



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Performance Evaluation

**HSBC Bank USA, N.A.
Charter Number: 24522
1105 N. Market Street
Wilmington, DE 19801**

Office of the Comptroller of the Currency

**Large Bank Supervision
250 E Street, SW, Mail Stop 6-1
Washington, DC 20219-0001**

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

Performance Levels	HSBC Bank USA, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory			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:

- Excellent lending activity in the bank’s full-scope assessment areas (AAs).
- Excellent distribution of loans among geographies of different income levels.
- Good distribution of loans among borrowers of different income levels.
- Community development lending had a positive impact on the Lending Test.
- Product innovation and flexibility had a positive impact on the Lending Test.
- Adequate level of community development investments.
- The bank’s branches are accessible to geographies and individuals of different income levels given consideration of bordering branches.
- HSBC Bank USA, N.A. is a leader in providing community development services that are responsive to the needs of the bank’s AAs.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/AA.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. 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: 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.

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 household 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 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/AA.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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

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

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) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

HSBC Bank USA, N.A. ("HBUS") was chartered by the OCC on July 1, 2004 and resulted from the merger of HSBC Bank USA, a New York state chartered bank and HSBC Bank and Trust Company (Delaware) NA, a nationally chartered trust company, into a newly formed national bank. The bank is chartered and has its main office in Wilmington, Delaware, but primary operational locations are New York City and Buffalo, New York. As of June 30, 2006, HBUS had total assets of \$169 billion and net tier one capital of \$10.3 billion. The bank is the principal subsidiary of HSBC USA Inc., an indirectly-held, wholly-owned subsidiary of HSBC North America Holdings Inc., the holding company for all of HSBC's U.S. and Canadian businesses. The ultimate parent, HSBC Holdings Plc, ("HSBC") based in London (UK), is ranked as one of the world's largest banking and financial service organizations, with \$1.7 trillion in assets.

The predecessor bank to HSBC Bank USA, Marine Midland, was founded in Buffalo, New York in 1850 to finance the shipping trade along the Great Lakes. HSBC acquired 51 percent of the bank in 1980 and the remaining 49 percent in 1987. On December 31, 1999, HSBC acquired Republic National Bank of New York and merged it into HSBC Bank USA. This acquisition significantly increased the bank's presence in New York State, especially New York City, and enhanced the bank's global and private banking activities. The name change to HSBC Bank USA in 1999 was the result of a worldwide re-branding campaign to strengthen recognition of HSBC as one of the world's most customer-oriented financial services organizations.

HBUS provides a full range of banking products and services to individuals, corporations, institutions, and governments, through its personal financial services, private banking, commercial banking and corporate investment banking segments. The bank also offers income tax refund loan and deposit products. The home mortgages originated and purchased by HSBC Mortgage Corporation, an operating subsidiary of HBUS, were considered in evaluating the bank's CRA performance. Other affiliates, through common ownership, considered in evaluating the bank's lending performance include HSBC Mortgage Services Inc., HFC, Beneficial, and Decision One Mortgage. The subsidiaries' activities do not impact the bank's capacity for community reinvestment. There are no financial or legal impediments that would impact the bank's ability to meet its CRA obligation.

HBUS is an interstate bank with nearly four hundred branches in New York State and a network of branches in Florida, California, the District of Columbia, Pennsylvania, and New Jersey. The bank also has one branch each in Delaware, Oregon, and Washington State. The branches in New Jersey opened late in the evaluation period and the volume of lending, investments, and services would not be meaningful for this evaluation. Therefore, the State of New Jersey was not rated.

This is the first CRA exam for HBUS operating under a national charter. The CRA evaluation dated February 24, 2003, conducted by the Federal Reserve Bank of NY, HSBC Bank USA was rated "Outstanding."

Scope of the Evaluation

Evaluation Period/Products Evaluated

This evaluation considered HBUS's HMDA-reportable loans (home purchase, home improvement and home refinance) and small loans to businesses for the calendar years 2004 and 2005. Bank management requested that we consider Community Development (CD) activities back to the date of the previous CRA evaluation. CD lending, investments, and services were evaluated for the period beginning February 24, 2003 (the date of the previous CRA evaluation), and ending September 25, 2006. Retail services were evaluated from January 1, 2004 through September 25, 2006. The bank requested that we consider CD activities back to the date of the previous CRA examination.

HBUS's volume of small loans to farms was insignificant, which precludes any meaningful analysis and conclusion. Small loans to farms are not the bank's focus. Accordingly, this product was not evaluated, nor included in our analysis. Small loans to farms data is presented in the tables in appendix D for informational purposes.

Data Integrity

Examiners tested the accuracy of all the bank's reported data utilized in this evaluation. This testing revealed only minor errors, none of which made the data unreliable for analysis. CD loans, investments, and services were also reviewed to ensure their qualification.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of assessment areas ("AAs") within that state was selected for full-scope reviews. Refer to the "Scope" section under each State Rating for details regarding how the areas were selected. A multistate metropolitan area in which the bank has branches in more than one state received a full-scope review.

Ratings

The bank's overall rating is a blend of the multistate metropolitan area rating and state ratings. However, performance in New York was weighted considerably more heavily than the other states and drives the overall rating. This reflects the fact that 96% of the bank's deposits are booked in branches located in New York. Likewise, HBUS's lending volume and branch locations are most heavily concentrated in New York.

The multistate metropolitan area rating and state ratings are based primarily on those areas that received full-scope reviews. Refer to the "Scope" section under each state rating for details regarding how the areas were weighted in arriving at the overall state rating.

Fair Lending Review

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

State of New York

CRA Rating for New York¹: Satisfactory

The lending test is rated: Outstanding

The investment test is rated: Low Satisfactory

The service test is rated: High Satisfactory

The major factors that support this rating include:

- Excellent lending activity in the bank's primary AAs.
- Excellent geographic distribution of loans.
- Good distribution of loans by borrower income.
- CD lending had a positive impact on the Lending Test.
- Product innovation and flexibility had a positive impact on the Lending Test.
- An adequate level of CD investments.
- The bank's branches are accessible to geographies and individuals of different income levels given the bordering branches.
- HBUS is a leader in providing CD services that are responsive to the needs of the bank's AAs.

Description of Institution's Operations in New York

The state of New York accounts for the significant majority of HBUS's operations, with 390 branches located here. As of June 30, 2005, statewide deposits of \$59.6 billion represented 96% of the bank's total domestic deposits. Within the state, HBUS ranks a distant third in deposit market share at 8.6% behind JPMorgan Chase (26.3%) and Citibank (18.4%). HBUS operates in several metropolitan and non-metropolitan areas within the state. Demographic and economic factors vary significantly among the different AAs. Full-scope AAs carrying the most weight in order are: New York City ("NYC"), Buffalo, Nassau/Suffolk, Rochester, Syracuse, and Albany. The full scope AAs were selected based upon the deposits attributed to the branches in each AA.

¹ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

In evaluating the bank's performance, we considered the significant affordability barriers that exist in the Nassau/Suffolk and NYC housing markets. In these AAs, the median housing value was \$478 thousand and \$549 thousand, respectively. According to a study by the National Association of Home Builders as of September 30, 2006, the New York City area was the 10th least affordable major metropolitan area for home ownership in the United States.

Refer to the market profiles for the state of New York in appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

Scope of Evaluation in New York

We conducted full-scope reviews of the NYC, Buffalo, Nassau/Suffolk, Rochester, Syracuse, and Albany AAs. We placed greatest weight on performance in the New York City AA as this area contains, by far, the largest number of loans, deposits, and branches. Limited-scope reviews were conducted for the Binghamton, Elmira, Ithaca, Kingston, Poughkeepsie, Utica, and non-metropolitan AAs.

In each AA, home mortgage and small loans to businesses were evaluated. An evaluation of multifamily lending was performed only for the NYC AA, given the volume of this type of lending and the significant number of multifamily dwellings. Mortgage lending received greater weight based on the volume of lending. HBUS's volume of small loans to farms was insignificant, which precludes any meaningful analysis or conclusion. Farm lending is not a focus of the bank's lending strategy. Therefore, this product was not evaluated, nor included in our analysis. Statistics are provided in the tables in appendix D for informational purposes.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in New York is rated "Outstanding." Based on full-scope reviews, the bank's performance in the NYC, Nassau/Suffolk, Rochester, Syracuse, and Albany AAs is excellent and in the Buffalo AA is good.

Lending Activity

Refer to Table 1 "Lending Volume" and Table 1 "Other Products" in the state of New York section of appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity in all of the full-scope areas is excellent.

NYC

HBUS ranks 3rd in deposits with an 8% market share. In overall HMDA lending, the bank ranks 6th with a 5% market share. For home improvement lending, HBUS ranked 1st with a 17% market share. For home purchase, the bank ranked 6th with a 5.3% market share and for home refinancing, the bank ranked 7th with a 3.3% market share.

In all of the full-scope AAs, the lending market shares are skewed when compared to the deposit market shares based on the number of lenders and depository institutions. In this AA, there is strong competition for home mortgage lending. There are 635 lenders, many without a depository presence. In the AA there are 125 depository institutions. For small loans to businesses, HBUS ranks 5th with a 6% market share by number of loans and 2nd with a 13.7% market share by dollar amount. The four lenders ahead of HBUS by number of loans are primarily nationwide credit card issuers and have a combined market share of 65%. Their individual market shares range from 8.1% to 22.2%. It is also noted that in terms of the federal SBA lending program, HBUS ranked first in number and dollar amount of loans in the NYC market for two consecutive fiscal years ending September 30, 2005.

Buffalo

HBUS ranks 1st in both deposits with a 31% market share and HMDA lending with a 19% market share. The bank ranked first in each home mortgage product. Although the deposit market share is greater than its overall lending market share, the lending market share is skewed due to the high number of competitive lending institutions. There are 321 mortgage lenders compared to only 19 depository institutions. It should also be noted that the bank's market share in home improvement lending at 34% exceeds the bank's deposit market share. Due to the older housing stock and other demographic factors, home improvement lending is an identified credit need. For small loans to businesses, HBUS ranks 2nd with 15% market share by number of loans and 29% market share by dollar of loans. By number of loans, Citibank USA ranks higher at 16%. By dollar of loans, M&T Bank ranks higher at 32%.

Nassau/Suffolk

HBUS's deposit market share nearly equals its overall HMDA lending market share. In HMDA lending, HBUS ranks 5th with 4% market share and 8th in deposits with a 4.2% market share. This is a very competitive market with 534 mortgage lenders compared to only 38 depository institutions. For small loans to businesses, HBUS ranks 8th in number of loans with a 3.4% market share and 3rd in dollar of loans with 8.3% market share. Three nationwide banks with large business credit card portfolios dominate with a combined market share of 52% (by number of loans).

Rochester

HBUS ranks 1st in deposits with a 22% market share and 1st in HMDA lending with 14% market share. HBUS ranks 2nd in market share for home refinancing loans. Although the deposit market share is greater than its overall lending market share, the lending market share is skewed due to the high number of competitive lending institutions. There are 310 mortgage lenders in this AA compared to only 20 depository institutions. For small loans to businesses, HBUS ranks 5th in number of loans with 7.7% market share and 2nd by dollars of loans with 20% market share. Again, several of the top lenders by number of loans are nationwide credit card lenders.

Syracuse

HBUS ranks 3rd in deposits with 11% market share and 2nd in HMDA lending with 8% market share. For both home improvement and home refinancing, the bank ranks 1st in market share at 17% and 8%, respectively. There are 299 home mortgage lenders compared to 22 depository institutions. For small loans to businesses, HBUS ranks 7th in number of loans with 6% market share and 2nd in dollar of loans with 18% market share. Five of the six banks ranking ahead of HBUS are credit card lenders. The average loan size for each of these institutions is between \$5 and \$10 thousand dollars.

