.16	53.88	1.67	9.46	21.86	67.01
Los Angeles-Long Beach-Glendale MD (31084)	646	54.15	24.05	0.53	16.43	3.57	17.64	11.05	41.88	84.85	1.24	6.46	17.71	74.60
Santa Rosa MSA (42220)	18	1.51	20.14	0.00	18.47	13.33	20.77	13.33	40.62	73.33	1.99	11.56	24.71	61.75
Limited Review:														
Oakland-Hayward-Berkeley MD (36084)	59	4.95	23.31	1.75	16.42	15.79	19.15	8.77	41.12	73.68	2.67	11.87	21.89	63.57
San Rafael MD (42034)	20	1.68	22.40	0.00	16.40	6.25	20.36	18.75	40.84	75.00	1.55	6.54	13.69	78.22
San Francisco-Redwood City-So San Francisco MD(41884)	99	8.30	23.72	0.00	16.23	2.17	18.15	4.35	41.91	93.48	0.76	4.55	12.30	82.39
Santa Clara County (Part 41940)	100	8.38	23.41	0.00	16.16	3.37	19.35	8.99	41.08	87.64	1.41	7.48	20.92	70.19

* Based on 2014 Peer Mortgage Data -- US and PR

** 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 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 12.1% of loans originated and purchased by BANK.

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2015							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data			
	#	% of Total**	% Families***	% BANK Loans ^{2**}	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Low	Mod	Mid	Upp
Full Review:														
Anaheim-Santa Ana-Irvine MD (11244)	11	19.30	22.02	0.00	17.33	14.29	19.49	14.29	41.16	71.43	4.82	13.49	22.34	59.35
Los Angeles-Long Beach-Glendale MD (31084)	33	57.89	24.05	0.00	16.43	4.35	17.64	8.70	41.88	86.96	3.80	8.47	17.18	70.55
Santa Rosa MSA (42220)	4	7.02	20.14	33.33	18.47	0.00	20.77	33.33	40.62	33.33	4.31	12.07	26.29	57.33
Limited Review:														
Oakland-Hayward-Berkeley MD (36084)	4	7.02	23.31	0.00	16.42	0.00	19.15	0.00	41.12	100.00	5.87	15.93	24.85	53.35
San Rafael MD (42034)	0	0.00	22.40	0.00	16.40	0.00	20.36	0.00	40.84	0.00	3.96	8.54	17.68	69.82
San Francisco-Redwood City-So San Francisco MD(41884)	5	8.77	23.72	0.00	16.23	0.00	18.15	0.00	41.91	100.00	4.03	9.39	18.43	68.15
Santa Clara County (Part 41940)	0	0.00	23.41	0.00	16.16	0.00	19.35	0.00	41.08	0.00	5.54	10.84	22.41	61.20

* Based on 2014 Peer Mortgage Data -- US and PR

** 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 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 33.3% of loans originated and purchased by BANK.

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2015				Aggregate Lending Data			
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Low	Mod	Mid	Upp
	#	% of Total **	% Families ***	% BANK Loans ^{3**}	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****	% Families ***	% BANK Loans ****				
Full Review:														
Anaheim-Santa Ana-Irvine MD (11244)	189	26.29	22.02	0.61	17.33	7.27	19.49	23.03	41.16	69.09	4.82	12.35	22.78	60.05
Los Angeles-Long Beach-Glendale MD (31084)	394	54.80	24.05	0.87	16.43	4.36	17.64	11.34	41.88	83.43	3.67	8.65	17.18	70.50
Santa Rosa MSA (42220)	21	2.92	20.14	13.33	18.47	6.67	20.77	26.67	40.62	53.33	4.82	13.92	24.07	57.19
Limited Review:														
Oakland-Hayward-Berkeley MD (36084)	21	2.92	23.31	0.00	16.42	5.00	19.15	10.00	41.12	85.00	5.03	13.38	22.14	59.44
San Rafael MD (42034)	14	1.95	22.40	11.11	16.40	11.11	20.36	44.44	40.84	33.33	4.44	9.07	16.78	69.71
San Francisco-Redwood City-So San Francisco MD(41884)	33	4.59	23.72	0.00	16.23	7.69	18.15	23.08	41.91	69.23	4.11	9.68	18.03	68.18
Santa Clara County (Part 41940)	47	6.54	23.41	0.00	16.16	13.33	19.35	13.33	41.08	73.33	4.22	10.63	21.66	63.50

* Based on 2014 Peer Mortgage Data -- US and PR

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

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 13.2% of loans originated and purchased by BANK.

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

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2015			
MA/Assessment Area:	Prior Period Investments *		Current Period Investments (1)		Total Investments			Unfunded Commitments **	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Anaheim-Santa Ana-Irvine MD (11244)	1	1,370	3	823	4	2,193	12.12	0	0
Los Angeles-Long Beach-Glendale MD (31084)	0	0	5	3,053	5	3,053	16.87	1	4,000
Santa Rosa MSA (42220)	3	1,692	11	5,797	14	7,489	41.39	0	0
Limited Review:									
Oakland-Hayward-Berkeley MD (36084)	0	0	1	1,520	1	1,520	8.40	0	0
San Rafael MD (42034)	0	0	2	1,000	2	1,000	5.53	0	0
San Francisco-Redwood City-So San Francisco MD(41884)	0	0	3	855	3	855	4.73	0	0
Santa Clara County (Part 41940)	1	209	4	1,773	5	1,982	10.96	0	0
Broader Area that includes the Bank's Assessment Areas:									
Statewide or Regional	0	0	2	750	2	750		0	0

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

(1) Number of Current Period investments only reflects investments in securities and does not include the number of individual charitable donations. Dollar amount of Current Period Investments includes both securities and donations.

** '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: CALIFORNIA														Evaluation Period: JANUARY 1, 2012 TO JUNE 30, 2015			
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:																	
Anaheim-Santa Ana-Irvine MD (11244)	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	6.49	29.75	31.47	32.28
Los Angeles-Long Beach-Glendale MD (31084)	36.04	5	55.56	0.00	0.00	0.00	100.00	2	1	0	0	0	1	8.01	29.43	28.26	33.92
Santa Rosa MSA (42220)	34.58	1	11.11	100.00	0.00	0.00	0.00	0	0	0	0	0	0	0.43	24.20	55.15	20.22
Limited Review:																	
Oakland-Hayward-Berkeley MD (36084)	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	12.53	20.80	34.45	32.23
San Rafael MD (42034)	17.86	1	11.11	0.00	0.00	100.00	0.00	0	0	0	0	0	0	4.76	17.32	53.03	22.96
San Francisco-Redwood City-So San Francisco MD(41884)	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	10.76	18.22	39.96	31.05
Santa Clara County (Part 41940)	11.52	2	22.22	0.00	0.00	50.00	50.00	0	0	0	0	0	0	9.22	24.43	36.92	29.26