Albany

HBUS ranks 6th in deposits with 3% market share and 1st in HMDA lending with 9% market share. The bank ranks 1st in both home purchase with a 9% market share and home refinance with an 8% market share. The bank ranks 2nd in home improvement with a 13% market share. Lending is very competitive and the number of depository institutions is relatively low. There are 304 home mortgage lenders and 22 depository institutions. For small loans to businesses, HBUS ranks 8th in number of loans with 4% market share and 3rd in dollar of loans with 13% market share. Approximately 70% of the total of number of loans originated was by six nationwide credit card lenders with market shares ranging from 6.5% to 19.4%.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans is excellent. This is based on excellent distribution of both home mortgage loans and small loans to businesses.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the state of New York section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

Overall, the geographic distribution of home mortgage loans is excellent. Distribution is excellent in the all of the AAs with the exception of Buffalo and Syracuse, where the distribution is good.

New York City

HBUS's portion of home purchase and home refinancing loans made in both low- and moderate-income geographies exceeds the percentage of owner occupied units. For home purchase loans, the bank's market share in low -income geographies is somewhat below and in moderate-income geographies substantially meets the bank's overall market share. For home refinancing loans, the bank's market share in low- and moderate-income geographies substantially meets the bank's overall market share.

HBUS's portion of home improvement loans made in both low- and moderate-income geographies significantly exceeds the percentage of owner-occupied units. The bank's market share in both low- and moderate-income geographies significantly exceeds the bank's overall market share.

The portion of multifamily lending in low-income geographies was below the percentage of multifamily units. In moderate-income geographies, the percentage of lending slightly exceeded the percentage of multifamily units there. The bank's market share in both low- and moderate-income geographies was below the overall market share.

Buffalo

HBUS's portion of home purchase loans in low-income geographies is lower than the percentage of owner occupied units. In moderate-income geographies, the percentage of lending is somewhat below the percentage of owner occupied units. The bank's market share in low- income geographies is somewhat below and in moderate-income geographies substantially meets the bank's overall market share.

The portion of home improvement loans in low-income geographies is below the percentage of owner occupied units. In moderate-income geographies, the percentage of lending exceeds the percentage of owner occupied units. Similarly, the bank's market share in low-income geographies substantially meets and in moderate-income geographies exceeds the bank's overall market share.

HBUS's portion of home refinancing loans in low-income geographies is lower than the percentage of owner occupied units. In moderate-income geographies, the percentage of lending is near to the percentage of owner occupied units. The bank's market share in both low- and moderate-income geographies exceeds the bank's overall market share.

Nassau/Suffolk

In Nassau/Suffolk, our analysis was based on performance in the moderate-income geographies. The very low percentage of owner occupied units in low-income geographies does not provide for a meaningful analysis.

For all home mortgage products, HBUS's portion of loans in moderate-income geographies substantially exceeded the percentage of owner occupied units. The

bank's market share in moderate-income geographies for all loan products exceeded the bank's overall market share.

Rochester

HBUS's portion of home purchase lending in low-income geographies is somewhat below the percentage of owner occupied units. In moderate-income geographies, the percentage of lending exceeded the percentage of owner occupied units. The bank's market share in low-income geographies is below and in moderate-income geographies substantially meets the overall market share.

For home improvement and home refinancing, the portion of lending in both low- and moderate-income geographies exceeded the percentage of owner occupied units. The bank's market share in both low- and moderate-income geographies exceeded the overall market share.

Syracuse

HBUS's portion of home purchase lending in both low- and moderate-income geographies exceeded the percentage of owner occupied units. The bank's market share in both low- and moderate-income geographies exceeded the overall market share.

The portion of home improvement lending in low-income geographies is below the percentage of owner-occupied units. In moderate-income geographies, the percentage of lending exceeded the percentage of owner occupied units. The bank's market share in both low- and moderate-income geographies exceeded the overall market share.

HBUS's portion of home refinance lending in low-income geographies is below the percentage of owner occupied units. In moderate-income geographies, the percentage of lending nearly equals the percentage of owner occupied units. The bank's market share in low-income geographies is below and in moderate-income geographies exceeded the overall market share.

Albany

For all home mortgage products, the percentage of lending in low-income geographies was near to or exceeded the percentage of owner occupied units. In moderate-income geographies, the percentage of lending exceeded the percentage of owner occupied units. The bank's market share in low-income geographies was below the overall market share for all products. For home purchase and home refinancing, the bank's market share in moderate-income geographies substantially met the overall market share. For home improvement lending, the market share in moderate-income geographies substantially exceeded the overall market share.

Small Loans to Businesses

Refer to Table 6 in the state of New York section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Overall, the geographic distribution of small loans to businesses is excellent. Distribution is excellent in the all of the full-scope AAs.

NYC

HBUS's portion of small loans to businesses made in low-income geographies exceeded the percentage of businesses that are within those geographies. In moderate-income geographies, HBUS's portion of small loans to businesses in this AA nearly equals the percentage of businesses that are within those geographies. In both low- and moderate-income geographies, the bank's market share exceeded its overall market share.

Buffalo

HBUS's portion of small loans to businesses in both low- and moderate-income geographies exceeded the percentage of businesses that are within those geographies. In both low- and moderate-income geographies, the bank's market share exceeded its overall market share.

Nassau/Suffolk

In Nassau/Suffolk, our analysis was based on performance in the moderate-income geographies. The very low percentage of businesses located in low-income geographies does not provide for a meaningful analysis.

The portion of small loans to businesses was near to the percentage of businesses located in these geographies. The market share exceeded the overall market share.

Rochester

In low-income geographies, HBUS's portion of small loans to businesses is slightly below the percentage of businesses that are within those geographies. In moderate-income geographies, the percentage of lending exceeded the percentage of businesses that are within those geographies. In both low- and moderate-income geographies, the bank's market share exceeded its overall market share.

Syracuse

HBUS's portion of small loans to businesses made in low-income geographies exceeded the percentage of businesses that are within those geographies. In moderate-income geographies, HBUS's portion of small loans to businesses is near to

the percentage of businesses that are within those geographies. In both low- and moderate-income geographies, the bank's market share exceeded its overall market share.

Albany

In low-income geographies, HBUS's portion of small loans to businesses is somewhat below the percentage of businesses that are within those geographies. In moderate-income geographies, the percentage of lending exceeded the percentage of businesses that are within those geographies. In both low- and moderate-income geographies, the bank's market share exceeded its overall market share.

Lending Gap Analysis

We reviewed the geographic distribution of loans and did not detect any conspicuous or unexplained gaps in lending patterns.

Inside/Outside Ratio

A substantial majority of the bank's originations and purchases were within its AAs. This analysis was performed at the bank level and does not include affiliate lending being considered under the other performance criteria. During the evaluation period, 91% of the bank's home mortgage loans and 92% of the bank's loans to small businesses were originated within the AAs. This performance was factored into the overall analysis of the geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

The overall distribution of loans by income level is good. This is based on good distribution of home mortgage lending and excellent distribution of small loans to businesses.

Home Mortgage Loans

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

The overall distribution of home mortgage loans is good, given the high cost of housing in the NYC and Nassau/Suffolk AAs and the poverty level in the NYC AA. Recent economic data show that the median sales price of existing single-family homes in each of these AAs ranged between \$474 thousand and \$549 thousand. Coupled with a poverty level of 18% of the households in the NYC AA, homeownership remains very difficult for most low- and moderate-income borrowers. The updated median family income for the NYC AA indicates that a low-income individual earns no more than \$30 thousand a year and a moderate-income borrower earns no more than \$47 thousand a year.

NYC and Nassau/Suffolk

In both of these areas, the percentage of home purchase and home refinance loans to low-income borrowers was significantly below the percentage of low-income families. In the NYC AA, the percentage of home improvement loans to low-income borrowers was substantially below and in the Nassau/Suffolk AA was below the percentage of low-income families. In the Nassau/Suffolk AA, the percentage of all home loan products to moderate-income borrowers substantially exceeded the percentage of moderate-income families. In the NYC AA, the percentage of home purchase and home refinance loans was below and the percentage of home improvement loans was near to the percentage of moderate-income families. For all home products in both of these AAs, the bank's market shares to both low- and moderate-income borrowers either exceeded or substantially exceeded its overall market share.

Buffalo, Rochester, Syracuse, and Albany AAs

The distribution of all home loan products to both low- and moderate-income borrowers was very similar among each of these AAs. The percentage of loans made to low-income borrowers was below the percentage of low-income families. The percentage of loans made to moderate-income borrowers in each of these AAs significantly exceeded the percentage of moderate-income families. With the exception of home refinance loan market share to low-income borrowers, the bank's market shares to low- and moderate-income borrowers either exceeded or substantially exceeded its overall market shares. For home refinance loans to low-income borrowers, the bank's market share in the Buffalo AA substantially met, in the Rochester and Syracuse AA was somewhat below, and in the Albany AA was below its overall market share.

Small Loans to Businesses

Refer to Table 11 in the state of New York section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

All Full Scope Assessment Areas

The distribution of small loans to businesses of different sizes is excellent. In all but two (Buffalo and Syracuse) of the bank's AAs, the percentage of small loans to small businesses (businesses with gross annual revenue of \$1 million or less) exceeded or nearly equaled (NYC) the percentage of small businesses. Additionally, a large to substantial majority of the loans in each AA were for \$100 thousand or less indicating the bank's willingness to make small loans to businesses. Based on 2005 peer data, the bank's market share to businesses with revenue of \$1 million or less exceeded or substantially exceeded its overall market share.

Community Development Lending

Refer to Table 1 Lending Volume in the state of New York section of appendix D for the facts and data used to evaluate the bank's level of CD 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.

CD lending had a positive impact for the Lending Test in the NYC and Syracuse AAs and a neutral impact in the Buffalo, Nassau/Suffolk, Rochester, and Albany AAs.

NYC

HBUS originated 163 loans and lines of credit in the NYC AA, totaling \$342 million. About \$267 million (78%) of these loans helped support affordable housing activities, which is the most critical need in the AA.

Management was particularly successful in originating commercial mortgages secured by affordable housing projects in The Bronx, where it originated over \$32 million in such loans. In 2005, HBUS approved a \$35 million line of credit for a fund that helps to increase the supply of affordable housing in New York City by rehabilitating both vacant and occupied properties in low- and moderate-income neighborhoods.

The bank originated numerous CD loans or lines of credit to affordable housing funds, including a \$5.7 million line of credit, later increased to \$10 million, in a \$40 million loan pool with other lenders. Proceeds will be used to provide predevelopment loans for residential projects designated for low-income persons or families on rezoned, former manufacturing areas of the city. This particular fund is part a \$3 billion effort to build and preserve 65,000 affordable housing units over five years.

HBUS also originated over \$27 million in affordable housing CD loans in Yonkers. Specifically, the bank funded a \$14 million mortgage secured by a 264-unit apartment building that provides subsidized housing for low-income senior citizens.

During the evaluation period, the bank originated several revolving lines of credit, with other lenders, in low-income housing tax credit ("LIHTC") funds that provide and rehab affordable rental housing in NYC. From 2003 to 2005, the bank originated three revolving lines of credit, totaling \$38.5 million into these funds. The funds draw on the revolving lines of credit to finance third party investments into the particular LIHTC funds, thus helping to maximize returns for these third party investors, and making the LIHTC funds more competitive investments, while also meeting their primary purpose of providing affordable housing. In addition, the bank originated a \$10 million revolving line of credit to a LIHTC fund that will develop 875 units of affordable housing for residents of NYC with income levels below 60% of the area median income.

Buffalo

HBUS originated 63 loans and lines of credit, including renewals, totaling nearly \$26 million. Of note, the bank refinanced a mortgage on a senior housing project, which helped to support 113 units for low- or moderate-income seniors in Lackawanna. HBUS also funded a construction loan to build 100 units for low- or moderate-income seniors in Cheektowaga. Given Buffalo's aging population, these loans help to meet an identified CD need.

The bank also supported community services targeted to low- or moderate-income individuals by committing lines of credit or funding loans to a wide variety of service providers, including a charter school serving primarily students from low- or moderate-income families in Buffalo.

Nassau/Suffolk

The bank made CD loans to two different organizations during the evaluation period. Including renewals, the loans totaled \$500 thousand. A \$50 thousand line of credit was granted in 2005, and renewed in 2006, to an organization whose mission is to provide affordable housing opportunities to moderate-income first-time homebuyers. The benefits include grant assistance to some of the families.

In 2003 the bank provided a \$100 thousand working capital line of credit to an organization that helps low- or moderate-income people who have received treatment for mental illness reintegrate into daily life with jobs and housing. This loan has been renewed annually.

Rochester

HBUS originated 37 loans and lines of credit, including renewals, totaling \$17.6 million for affordable housing projects in the Rochester AA. Examples include:

- \$4.5 million term loan to refinance a mortgage loan on a 152 unit apartment complex that provides affordable housing.
- \$3 million line of credit to a local housing development fund that acquires and renovates foreclosed homes and sells them to mostly low- or moderate-income homebuyers.
- \$1.2 million in loans or lines of credit to three different local organizations that provide community services targeted to low- or moderate-income individuals or families. These services include: legal assistance; day care/preschool programs; job training; meal programs; and home repair and weatherization assistance.

Albany

Including renewals, the bank originated 14 loans totaling \$1.2 million, which helped provide affordable housing in Troy and Schenectady, NY and the provision of community services to low- or moderate-income people in Cohoes, NY.

Syracuse

HBUS originated 16 CD loans and lines of credit totaling \$10.8 million during the evaluation period in this AA. Examples include:

- Over \$2 million was originated to a financial intermediary that provides a range of services and products to current and prospective homeowners. Services and products include: homebuyer education; financial counseling; housing repair and rehabilitation programs; innovative loan products and financing assistance; and post-purchase counseling to low- and moderate-income homebuyers.
- Refinanced a \$5.3 million loan that is secured by an affordable housing project.

Broader Statewide or Regional Area

HBUS originated 39 loans totaling more than \$266 million in the broader statewide or regional area with potential to benefit the bank's AAs. Approximately 60% of the dollars were to support the provision of CD services.

Other Loan Data – All Full Scope AAs in State of New York

HBUS provided for consideration 17 standby letters of credit ("SBLC") totaling \$172.2 million that have qualified CD purposes. A large majority (78%) of these SBLCs support affordable housing initiatives, a primary need of the AAs. Refer to Table 1 – Optional Products for details.

Product Innovation and Flexibility

HBUS's product flexibility had a positive impact on its Lending Test conclusions. The bank offers flexible loan products directed toward affordable housing. Some of the programs for affordable housing include: the Community Works/Home 97; Home Possible and My Community Mortgage; Special Home Ownership Program ("SHOP"); and Home Rochester Mortgage Write-Down Interest.

Community Works/Home 97 is designed for borrowers whose income is at or below 80% of the median family income or financing a property in a targeted low- or moderate-income census tract. The program utilizes flexible underwriting guidelines to help potential borrowers who may not qualify using standard underwriting parameters. Additionally, terms of 30 or 40 years are available. In the full scope AAs of New York, the bank originated 5,139 loans totaling \$494.4 million.

Home Possible and My Community Mortgage are Fannie Mae and Freddie Mac products. HBUS began offering these products in May 2005, before they became available to all participating lenders. Both products offer flexible underwriting for qualified buyers. In the full scope AAs of New York, the bank originated 35 loans totaling \$4.7 million.

SHOP was implemented in the City of Syracuse in 2002 as an effort to help revitalize an economically depressed city. Due to the success of the program, the product was made available in Buffalo, Rochester, and Albany. SHOP offers a low- or moderate-income borrower a discounted interest rate or a lender gift up to \$3,500 toward closing costs. During the evaluation period, the bank originated 235 loans totaling \$14.5 million

Also in Syracuse, HBUS responded to the need for home rehabilitation funds by structuring a unique flexible lending pool with a non-profit organization. HBUS brought other Syracuse lending institutions to the table to create a \$1.6 million fund administered by this non-profit organization.

With the Home Rochester Mortgage program, HBUS, along with two local banks, apply for Affordable Housing Program funds from the Federal Home Loan Bank of New York. The funds are then used to reduce the interest cost to borrowers who are processed through this program.

HBUS also offers a retail unsecured loan to affordable mortgage program customers. Homebuyers can borrow from \$1,000 to \$25,000 up to 10 years to help with down payment and closing costs. During the evaluation period, the bank originated 929 loans for \$6.3 million in the full-scope AAs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Binghamton, Elmira, Ithaca, Kingston, Poughkeepsie, Utica, and non-metropolitan areas is not inconsistent with the bank's overall "outstanding" performance under the lending test in New York. Refer to the Tables 1 through 13 in the state of New York section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in New York is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in all of the full-scope AAs is adequate.

Refer to Table 14 in the state of New York section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

HBUS made a combination of investments and grants to a variety of organizations in the full-scope AAs. A vast majority of the investments and grants provided funding for LIHTC projects or organizations with a mission of developing and fostering affordable housing. The bank also made investments in statewide or broader regional CD funds that include benefit to the bank's AAs. A majority of these investments were in tax credit equity funds that financed projects for thousands of affordable housing units. Some of these investments were made in funds that finance small businesses, and through this activity created or preserved jobs to low- and moderate-income individuals. These additional investments enhance the bank's overall performance under the Investment Test; however, they did not provide enough support to impact the overall state rating.

HBUS's investments also had a positive effect in meeting other important community needs in its AAs, such as job creation and preservation. The bank also provided funding for several CD financial institutions, many financial literacy programs, small business technical assistance, youth activities, and other CD activities.

NYC

The bank made 338 investments totaling nearly \$96 million in this AA during the evaluation period. The bank also had 14 outstanding prior investments totaling approximately \$22 million and \$65 million in 25 unfunded commitments. These prior period investments and unfunded commitments show the bank's continuing commitment to help meet the community needs of the area. The majority of the dollar volume of HBUS's investment transactions was focused on affordable housing, a primary credit need in the AA. The impact of these transactions, along with statewide investments that have the potential to benefit the AA, is adequate.

In November, 2005, HBUS provided an 11 year, \$3 million investment in a fund that acquires and develops undervalued and distressed residential properties in the NYC area. During the evaluation period, \$558 thousand was funded. The fund was created as a developer to tackle complex housing problems, namely the current housing shortage, by preserving or creating additional units. The projects created by the fund will be limited to residential affordable housing and mixed-use properties. There are ample investment opportunities for financial institutions, but also strong competition.

Buffalo

During the evaluation period, HBUS made 66 investments totaling approximately \$11 million. The bank also had one outstanding prior investment totaling \$250 thousand and \$5.9 million in four unfunded commitments. These unfunded commitments show the bank's continuing commitment to help meet the community needs of the area. The impact of these transactions, along with statewide investments that benefited the AA is adequate. The opportunities for investments are limited and there is increased competition among the larger institutions.

Just over one-half of the dollar volume of the bank's investment transactions was focused on affordable housing, a primary credit need in the AA. These investments include funding for LIHTC projects and grants to organizations with a mission of developing and fostering affordable housing. HBUS also made investments and grants in the Buffalo AA that benefited other CD needs. Of note, in March 2005, the bank underwrote a \$7 million debt and equity financing to a fund, \$4.6 million of which HBUS retained, to support the rehabilitation of an abandoned historic church in Buffalo to create a multi-purpose commercial facility. During the evaluation period, \$4.2 million of this investment was funded. The investment combines New Market Tax Credits, Historic Tax Credits, and Empire Zone incentives, along with conventional bank financing.

Nassau/Suffolk

HBUS made 25 investments totaling \$5.2 million during the evaluation period. The impact of these transactions, along with statewide investments that benefited the AA, is adequate. Nearly all of the dollar volume of the bank's investment transactions was focused on affordable housing, a primary CD need in the area. In July 2004, the bank provided \$4.9 million in tax credit equity to construct a 36-unit affordable housing senior apartment complex in Hempstead, NY.

Rochester

HBUS made 41 investments totaling \$1.3 million. The bank also had one outstanding prior investment totaling \$250 thousand, along with \$888 thousand in two unfunded commitments. These unfunded commitments show the bank's continuing commitment to help meet the community needs of the area. The impact of these transactions, along with statewide investments that benefited the AA is adequate.

Just over one-half of the dollar volume of the bank's investment transactions was focused on affordable housing, a primary CD need in the area. Additionally, HBUS provided \$100 thousand, through the purchase of a certificate of deposit, to a CD financial institution in Rochester. This funding assists the CD financial institution in providing low-cost financial services to low- and moderate-income individuals in the Rochester AA. Information provided by community contacts in conjunction with this examination stated HBUS is providing an adequate level of support to CD activities in the Rochester area through investments and grants. This level of participation is commensurate with the opportunities available to the bank.

Syracuse

HBUS made 21 investments totaling \$177 thousand. The impact of these transactions, along with statewide investments that benefited the AA is considered adequate. All of the investments were made in the form of grants to organizations with a mission of creating and fostering affordable housing, such as homeownership programs and homeownership counseling. Research performed in conjunction with this evaluation noted that opportunities for CD investments in the Syracuse area are scarce. This is

evidenced by the historically small number of tax credit allocations issued by the New York State Department of Housing and Community Renewal (“DHCR”). During the evaluation period, DHCR allocated LIHTC to only eight projects in the Syracuse AA compared to 20 projects in Rochester and 17 projects in Buffalo.

Albany

The bank made 33 investments totaling \$583 thousand in this AA during the evaluation period. HBUS also had one outstanding prior investment totaling \$50 thousand and one unfunded commitment of approximately \$4.7 million. This unfunded commitment demonstrates the bank’s continuing commitment to help meet the community needs of the area. The impact of these transactions, along with statewide investments that benefited the AA is adequate.

The majority of the dollar volume of the transactions was focused on affordable housing. For example, HBUS provided \$88 thousand in grant dollars to a homeownership center serving Albany and the surrounding counties. The organization provides comprehensive homeownership education, namely workshops and homeownership counseling. Over the past year the organization has provided homeownership counseling to over 650 new clients. The organization has also partnered with HBUS, HSBC Mortgage Corporation, and Freddie Mac to provide the SHOP Capital Program. The SHOP Capital Program is designed to help residents clear many of the most common obstacles to homeownership, including a lack of information about personal financial management or the home-buying process, and limited down-payment savings. The organization also serves as lead agency for a collaboration of six housing organizations located throughout the Capital Region that work together to implement an Individual Development Account program. As the lead agency, the organization markets and manages the program and provides financial literacy seminars that all program participants must attend.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank’s performance under the investment test in the Binghamton and Ithaca AAs is not inconsistent with the bank’s overall low satisfactory performance under the investment test in New York. In the Poughkeepsie AA, the bank’s performance is stronger than the bank’s overall performance in the state. This is primarily due to a higher volume of investments. However, this did not affect the overall rating for the Investment Test in the state. In the Elmira, Kingston, Utica-Rome, and the Non-MSA AAs, the bank’s performance is weaker than the bank’s overall performance in the state. This weaker performance is due to the lower level of investment activity in relation to the respective presence of the bank in these AAs. These areas combined account for less than three percent of the bank’s total deposits. Together, these AAs account for a very small portion of the total reportable investments in New York and thus did not adversely affect the overall state rating. Refer to Table 14 in the state of New York section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in New York is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the NYC AA is good and in the Buffalo, Nassau/Suffolk, Rochester, Syracuse, and Albany AAs is excellent.

Retail Banking Services

Refer to Table 15 in the state of New York section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

HBUS's delivery systems are accessible to all portions of the bank's full-scope AAs.

HBUS has 390 full service branches in New York State, representing 92% of its total nationwide branches. Within New York State, 39% of the branches and 70% of the deposits are located in the New York City AA.

Under the Service Test we considered a branch located in a low- or moderate-income census tract to be a convenient location for residents of the census tract. However, there are instances where a branch located in a middle- or upper-income census tract is actually near the border with a low- or moderate-income tract, literally across the street in some cases, or within a city block in others. We believe these bordering/nearby branches also provide ready financial services accessibility to the residents of the adjacent low- or moderate-income tracts.

NYC

The distribution of branches in moderate-income census tracts is somewhat lower than the population living in those census tracts. The distribution of branches in low-income census tracts is significantly lower than the population living in those AAs. Of the 38 branches located in a middle-income tract, 31 of these branches are near a low- or moderate-income tract. Additionally, of the 79 branches located in an upper-income tract, 28 are near a low- or moderate-income tract. In total, there are 90 branches that service the residents of low- and moderate-income tracts.

Buffalo

The distribution of branches in both low- and moderate-income census tracts exceeds the distribution of the population living in those census tracts.

Nassau/Suffolk AA

The distribution of branches in moderate-income census tracts exceeds the distribution of the population living in those census tracts. Although there are no branches in low-income census tracts, less than 1% of the AA's population resides here.

Rochester AA

The distribution of branches in low-income census tracts exceeds the distribution of the population living in those census tracts, and in moderate-income census tracts is near to the population living in those tracts.

Syracuse and Albany AAs

In the Syracuse and Albany AAs, the distribution of branches in both low- and moderate-income census tracts exceeds the distribution of the population living in those census tracts.

All Full Scope Assessment Areas

Branch hours and services offered throughout the full-scope AAs do not vary in a way that inconveniences certain portions of the AAs, particularly low- and moderate-income census tracts and individuals. Hours are tailored to the needs of the specific market they serve. For many branches the hours are 8:30 or 9:00 AM to 4:00 or 4:30 PM weekdays, usually with longer hours one or two days per week. Many branches offer Saturday office hours. Thirty branches (20%) located in the NYC AA have Sunday office hours.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income areas. HBUS opened branches in both low- and moderate-income census tracts in the NYC AA. There were branch closings in low- and/or moderate-income tracts in the Rochester and Nassau/Suffolk AAs. Prior to closing a branch, management held discussions with community representatives and relocated customer accounts to nearby branches. The branches where the accounts were relocated were generally more modern and spacious, enabling the bank to provide enhanced service to the relocated customers.

The bank offers a wide variety of deposit and loan products and services. The bank's free checking account product provides a no cost checking account option for lower-income customers and those who prefer to not pay for a checking account. There is no minimum deposit required to open an account or minimum balance that must be maintained. There is no maintenance or per check fees.

HBUS's ATM network offers an effective alternative delivery system for delivering retail-banking services to low- and moderate-income geographies and to low- and moderate-income individuals. All but eight branches in the full-scope AAs have ATMs, of which

half are located in low- or moderate-income census tracts. The branches without ATMs are older structures that cannot accommodate a machine without significant structural modification. Many branches have multiple ATMs, with two branches in the New York City AA having six machines. Many of the ATMs are available 24 hours per day. The majority of them accept deposits. In addition to ATMs located at branch office locations, there are 51 offsite ATMs, of which five are located in low- or moderate-income census tracts. Many of these ATMs are located at airports, colleges and universities.

Community Development Services

HBUS is a leader in providing CD services in the state of New York. The bank's performance is excellent in all of the full scope AAs. HBUS provides CD services to its AAs primarily through the participation of its employees on various boards and committees of non profit organizations, through affordable housing seminars, and by providing technical expertise to several specialized financial literacy programs targeted to people with low and moderate-income. HBUS has played a leadership role in the delivery of these services through employee leadership roles in the organizations they are involved with and by developing and initiating many financial literacy programs and activities.

The majority of the organizations are involved in affordable housing targeted to low- and moderate-income people. They are also well represented with organizations that are involved in economic development.

Over 20 adult financial education seminars targeted to low- and moderate-income people were held during the evaluation period. The seminars, which were developed by HBUS, were conducted by community organizations trained by HBUS employees. The seminars cover topics such as banking, credit history, homeownership, and managing your credit.

HBUS employees spent nearly 100 hours writing letters of support for 77 qualified organizations in applying for grant funding.

In the NYC AA, employees served on boards and committees of 37 qualified organizations, providing over 3,000 hours of service. Forty eight affordable housing seminars were conducted.

In the Buffalo AA, employees served on boards and committees of 15 qualified organizations, providing nearly 1,000 hours of service. Thirteen affordable housing seminars were conducted.

In the Nassau/Suffolk AA, employees served on boards and committees of 15 qualified organizations, providing over 1,100 hours of service. Five affordable housing seminars were conducted.

In the Rochester AA, employees served on boards and committees of 11 qualified organizations, providing nearly 1,200 hours of service. Eight affordable housing seminars were conducted.

In the Syracuse AA, employees served on boards and committees of four qualified organizations, providing over 300 hours of service. Two affordable housing seminars were conducted.

In the Albany AA, employees served on boards and committees of 12 qualified organizations, providing over 1,200 hours of service over the examination period. Four affordable housing seminars were conducted.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited scope reviews, the bank's performance under the Service Test in the Binghamton, Elmira, Ithaca, Poughkeepsie, Utica and Non MSA AAs is stronger than the bank's overall high satisfactory performance, based on branch distribution in low- and moderate-income census tracts. Performance in the Kingston AA, where there is only one branch, is weaker than the bank's overall performance due to the weaker distribution of branches in moderate-income census tracts (there are no low-income census tracts). The stronger and weaker performance in the limited scope AAs did not impact the bank's rating under the Service Test, given the level of retail deposits in each of these areas. Refer to Table 15 in the state of New York section of appendix D for the facts and data that support these conclusions.

State Rating

State of Florida

CRA Rating for Florida²: Satisfactory

The lending test is rated: Outstanding

The investment test is rated: Low Satisfactory

The service test is rated: High Satisfactory

The major factors that support this rating include

- Excellent lending activity in the AA.
- Excellent geographic distribution of loans.
- Good distribution of loans by borrower income.
- CD lending had a positive impact on the Lending Test.
- Product innovation and flexibility had a positive impact on the Lending Test.
- Adequate level of CD investments.
- The bank's branches are accessible to geographies and individuals of different income levels when considering bordering branches.
- HSBC Bank USA, N.A. is a leader in providing CD services that are responsive to the needs of the bank's AAs.

Description of Institution's Operations in Florida

HBUS's operations in Florida are limited to the state's southeast coast, encompassing Miami-Dade, Broward, and Palm Beach counties in their entirety. The bank's three AAs consist of the following metropolitan divisions: Miami, Fort Lauderdale, and West Palm Beach. The bank's presence in southeast Florida began in 1999 and HBUS currently operates sixteen full service branches, nearly half of which have opened since mid-2003. Statewide deposits total \$1.1 billion and account for 1.8% of the bank's total domestic deposits. Within the tri-county area, HBUS ranks 18th among 118 institutions for deposits and has less than a 1% market share. Bank of America and Wachovia,

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

each with a substantially larger branch network, have a combined market share of 38% and rank 1st and 2nd, respectively.

Housing affordability is a critical issue. In the Miami AA, as in much of the state of Florida, housing affordability is impacted by more than sales price. After eight hurricanes in two years, home operating costs also contribute to the affordability crisis. Florida homeowners are paying more for property insurance, utilities, municipal taxes and special assessments to pay for hurricane recovery costs.

Refer to the market profile for the state of Florida in appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

Scope of Evaluation in Florida

We conducted a full-scope review of the Miami AA and limited-scope reviews of the Fort Lauderdale and West Palm Beach AAs. The state rating is based primarily on the performance in the Miami AA. The Miami AA represents the bank's largest concentration of loans, deposits and branches in the state. Both home mortgage lending and small loans to businesses were evaluated. Home mortgage lending was weighted more heavily based on the volume of lending. Mortgage lending accounted for over 90% of the lending volume in the Miami AA.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Florida is rated "Outstanding." Based on a full-scope review, the bank's performance in the Miami AA is excellent.

Lending Activity

Refer to Table 1 Lending Volume in the state of Florida section of appendix D for the facts and data used to evaluate the bank's lending activity.

HBUS's lending activity is excellent in the Miami AA. HBUS ranks 16th in deposit market share in this AA with 1.35% of the deposit base. The bank ranks 8th in overall home mortgage lending with a 2.9% market share. In small loans to business lending, HBUS ranks 15th in both number of loans and dollar amount with a 0.78% and 2.35% market share, respectively. Nearly 60% of the number of small loans to businesses was made by nationwide credit card lenders.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans is excellent. This is based on excellent distribution of both home mortgage loans and small loans to businesses.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the state of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The geographic distribution of home mortgage loans is excellent for all purposes (home purchase, home improvement, and refinance). In each instance, the percentage of bank lending in both low- and moderate-income geographies exceeded the percentage of owner-occupied units in those geographies. The market share in low- and moderate-income geographies substantially met or exceeded the bank's overall market share for all loan purposes.

Small Loans to Businesses

Refer to Table 6 in the state of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

HBUS's geographic distribution of small loans to business is excellent. HBUS's portion of small loans to businesses made in low-income geographies exceeded the percentage of businesses that are within those geographies. The portion of small loans to businesses in moderate-income geographies nearly equals the percentage of businesses that are within those geographies. HBUS's market share of such loans in both low- and moderate-income geographies exceeds its overall market share.

Lending Gap Analysis

We reviewed the geographic distribution of loans and did not detect any conspicuous or unexplained gaps in lending patterns.

Inside/Outside Ratio

A substantial majority of the bank's originations and purchases were within its AAs. This analysis was performed at the bank level and does not include affiliate lending being considered under the other performance criteria. During the evaluation period, 91% of the bank's home mortgage loans and 92% of the bank's loans to small businesses were originated within the AAs. This performance was factored into the overall analysis of the geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

The overall distribution of loans by income level of the borrower is good. The distribution of both home mortgage loans and small loans to businesses is good.

Home Mortgage Loans

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

The overall distribution of home mortgage loans is good, given the high cost of housing and the poverty level in the Miami AA. Recent economic data show that the median sales price of existing single-family homes in the Miami area is \$376 thousand. Coupled with a poverty level of 18% of the households, home ownership remains very difficult for most low- and moderate-income borrowers. The updated median family income indicates that a low-income individual earns no more than \$24 thousand a year and a moderate-income person earns no more than \$39 thousand a year. These barriers were considered in our analysis and conclusions.

For each mortgage loan product (home purchase, home improvement, home refinance), the percentage of loans to low-income borrowers is substantially below the percentage of low-income families. The percentage of loans to moderate-income borrowers is below the percentage of low-income families. The bank's market share of home purchase lending to both low- and moderate-income borrowers exceeded its overall market share. For home improvement lending, the bank's market share to low-income borrowers was significantly below the bank's overall market share. For home refinance lending, the bank's market share to low-income borrowers was below the bank's overall market share. The market share to moderate-income borrowers for home refinance loans substantially met and for home improvement exceeded the bank's overall market share.

Small Loans to Businesses

Refer to Table 11 in the state of Florida section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The bank's distribution of small loans to businesses is good, given the strong competition. The percentage of loans to businesses with revenues of \$1 million or less is somewhat below the percentage of such businesses. Additionally, a large majority of the bank's loans were for \$100 thousand or less, indicating the bank's willingness to make small loans to businesses. The bank's market share to businesses with revenues of \$1 million or less exceeds the bank's overall market share.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Florida section of appendix D for the facts and data used to evaluate the bank's level of CD 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.

HBUS's level of CD lending had a positive impact upon its performance under the Lending Test in the Miami AA.

The bank originated 24 CD loans totaling \$26.2 million. Most of these loans were used to help provide affordable housing, which has been identified as a primary need for this AA. Examples include:

- \$5 million loan on a 150-unit residential property located in Carol City. The subject property is a HUD subsidized residential rental property.
- \$850 thousand revolving line of credit (origination and annual renewal) for the renovation of single family homes under a contract with HUD and Miami-Dade County.
- \$500 thousand line of credit granted to a CD corporation that serves Miami Beach. The CDC works to revitalize and stabilize low- or moderate-income areas.

Product Innovation and Flexibility

HBUS's product flexibility had a positive impact on its Lending Test conclusions. In addition to the flexible products discussed under the state of New York, HBUS participated in the State of Florida Emergency Bridge Loan Program to assist small businesses in recovering from the hurricanes that occurred in 2005. The branches facilitated approvals for 98 interest free loans totaling \$2 million.

Also, the bank initiated the offering of the SHOP loan product to Miami-Dade County in 2005. This program is a creative partnership among HBUS, Miami-Dade Neighborhood Housing Services and Freddie Mac. This program was specifically designed for Miami's high housing cost market and provides complex layering of below market financing with access to deep purchase assistance subsidies. Grants and second mortgages are funded by State and local government programs such as SHIP (State Housing Incentive Program), Miami-Dade County Surtax and Metro Miami Action Plan. The bank originated 67 loans totaling \$9.7 million.

HBUS also offers flexible mortgage lending that targets low- and moderate-income borrowers through the Community Works/Home 97, Home Possible and My Community Mortgage programs. During the evaluation period, the bank originated 224 loans totaling \$38.9 million under these programs.

The bank also offers a retail unsecured loan for affordable mortgage program customers. Homebuyers can borrow from \$1,000 to \$25,000 up to 10 years to help with down payment and closing costs. During the evaluation period, HBUS originated 60 loans totaling \$423 thousand in the Miami AA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the Fort Lauderdale and West Palm Beach AA is not inconsistent with the bank's overall outstanding performance under the lending test in Florida.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Florida is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance in the Miami AA is adequate.

Refer to Table 14 in the state of Florida section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period, HBUS made 22 investments totaling over \$1 million in the Miami AA. Additionally, an investment of \$523 thousand originated in the prior evaluation period remains outstanding. The bank also has \$865 thousand in two unfunded commitments. These prior period investments and unfunded commitments show the bank's continuing commitment to help meet the community needs of the area. HBUS also made investments and grants to organizations and funds located throughout the state of Florida, but not located within any of the bank's three AAs in the state. These investments and grants, while not located directly within the Bank's AAs, either have the potential to benefit the AA or the greater statewide area. The market for CD opportunities in the Miami AA is very challenging. The large number of financial institutions has produced a competitive 'buyers' market for CRA eligible loans and investments. Institutions with much larger market shares than HBUS are often in a position to command a greater share of CD investment opportunities.

A majority of the investments and grants made by the bank are directly responsive to the most commonly identified need, namely affordable housing. In the Miami AA, \$711 thousand of the investments provide equity to develop affordable housing units and \$535 thousand was invested in LIHTC projects. Approximately \$165 thousand of the grants made were to organizations with a primary mission of creating and fostering affordable housing for low- and moderate-income individuals.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the West Palm Beach AA is not inconsistent with the bank's overall low satisfactory performance under the investment test in Florida. In the Fort Lauderdale AA, performance is weaker than the bank's overall performance in the state. This weaker performance is due to the lower level of investment activity in relation to the respective presence of the bank in this AA. This area accounts for less than one percent of the

Bank's total deposits. This AA accounts for a very small portion of the total reportable investments in Florida and thus did not adversely affect the overall state rating. Refer to the Table 14 in the state of Florida section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in Florida is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the Miami AA is good.

Retail Banking Services

Refer to Table 15 in the state of Florida section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

HBUS has 16 full service branches in the state of Florida, representing 4% of its total domestic branches. Within Florida, 63% of the branches are located in the Miami AA.

Under the Service Test we consider a branch located in a low or moderate-income census tract to be a convenient location for residents of the census tract. However, there are instances where a branch located in a middle- or upper-income census tract is actually near the border with a low or moderate-income tract, literally across the street in some cases, or within a city block in others. We believe these bordering/nearby branches also provide ready financial services accessibility to the residents of the adjacent low or moderate-income tracts.

Delivery systems are accessible to geographies and individuals of different income levels in the AA, given the bordering branches. In the Miami AA, the distribution of HBUS's branches in low-income geographies exceeds the distribution of the population living in those geographies. There are no branches in moderate-income geographies. The bank's branch distribution in low- and moderate-income geographies improves when considering a branch located in a middle-income geography is adjacent to a moderate-income geography and a branch in an upper-income geography is adjacent to a low-income geography.

The opening of branches in the Miami AA has generally not adversely impacted the accessibility of its facilities and services to people and census tracts of low or moderate-income. Of the four branches opened in the evaluation period, none were opened in low- or moderate-income census tracts. No branches were closed during the examination period.

Office hours and services offered throughout the full-scope AA do not vary in a way that inconveniences certain portions of the AA, particularly low and moderate-income census tracts and individuals. Branch hours are tailored to the needs of the specific

market they serve. For most branches the hours are 9:00 AM to 4:00 PM weekdays, a few with longer hours one day per week. Two branches have Saturday office hours.

Community Development Services

HBUS is a leader in providing CD services to its Miami AA. Employees provided financial expertise and leadership to 19 qualified organizations. A majority of the organizations are involved in providing affordable housing for low- and moderate-income people. Employees provided over 1,800 hours of service to these organizations. Involvement consists primarily of memberships on board of directors, and loan, finance, audit, and advisory committees of these organizations. Some of the employees serve as officers of the committees and boards.

Over 30 adult financial education seminars targeted to low- and moderate-income people were held. The seminars were put on by community organizations trained by HBUS employees. The seminars cover topics such as banking, credit history, homeownership, and managing your credit.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited scope reviews, the bank's performance under the Service Test in the Fort Lauderdale AA is not inconsistent with the bank's overall high satisfactory performance. Performance in the West Palm Beach AA, where HBUS has only two branches, is weaker than the bank's overall performance due to the weaker distribution of branches in low- and moderate-income census tracts. The weaker performance in the West Palm Beach AA did not impact the bank's rating under the Service Test. Refer to Table 15 in the state of Florida section of appendix D for the facts and data that support these conclusions.

State Rating

State of California

CRA Rating for California³: Outstanding
The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity in the AA.
- Excellent geographic distribution of loans.
- Adequate distribution of loans by borrower income.
- CD lending had a positive impact on the Lending Test.
- Product innovation and flexibility had a positive impact on the Lending Test.
- Excellent level of CD investments.
- The bank's branches are readily accessible to geographies and individuals of different income levels.
- HBUS provided a high level of CD services that are responsive to the needs of the bank's AAs.

Description of Institution's Operations in California

HBUS operates eleven branches in the three AAs in California; eight are located in the Los Angeles AA, two are located in the San Francisco AA, and one branch is located in the Oakland AA. As of June 30, 2005, deposits of \$994 million in the three AAs represented 1.6% of the bank's total domestic deposits.

We considered the significant affordability barriers that exist in the California housing market. According to a recent study, as of September 30, 2006, California is home to nine of the ten least affordable metropolitan areas in the United States. The Los Angeles area ranked as the least affordable, with only 1.8% of homes in the area affordable for median-income households. Coupled with a poverty level of 17% of the

³ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

households in the AA, homeownership remains very difficult for most low- and moderate-income borrowers.

Refer to the market profile for the state of California in appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews

Scope of Evaluation in California

We conducted a full-scope review of the Los Angeles AA and limited-scope reviews of the San Francisco and Oakland AAs. The state rating is based primarily on the performance in the Los Angeles AA. The Los Angeles AA represents the bank's largest concentration of loans, deposits and branches in the state. Home mortgage lending and small loans to businesses were evaluated. Home mortgage lending was weighted more heavily based on the volume of lending. Mortgage lending accounted for 87% of the lending volume in the Los Angeles AA.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in California is rated "Outstanding." Based on a full-scope review, the bank's performance in the Los Angeles AA is excellent.

Lending Activity

Refer to Table 1 "Lending Volume" and Table 1 "Other Products" in the state of California section of appendix D for the facts and data used to evaluate the bank's lending activity.

HBUS's lending activity is excellent.

During the evaluation period, approximately 87% of the loans originated in the Los Angeles AA were for home mortgage and 13% were to businesses. HBUS ranks 48th with a negligible 0.18% deposit market share and 11th in home mortgage loans with a 2% market share. For home purchase, the bank ranks 12th with a 2% market share, 8th for home improvement with a 5% market share, and 13th for home refinance with a 2% market share. The competition for home mortgage lending is extremely high as demonstrated by the 867 lenders in the bank's AA, many without a depository presence. By comparison, there are 133 depository institutions in the AA. In small loans to business lending, the bank ranks 22nd with a 0.30% market share in number of loans and 32nd with a 0.64% market share in dollar of loans. This is a very competitive market with 199 business lenders.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans is excellent. This is based on excellent distribution of home mortgage loans and adequate distribution of small loans to businesses.

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the state of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The geographic distribution of home mortgage loans is excellent. For all home loan products, the percentage of lending in low-income geographies exceeded the percentage of owner-occupied units in those geographies. Similarly, the percentage of lending in moderate-income geographies substantially exceeded the percentage of owner-occupied units. The bank's market shares in low- and moderate-income geographies exceeded or substantially met (low-income, home refinance) the bank's overall market share.

Small Loans to Businesses

Refer to Table 6 in the state of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is adequate.

HBUS's portion of small loans to businesses in both low- and moderate-income geographies was below the percentage of businesses that are within those geographies. In low- income geographies, the bank's market share exceeded and in moderate-income geographies was below its overall market share.

Lending Gap Analysis

We reviewed the geographic distribution of loans and did not detect any conspicuous or unexplained gaps in lending patterns.

Inside/Outside Ratio

A substantial majority of the bank's originations and purchases were within its AAs. This analysis was performed at the bank level and does not include affiliate lending being considered under the other performance criteria. During the evaluation period, 91% of the bank's home mortgage loans and 92% of the bank's loans to small businesses were originated within the AAs. This performance was factored into the overall analysis of the geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

The overall distribution of loans by income level of the borrower is adequate. The distribution of home mortgage loans and small loans to businesses is adequate.

Home Mortgage Loans

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

Previously mentioned is a significant performance context issue relating to affordable housing in California. The cost of housing in California remains amongst the highest in the country. As such, this presents severe challenges for a financial institution to lend to either low- or moderate-income borrowers so that demographic parity (the proportion of a lender's loans made to low- or moderate-income borrowers versus the percentage of such borrowers in that AA) is attained. Accordingly, our analysis and final conclusions for the Los Angeles AA are tempered to reflect this performance context. See Appendix C for more detailed discussion on the declining affordability of housing.

HBUS's portion of home purchase and home refinance loans to low-and moderate-income borrowers is significantly lower than the percentage of families in those categories. For home purchase loans, the bank did not have any market share for loans to low-income borrowers. The market share of loans to moderate-income families exceeded the bank's overall market share. For home refinance loans, the bank's market share to low-income borrowers was below and to moderate-income borrowers was somewhat below the overall market share.

The percentage of the bank's home improvement lending to low-income borrowers was significantly below the percentage of low-income families and to moderate-income borrowers was somewhat below the percentage of those families. However, the bank's market share to both low- and moderate income borrowers significantly exceeded the overall market share.

Small Loans to Businesses

Refer to Table 11 in the state of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of small loans to businesses of different sizes is adequate, given competition and the startup of its small business lending program.

HBUS's portion of small loans to small businesses (businesses with gross annual revenue of \$1 million or less) was substantially below the percentage of small businesses. As noted earlier, there are 199 lenders making small loans to businesses

in this AA. Additionally, during the evaluation period, the bank shifted from a private-banking focus to a retail focus. It should be noted that a substantial majority (94%) of the bank's loans were for \$100 thousand or less indicating the bank's willingness to make small loans to businesses. The bank's market share to businesses with revenue of \$1 million or less substantially met its overall market share.

Community Development Lending

Refer to Table 1 Lending Volume in the state of California section of appendix D for the facts and data used to evaluate the bank's level of CD 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.

HBUS's level of CD lending had a positive impact upon its performance under the Lending Test in the Los Angeles AA. HBUS originated five CD loans in the Los Angeles area, totaling \$2.1 million. The majority of the loans helped to fund affordable housing targeted to low- and moderate-income people. Affordable housing is an identified community credit need in the AA. A specific example includes a \$1.1 million line of credit to fund site acquisition, predevelopment and bridge loans for the development of affordable multifamily housing.

There were also four CD loans totaling over \$11 million made at the statewide or broader regional area with potential to benefit the AA. One of the loans totaling \$5 million was made to a statewide affordable housing fund. Affordable housing is a critical need in California.

Other Loan Data – Los Angeles AA

HBUS provided for consideration one standby letter of credit ("SBLC") totaling \$5.6 that supported an affordable housing initiative, a primary need of the AA. Refer to Table 1 – Optional Products for details.

Product Innovation and Flexibility

Product innovation and flexibility had a positive impact on the Lending Test conclusions for the Los Angeles AA. HBUS offers flexible mortgage lending that targets low- and moderate-income borrowers through the Home 97 program. During the evaluation period, HBUS originated 474 loans totaling \$128 million.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the lending test in the San Francisco and Oakland AAs is not inconsistent with the bank's overall outstanding performance under the lending test in California. Refer to the Tables 1 through 13 in

the state of California section of appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in California is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Los Angeles AA is excellent.

Refer to Table 14 in the state of California section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

HBUS made over 100 investments and grants totaling over \$14 million in this AA during the evaluation period. The bank also had outstanding prior investments totaling \$160 thousand and approximately \$5 million in unfunded commitments. These prior period investments and unfunded commitments show the bank's continuing commitment to help meet the community needs of the area. Over three-fourths of the dollar volume of HBUS's investments was focused on affordable housing, a primary credit need in the Los Angeles AA. The impact of these transactions, along with broader regional area investments that benefited the AA is excellent.

In 2002, California passed Proposition 46, which provided a source of funds for affordable housing through the issuance of \$2.1 billion in bonds. These funds were fully committed by December 2005. HBUS supported this initiative by investing in projects and organizations that utilize funds from Proposition 46 and/or the Los Angeles City Housing Trust Fund.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the investment test in the San Francisco and Oakland AAs is not inconsistent with the bank's overall outstanding performance under the investment test in California. Refer to the Table 14 in the state of California section of appendix D for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the service test in California is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Los Angeles AA is excellent.

Retail Banking Services

Refer to Table 15 in the state of California section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

HBUS's delivery systems are readily accessible to all portions of the bank's full-scope AA.

HBUS has 11 full service branches in the state of California, representing 3% of its total nationwide branches. Within California, 73% of the branches are located in the Los Angeles AA.

Under the Service Test we consider a branch located in a low- or moderate-income census tract to be a convenient location for residents of the census tract. However, there are instances where a branch located in a middle- or upper-income census tract is actually near the border of a low- or moderate-income tract, literally across the street in some cases, or within a city block in others. We believe these bordering/nearby branches also provide ready financial services accessibility to the residents of the adjacent low- or moderate-income tracts.

In the Los Angeles AA, the distribution of branches in low-income census tracts exceeds the distribution of the population living in those census tracts, and in moderate-income census tracts is lower than the population living in those tracts. However, there are four branches located in middle- or upper-income census tracts that are convenient to residents of moderate-income census tracts. All four branches are located two tenths of a mile or less from a moderate-income tract and thus are able to provide convenient banking services to residents of these areas.

HBUS's record of opening and closing branches in the Los Angeles AA is excellent. Of the four branches opened during the evaluation period, two are located in low-income census tracts and one is located in a moderate-income census tract. These openings improved the accessibility of services to low- and moderate-income geographies. There were no branch closings.

HBUS's office hours and services throughout the AA do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income census tracts and individuals. Branch hours are tailored to the needs of the specific market they serve. For many branches the hours are 9:00 AM to 5:00 PM weekdays, usually with longer hours one day per week. Several branches offer Saturday office hours, including one located in a low-income census tract.

A wide variety of deposit and loan products and services are offered. The bank's free checking account product provides a no cost checking account option for lower-income customers and those who prefer to not pay for a checking account. There is no minimum deposit required to open an account or minimum balance that must be maintained. There is no maintenance or per check fees.

HBUS's ATM network is an effective alternative delivery system for delivering retail-banking services to low and moderate-income geographies and to low-and moderate-income individuals. All but one branch in the full scope AA has one or more ATMs. The branch without an ATM is located in an upper-income census tract. Many of the ATMs are available 24 hours per day and accept deposits.

Community Development Services

HBUS provided a high level of CD services to its Los Angeles full-scope AA. During the evaluation period, employees provided financial expertise to 15 qualified organizations and over 1,000 hours of service over the examination period. A majority of the organizations supported are involved in economic development through the support of small businesses that are creating and retaining jobs for low- and moderate-income persons, or will support permanent job creation in low or moderate-income census tracts or in areas targeted for redevelopment by federal, state or local government. They also are involved with organizations that provide community services targeted to low- and moderate-income individuals and organizations that support affordable housing for low- and moderate-income individuals. Employee involvement consists primarily of memberships on board of directors, and loan, audit, advisory and finance committees of these organizations. Some of the employees serve as officers of the committees and boards.

Over 30 adult financial education seminars targeted to low and moderate-income individuals were held during the examination period. The seminars, which were developed by HBUS, were conducted by community organizations trained by HBUS employees. The seminars cover topics such as banking, credit history, homeownership, and managing your credit.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited scope reviews, the bank's performance under the Service Test in the San Francisco AA is not inconsistent with the bank's overall outstanding performance. Performance in the Oakland AA, where HBUS has only one branch, is weaker than the bank's overall performance. No branches are located in low- or moderate-income geographies. The weaker performance in the Oakland AA did not impact the bank's rating under the Service Test. Refer to Table 15 in the state of California section of appendix D for the facts and data that support these conclusions.

State Rating

District of Columbia

CRA Rating for District of Columbia⁴: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: High Satisfactory

The service test is rated: Low Satisfactory

The major factors that support this rating include:

- Good lending activity in the AA.
- Excellent geographic distribution of loans.
- Good distribution of loans by borrower income.
- Good level of CD investments.
- Branches are reasonably accessible to geographies and individuals of different income levels in the AA.
- HBUS provided a high level of CD services that are responsive to the needs of the bank's AAs, given the limited staffing resources.

Description of Institution's Operations in the District of Columbia

HBUS opened its first branch in Washington, DC in December 2004. The branch houses HBUS's Government and Institutional Banking ("GIB") Department which specializes in providing banking services to the DC diplomatic corps. The branch has over 60 foreign embassies as customers and the vast majority of branch business is derived from these customers. HBUS has also opened branches in the French Embassy and the British Embassy. Neither of these two branches is accessible to the general public. The genesis of the GIB was the acquisition of several embassy accounts from two other banks. Customers of the branch tend to be foreign nationals who reside in the U.S. for a limited time. As a result, HBUS's deposit base grew more quickly than other facets of the business, such as lending and investments. As of June 30, 2005, HBUS ranked 15th among 29 financial institutions with a 0.49% deposit market share. With \$110 million in deposits, this represents 0.18% of the bank's total domestic deposits.

⁴ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Refer to the market profile for the District of Columbia in appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

Scope of Evaluation in the District of Columbia

The bank has defined a single AA contained within the District of Columbia. The area received a full-scope review. In evaluating the bank's lending performance, the weight was placed on home purchase and home refinance loans. The volume of home improvement loans and small loans to businesses were insufficient to result in any meaningful analysis or conclusion.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in the District of Columbia is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the DC AA is good.

Lending Activity

Refer to Table 1 Lending Volume in the District of Columbia section of appendix D for the facts and data used to evaluate the bank's lending activity.

HBUS's lending activity is good. During the evaluation period, nearly all of the bank's loans were for home mortgages. HBUS ranks 15th in deposits with a 0.49% market share. The bank ranks 23rd with a 0.96% market share in overall mortgage lending, 19th in home purchase (1% market share) and 17th for home refinancing (1.5% market share).

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the District of Columbia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The geographic distribution of home mortgage loans is excellent. For home purchase and home refinance lending, the percentage of lending in low- and moderate-income geographies either exceeded or substantially exceeded the percentage of owner-occupied units in those geographies. The market share of home purchase and home refinance loans in low-income geographies exceeded and was below, respectively, the overall market shares. The market share of home purchase and home refinance loans

in moderate-income geographies was below and substantially met, respectively, the overall market shares.

Small Loans to Businesses

Refer to Table 6 in the District of Columbia section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

During the evaluation period, the bank's volume of small loans to businesses was insignificant to allow for a meaningful analysis or conclusions.

Lending Gap Analysis

We reviewed the geographic distribution of loans and did not detect any conspicuous or unexplained gaps in lending patterns.

Inside/Outside Ratio

A substantial majority of the bank's originations and purchases were within its AAs. This analysis was performed at the bank level and does not include affiliate lending being considered under the other performance criteria. During the evaluation period, 91% of the bank's home mortgage loans and 92% of the bank's loans to small businesses were originated within the AAs. This performance was factored into the overall analysis of the geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

The overall distribution of home mortgage loans is good, given the high cost of housing and the poverty level in the DC AA. Recent economic data shows that the median sales price of an existing single-family home was \$443 thousand. Coupled with a poverty level of 17% of the households in the AA, homeownership remains very difficult for most low income borrowers. The updated median family income for the DC AA indicates that a low-income individual earns no more than \$44 thousand a year. These barriers were considered in our analysis and conclusions.

The percentage of home purchase and home refinance loans to low-income borrowers was significantly below the percentage of low-income families. The percentage of home purchase lending to moderate-income borrowers exceeded the percentage of moderate-income families. The percentage of home refinance loans to moderate-income borrowers was near to the percentage of moderate-income families. With the

exception of home purchase loans to low-income borrowers, the bank's market share to low- and moderate-income borrowers substantially met or exceeded the bank's overall market share.

Small Loans to Businesses

Refer to Table 11 in the District of Columbia section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

During the evaluation period, the bank's volume of small loans to businesses was insignificant to allow for a meaningful analysis or conclusions.

Community Development Lending

Refer to Table 1 Lending Volume in the District of Columbia section of appendix D for the facts and data used to evaluate the bank's level of CD 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.

HBUS's level of CD lending had a neutral impact upon its performance under the Lending Test in the DC AA. The bank did not originate any CD loans during the evaluation period.

Product Innovation and Flexibility

Product innovation and flexibility had a neutral impact on the Lending Test conclusions for the DC AA. During the evaluation period, HBUS originated one loan for \$307 thousand under the My Community (Fannie Mae) program.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in the District of Columbia is rated "High Satisfactory." Based on the full-scope review, the bank's performance in the DC AA is good.

Refer to Table 14 in the District of Columbia section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

HBUS made 27 investments and grants to a variety of organizations in this AA. Current period investments total \$843 thousand. HBUS also made 36 investments totaling \$136 thousand and had \$1.4 million in unfunded commitments in a broader regional area with potential to benefit the bank's AA.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in the District of Columbia is rated "Low Satisfactory." Based on the full-scope review, the bank's performance in the DC AA is adequate.

Retail Banking Services

Refer to Table 15 in the District of Columbia section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

HBUS has three full service branches in the DC AA, representing less than 1% of its total nationwide branches. Two of the branches have limited access. They are located in foreign embassies and only serve embassy employees and those who have specific business at the embassy.

The bank's delivery systems are reasonably accessible to geographies and individuals of different income levels in the AA. In the DC AA, there are no branches located in low- or moderate-income census tracts. The one branch available to the general public is located in business/government section of the District, in a census tract which is not classified for income.

HBUS established its presence in the District of Columbia during the evaluation period by opening the branches mentioned above. The bank did not close any branches.

Branch hours are tailored to the needs of the specific market they serve. The Connecticut Avenue branch, which is open to the general public, has weekday hours from 8:00 AM to 4:30 PM. The branch also maintains Saturday and Sunday hours. The branch offices located at the British and French embassies are open only two to three days per week.

The bank offers a wide variety of deposit and loan products and services. The bank's free checking account product provides a no cost checking account option for lower-income customers and those who prefer to not pay for a checking account. There is no minimum deposit required to open an account or minimum balance that must be maintained. There is no maintenance or per check fees.

Community Development Services

HBUS provided a high level of CD services in the DC AA, given the limited resources of the branches. Bank employees provided financial expertise to four qualified organizations over the evaluation period. Three of the organizations are involved in providing affordable housing targeted to low- and moderate-income individuals. The other organization provides community services targeted to low- and moderate-income people. During the evaluation period, bank employees provided over 200 hours of service to these organizations. Employee involvement consists of a membership on a finance committee and board of directors at one organization, serving as the president of another organization, and technical support on affordable housing loan products for two organizations.

Five adult financial education seminars targeted to low- and moderate-income people were held during the examination period. The seminars were put on by community organizations trained by HBUS employees. The seminars cover topics such as banking, credit history, homeownership, and managing your credit.

State Rating

State of Washington

CRA Rating for Washington⁵: Outstanding
The lending test is rated: Outstanding
The investment test is rated: Outstanding
The service test is rated: Low Satisfactory

The major factors that support this rating include:

- Excellent lending activity in the AA.
- Excellent geographic distribution of loans.
- Good distribution of loans by borrower income.
- Product innovation and flexibility had a positive impact on the Lending Test.
- Excellent level of CD investments.
- The bank's branch is reasonably accessible to geographies and individuals of different income levels.
- HBUS provided an adequate level of CD services that are responsive to the needs of the bank's AAs.

Description of Institution's Operations in Washington

HBUS has a very limited presence in Washington State. The bank operates one branch, which is located on the 23rd floor of a high rise building in downtown Seattle, Washington. The branch was acquired from HSBC Canada in December, 2002. The focus of the branch is the commercial middle market business. The branch accepts deposits, but does not have an ATM. With \$90 million in domestic deposits the bank ranks 31st among 61 insured depository institutions in the AA. These deposits represent 0.15% of the bank's total domestic deposits.

⁵ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Refer to the market profiles for the state of Washington in appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

Scope of Evaluation in Washington

The bank has defined a single AA contained within the City of Seattle. The area received a full-scope review. In evaluating the bank's lending performance, weight was placed on home mortgage loans which represented 96% of the lending volume. The volume of small loans to businesses was insufficient to result in any meaningful analysis or conclusion.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Washington is rated "Outstanding". Based on the full-scope review, the bank's performance in the Seattle AA is excellent.

Lending Activity

Refer to Tables 1 Lending Volume in the state of Washington section of appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity is excellent, given the branch's limited access, middle-market focus, mortgage lending and deposit market shares, and competition. The bank ranks 31st in deposits with a 0.21% market share. The bank ranks 12th with a 1.7% market share in overall home mortgage lending, 17th in home purchase (1.4% market share), 6th in home improvement (4.2% market share), and 10th in home refinancing (1.9% market share). There is strong competition in this market as evidenced by the 437 mortgage lenders in the AA.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the state of Washington section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The geographic distribution of all home mortgage loans (home purchase, home improvement, and refinance) is excellent. In each instance, the percentage of bank lending in both low- and moderate-income geographies exceeded or substantially exceeded the percentage of owner-occupied units in those geographies. The market share in low- and moderate-income geographies substantially met or exceeded the bank's overall market share for all loan purposes. For home improvement loans, the

bank's market share in low-income geographies substantially exceeded its overall market share.

Small Loans to Businesses

Refer to Table 6 in the state of Washington section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

During the evaluation period, the bank's volume of small loans to businesses was insignificant to allow for a meaningful analysis or conclusions.

Lending Gap Analysis

We reviewed the geographic distribution of loans and did not detect any conspicuous or unexplained gaps in lending patterns.

Inside/Outside Ratio

A substantial majority of the bank's originations and purchases were within its AAs. This analysis was performed at the bank level and does not include affiliate lending being considered under the other performance criteria. During the evaluation period, 91% of the bank's home mortgage loans and 92% of the bank's loans to small businesses were originated within the AAs. This performance was factored into the overall analysis of the geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

The overall distribution of home mortgage loans is good, given the high cost of housing and the poverty level. The rapid population growth has placed a strain on affordable housing. The estimated median price for a home is now \$338,600. Coupled with a poverty level of 12%, home ownership for most low-income borrowers is unaffordable. These barriers were considered in our analysis and conclusions.

For all home mortgage loans, the percentage of lending to low-income borrowers was significantly below the percentage of low-income families. For home purchase loans, the percentage of lending to moderate-income borrowers exceeded the percentage of moderate-income families. For home improvement loans, the percentage of lending to moderate-income borrowers is near the percentage of moderate-income families. For home refinance loans, the percentage of lending is somewhat below the percentage of moderate-income families. For home purchase loans, the bank's market share to low-

income borrowers substantially met and for home refinancing loans was somewhat below the bank's overall market share. The bank did not have any market share to low-income borrowers for home improvement lending. The bank's market share for moderate-income borrowers exceeded the bank's overall market share for all home mortgage products.

Small Loans to Businesses

Refer to Table 11 in the state of Washington section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

During the evaluation period, the volume of HBUS's small loans to businesses was insignificant to allow for meaningful analysis or conclusions.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Washington section of appendix D for the facts and data used to evaluate the bank's level of CD 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.

HBUS's level of CD lending had a neutral impact upon its performance under the Lending Test in the Seattle AA. The bank originated one CD loan consisting of a \$250 thousand line of credit for short-term working capital needs for a not-for-profit CD corporation that provides both community services and affordable housing assistance to low- and moderate-income people.

Product Innovation and Flexibility

Product innovation and flexibility had a positive impact on the Lending Test conclusions for the Seattle AA. HBUS offers flexible mortgage lending that targets low- and moderate-income borrowers through the Home 97 program. During the evaluation period, the bank originated 24 loans totaling \$5.1 million.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Washington is rated "Outstanding." Based on full-scope reviews, the bank's performance in the Seattle AA is excellent.

Refer to Table 14 in the state of Washington section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

HBUS made a combination of 18 investments and grants to a variety of organizations in the Seattle AA. Current period investments total nearly \$4.4 million. The bank also has a substantial amount of unfunded commitments in this AA that is reflective of its future commitment toward helping to meet its community needs. All of the unfunded commitments are for LIHTC projects. At the end of the evaluation period, unfunded commitments totaled approximately \$3.4 million.

A substantial majority of the investments made in the Seattle AA are directly responsive to the primary community need, namely affordable housing. Over \$4.2 million of the current period investments were invested in LIHTC projects that developed dozens of housing units explicitly set aside for low- and moderate-income residents of the Seattle area.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in the state of Washington is rated "Low Satisfactory". Based on the full-scope review, the bank's performance in the Seattle AA is adequate.

Retail Banking Services

Refer to Table 15 in the state of Washington section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

HBUS has only one full service branch in the AA, located in a moderate-income census tract. As noted earlier, the branch is located in an office building in downtown Seattle. The bank did not open or close any branches during the evaluation period. Refer to the Description of Institution for additional information

Community Development Services

HBUS provided an adequate level of CD services to the Seattle AA. Two adult financial education seminars targeted to low- and moderate-income people were held during the examination period. The seminars were put on by community organizations trained by HBUS employees. The seminars cover topics such as banking, credit history, homeownership, and managing your credit.

State Rating

State of Oregon

CRA Rating for Oregon⁶: Outstanding

The lending test is rated: Outstanding

The investment test is rated: Outstanding

The service test is rated: Low Satisfactory

The major factors that support this rating include:

- Excellent lending activity in the AA.
- Excellent geographic distribution of loans.
- Good distribution of loans by borrower income.
- CD lending had a positive impact on the Lending Test.
- Excellent level of CD investments.
- The bank's branch is reasonably accessible to geographies and individuals of different income levels.
- HBUS provided a high level of CD services that are responsive to the needs of the bank's AAs.

Description of Institution's Operations in Oregon

HBUS has a very limited presence in Oregon. The bank operates one branch located on the 16th floor of a high rise office building in downtown Portland. The branch was acquired from HSBC Canada in December, 2002. The business focus of the branch is commercial middle market companies. The branch has no consumer or small business depositors. Although the branch accepts deposits, there is no ATM and the branch does not accept cash. With nearly \$8 million in deposits, the bank ranks 24th among 26 insured institutions in the AA, with a very small market share. The majority of residential mortgage applications are received through broker relationships and the Internet. Mortgage sales staff for Oregon was added in 2005.

⁶ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Refer to the market profile for the state of Oregon in appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

Scope of Evaluation in Oregon

The bank has defined a single AA contained within the City of Portland. The area received a full-scope review. In evaluating the bank's lending performance, the weight was placed on home mortgage loans. The volume of small loans to businesses was insufficient to result in any meaningful analysis or conclusion.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test in Oregon is rated "Outstanding." Based on the full-scope review, the bank's performance in the Portland AA is excellent.

Lending Activity

Refer to Table 1 Lending Volume in the state of Oregon section of appendix D for the facts and data used to evaluate the bank's lending activity.

Lending activity is excellent, given the branch's limited access, middle-market focus, mortgage lending and deposit market shares, and competition.

HBUS ranks 24th in deposits with a 0.06% market share. The bank ranks 18th with a 1.5% market share in overall mortgage lending, 20th in home purchase (1.2% market share), 7th in home improvement (3.4% market share), and 12th in home refinancing (1.8% market share). There is strong competition in this market as evidenced by the 440 mortgage lenders in the AA.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4, and 5 in the state of Oregon section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases.

The overall geographic distribution of loans is excellent. For all home mortgage loan products, the bank's portion of loans in both low- and moderate-income geographies either exceeded or significantly exceeded the percentage of owner-occupied units located in those geographies. HBUS's market share in low- and moderate-income geographies equaled or exceeded the bank's overall market share, except in low-

income geographies for home purchase and home refinance loans and moderate-income geographies for home improvement loans.

Small Loans to Businesses

Refer to Table 6 in the state of Oregon section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

During the evaluation period, the bank's volume of small loans to businesses was insignificant to allow for a meaningful analysis or conclusions.

Lending Gap Analysis

We reviewed the geographic distribution of loans and did not detect any conspicuous or unexplained gaps in lending patterns.

Inside/Outside Ratio

A substantial majority of the bank's originations and purchases were within its AAs. This analysis was performed at the bank level and does not include affiliate lending being considered under the other performance criteria. During the evaluation period, 91% of the bank's home mortgage loans and 92% of the bank's loans to small businesses were originated within the AAs. This performance was factored into the overall analysis of the geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

The overall distribution of home mortgage loans is good, given the high cost of housing and poverty level in the AA. Home prices have increased more significantly than the median family income. Coupled with a poverty level of 13%, homeownership is difficult for most low-income borrowers. These barriers were considered in our analysis and conclusions.

For all home mortgage products, the percentage of lending to low-income borrowers was below the percentage of low-income families. The percentage of lending to moderate-income borrowers significantly exceeded the percentage of moderate-income families. For all home mortgage products, the bank's market share to low- and moderate-income borrowers met or exceeded the bank's overall market share.

Small Loans to Businesses

Refer to Table 11 in the state of Oregon section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

During the evaluation period, the volume of HBUS's small loans to businesses was insignificant to allow for meaningful analysis or conclusions.

Community Development Lending

Refer to Table 1 Lending Volume in the state of Oregon section of appendix D for the facts and data used to evaluate the bank's level of CD 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.

HBUS's level of CD lending had a positive impact upon its performance under the Lending Test in the Portland AA. The bank provided a \$500 thousand line of credit. The proceeds were used to help capitalize an affordable housing loan pool. HBUS was one of twenty participating banks in the loan pool that totaled \$86.8 million.

Product Innovation and Flexibility

Product innovation and flexibility had a neutral impact on the Lending Test conclusions for the Portland AA. HBUS offers flexible mortgage lending that targets low- and moderate-income borrowers through the Home 97 program. During the evaluation period, the bank originated four loans totaling \$566 thousand.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test in Oregon is rated "Outstanding". Based on full-scope reviews, the bank's performance in the Portland AA is excellent.

Refer to Table 14 in the state of Oregon section of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

HBUS made a combination of 22 investments and grants to a variety of organizations in the Portland AA. Current period investments total nearly \$1.1 million. The bank also has a substantial amount of unfunded commitments in this AA that is reflective of its future commitment toward helping to meet its community needs. At the end of the evaluation period, unfunded commitments totaled approximately \$1.6 million. All of the unfunded commitments are for LIHTC projects.

A substantial majority of the investments made in the Portland AA are directly responsive to the primary community need, namely affordable housing. Over three-fourths of the current period investments were either investments in LIHTC projects or grants to organizations with the primary mission of creating and fostering affordable housing. In addition to investments in the Portland AA, the bank invested \$3.4 million in a LIHTC project in Eugene, OR. This project is a 40-unit family apartment building located in the broader regional area.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in the State of Oregon is rated "Low Satisfactory." Based on the full-scope review, the bank's performance is adequate in the Portland AA.

Retail Banking Services

Refer to Table 15 in the state of Oregon section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

HBUS has only one full service branch, located in an upper-income census tract. As noted earlier, it is located in an office building in downtown Portland. The bank did not open or close any branches in the AA during the evaluation period. Refer to the "Description of Institution" section of this PE for additional information.

Community Development Services

HBUS provided a high level of CD services to its Portland AA, given the limited resources of the branch. A bank employee serves on the finance committee of an affordable housing development organization. The employee provided approximately 40 hours of service to the organization during the examination period.

Five adult financial education seminars targeted to low- and moderate-income people were held during the evaluation period. The seminars were put on by community organizations trained by HBUS employees. They cover topics such as banking, credit history, homeownership, and managing your credit.

Multistate Metropolitan Area Rating

Philadelphia PA-Wilmington DE Multistate Metropolitan Area (“MMA”)

CRA rating for the Philadelphia, PA-Wilmington, DE Multistate MA⁷: Outstanding

The lending test is rated: Outstanding

The investment test is rated: Outstanding

The service test is rated: Outstanding

The major factors that support this rating include:

- Excellent lending activity in the bank’s AAs.
- Excellent geographic distribution of loans.
- Excellent distribution of loans by borrower income.
- CD lending had a positive impact on the Lending Test.
- Product innovation and flexibility had a positive impact on the Lending Test.
- An excellent level of CD investments.
- The bank’s branches are readily accessible to geographies and individuals of different income levels.
- HBUS provided a high level of CD services that are responsive to the needs of the bank’s AAs.

Description of Institution’s Operations in Philadelphia PA-Wilmington DE MMA

The bank operates within two metropolitan divisions in this MMA. There are two branches located within Philadelphia County in the Philadelphia Metropolitan Division, Pennsylvania and one branch (also the bank’s legal main office) within New Castle County in the Wilmington Metropolitan Division, Delaware. Throughout most of the evaluation period, HBUS operated one branch in Philadelphia. The second branch opened in June 2005. Total domestic deposits of \$114 million in the multistate MSA represent 0.18% of the bank’s total domestic deposits. In the Philadelphia AA, HBUS ranked 23rd of 45 institutions with \$111 million in deposits and a market share of 0.31%.

⁷ This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

In the New Castle County AA, HBUS ranked 30th of 33 institutions with \$2.4 million in deposits and their market share is less than one tenth of one percent. In this AA, ING Bank, which gathers most of its deposits through the internet, ranked first with a market share of 29%. In the Philadelphia AA, Wachovia Bank, with a substantial branch presence, ranked first with a market share of 32%.

Refer to the market profiles for the Philadelphia PA metropolitan division and Wilmington DE metropolitan division in appendix C for detailed demographics and other performance context information.

Scope of Evaluation in Philadelphia PA-Wilmington MMA

We conducted a full-scope review of the Philadelphia AA in Pennsylvania and the New Castle County AA in Delaware. In evaluating the bank's lending performance, home mortgage lending was weighted more heavily in both AAs based on volume in both number and dollars. Home improvement lending in the Philadelphia AA was given greater weight based on the high poverty level and identified credit need. In the New Castle County AA, the number of small loans to businesses originated was insufficient to result in any meaningful analysis or conclusion.

LENDING TEST

The bank's performance under the lending test in the Philadelphia, PA-Wilmington DE MMA is "Outstanding." The bank's investment performance in both the Philadelphia AA and New Castle County AA is excellent.

Lending Activity

Refer to Table 1 "Lending Volume" and Table 1 "Other Products" in the MMA section of appendix D for the facts and data used to evaluate the bank's lending activity.

Philadelphia AA

HBUS's lending activity is excellent in the Philadelphia AA. During the evaluation period, home mortgage lending accounted for 89% of lending while small loans to businesses accounted for 11%. HBUS ranks 23rd in deposits with 0.31% market share. The bank ranked 12th in overall mortgage lending with a 2.1% market share, 17th in home purchase (1.4% market share), 6th in home improvement (3.7% market share), and 11th in home refinancing (2.5% market share). This is a very competitive market as evidenced by 497 mortgage lenders. For small loans to businesses, the bank ranks 19th with a 0.47% market share.

New Castle County AA

HBUS's lending activity is excellent in the New Castle County AA. During the evaluation period, home mortgage lending accounted for nearly all of the loan activity in the AA. Although the bank has almost no deposit market share in this AA, HBUS ranks 5th in overall home mortgage lending with a 3.9% market share. The bank ranks 8th in home purchase (3% market share), 6th in home improvement (5.3% market share) and 5th in home refinancing (4.4% market share). These loan market shares well exceed the bank's deposit market share in the AA.

Distribution of Loans by Income Level of the Geography***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5 in the "Multistate Metropolitan Area" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Philadelphia AA

The geographic distribution of home mortgage loans is good. The geographic distribution of home purchase and home refinance loans is good. The percentage of lending in low-income geographies was below the percentage of owner-occupied units in those geographies. In moderate-income geographies, the percentage of lending equaled (home purchase) and exceeded (refinance) the percentage of owner-occupied units. The market share in low- and moderate-income geographies substantially met (low-income, purchase) or exceeded the bank's overall market share.

The geographic distribution of home improvement loans is excellent. The percentage of lending in low- and moderate-income geographies exceeded the percentage of owner-occupied units in those geographies. The market share in low-income geographies exceeded and in moderate-income geographies substantially met the bank's overall market share.

New Castle County AA

The geographic distribution of home mortgage loans is excellent. For all home mortgage products, the percentage of lending in low- and moderate-income geographies was near to (low-income, refinance) or exceeded the percentage of owner-occupied units in those geographies. With one exception, the market shares in low- and moderate-income geographies exceeded or substantially exceeded (low-income, home improvement) the bank's overall market share. The market share of home refinance loans in low-income geographies was below the bank's overall market share.

Small Loans to Businesses

Refer to Table 6 in the "Multistate Metropolitan Area" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Philadelphia AA

The geographic distribution of small loans to businesses is excellent. The percentage of lending in low-income geographies substantially exceeds the percentage of businesses located in those geographies. The percentage of lending in moderate-income geographies is somewhat below the percentage of businesses located there. The bank's market share in low-income geographies exceeds and in moderate-income geographies is somewhat below its overall market share.

New Castle County AA

During the evaluation period, the bank's volume of small loans to businesses was insignificant to allow for a meaningful analysis or conclusions.

Lending Gap Analysis

We reviewed the geographic distribution of loans and did not detect any conspicuous or unexplained gaps in lending patterns.

Inside/Outside Ratio

A substantial majority of the bank's originations and purchases were within its AAs. This analysis was performed at the bank level and does not include affiliate lending being considered under the other performance criteria. During the evaluation period, 91% of the bank's home mortgage loans and 92% of the bank's loans to small businesses were originated within the AAs. This performance was factored into the overall analysis of the geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

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

Philadelphia AA

The distribution of home mortgage products to low- and moderate-income borrowers is excellent. Home improvement lending was given greater weight based on the high poverty level (28%) and the identified credit need in the AA. Additionally, only 34% of

the homes in the entire metropolitan division are affordable to median income families. These barriers were considered in our analysis and conclusions.

For home purchase and home refinance loans, the percentage of lending to low-income borrowers was substantially below the percentage of low-income families. The percentage of lending to moderate-income borrowers substantially exceeded the percentage of moderate-income families. For home improvement loans, the percentage of lending to low-income borrowers was near to the percentage of low-income families. The percentage of lending to moderate-income borrowers substantially exceeded the percentage of moderate-income families. The market share to low- and moderate-income borrowers substantially met or exceeded the bank's overall market share.

New Castle County AA

The distribution of home mortgage products to low- and moderate-income borrowers is excellent. For all products, the percentage of lending to moderate-income borrowers substantially exceeds the percentage of moderate-income families. The percentage of lending to low-income borrowers was below the percentage of low-income families. With one exception (low-income, home improvement), the market share to low- and moderate-income borrowers exceeded or substantially exceeded the bank's overall market share. Although only 8% of the households live below the poverty level, within the City of Wilmington, there are areas of significant poverty. Similar conditions exist within portions of New Castle, Newport, and Newark. The increase in housing values makes it difficult for most low-income persons to obtain homeownership. These barriers were considered in our analysis and conclusions.

Small Loans to Businesses

Refer to Table 11 in the "Multistate Metropolitan Area" section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Philadelphia AA

The distribution of small loans to businesses of different sizes is excellent. The percentage of small loans to small businesses (businesses with gross annual revenue of \$1 million or less) exceeded the percentage of small businesses. Additionally, a large majority (88%) of the loans were for \$100 thousand or less indicating the bank's willingness to make small loans to businesses. The bank's market share to businesses with revenue of \$1 million or less exceeded its overall market share.

New Castle County AA

During the evaluation period, the bank's volume of small loans to businesses was insignificant to allow for a meaningful analysis or conclusions.

Community Development Lending

Refer to Table 1 Lending Volume in the “Multistate Metropolitan Area” section of appendix D for the facts and data used to evaluate the bank’s level of CD 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.

HBUS’s level of CD lending had a positive impact upon its performance under the Lending Test in the MMA.

Philadelphia AA

The bank originated six CD loans totaling \$16.6 million. Most of the proceeds were used to help revitalize or stabilize low-income areas of Philadelphia, including \$8 million to develop grocery stores in low-income areas. Additionally, the bank extended an \$800 thousand loan to a regional fund that targets this area for affordable housing projects.

New Castle County AA

The bank originated one CD loans in this AA for \$8.6 million that helped provide affordable housing in a low-income census tract. In a broader regional area, the bank originated a \$300 thousand loan to a statewide CDFI which helped meet a variety of CD needs, including providing financing to small businesses.

Product Innovation and Flexibility

Product innovation and flexibility had a positive impact on the Lending Test conclusions for the MMA. HBUS offers flexible mortgage lending that targets low-and moderate-income borrowers through the Community Works, Home 97, and Home Possible (Freddie Mac) programs. The bank originated 181 loans totaling \$22.2 million in the Philadelphia AA. HBUS also offers a retail unsecured loan for affordable mortgage program customers. Homebuyers can borrow from \$1,000 to \$25,000 up to 10 years to assist with down payment and closing costs. During the evaluation period, the bank originated 18 loans totaling \$85 thousand in the Philadelphia AA.

INVESTMENT TEST

Refer to Table 14 in the “Multistate Metropolitan Area” section of appendix D for the facts and data used to evaluate the bank’s level of qualified investments.

The bank’s performance under the investment test in the Philadelphia, PA-Wilmington DE MMA is “Outstanding.” The bank’s investment performance in both the Philadelphia

AA and New Castle County AA is excellent. There are numerous opportunities throughout the AAs coupled with strong competition among larger financial institutions.

HBUS made a combination of investments and grants to a variety of organizations in the multistate MSA. During the evaluation period, the Bank made over \$13 million in new investments in the Philadelphia AA and \$436 thousand in the Wilmington AA. Additionally, approximately \$4.6 million in unfunded commitments were outstanding in the Philadelphia AA at the end of the evaluation period. These unfunded commitments show the bank's continuing commitment to help meet the community needs of the area. The bank also made investments and grants to organizations and funds located in Pennsylvania and Delaware in a broader regional area. These investments and grants, while not located directly within the bank's AA, either have the potential to benefit the AA or the greater statewide area.

Many of the bank's investments were directly responsive to the affordable housing needs identified by community groups in the area. Examples of investments directly in the AA and meeting the critical need of creating affordable housing include over \$16 million invested in LIHTC projects that developed dozens of housing units explicitly set aside for low- and moderate-income residents of Philadelphia. In the Wilmington AA, the Bank made many grants to organizations with a primary mission of creating and fostering affordable housing for low- and moderate-income individuals. Additionally, HBUS purchased a total of \$2.7 million in Delaware State Housing Authority Bonds. These bonds assist in providing funding for affordable housing throughout the state of Delaware.

SERVICE TEST

The bank's performance under the Service Test in the Philadelphia, PA-Wilmington DE MMA is rated "Outstanding." Based on full-scope reviews, the bank's performance in both the Philadelphia and New Castle AAs is excellent.

Retail Banking Services

Refer to Table 15 in the "Multistate Metropolitan Area" section of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

HBUS has three full service branches in this MMA, representing less than 1% of the total domestic branches. Within the MMA, one branch is located in the New Castle County AA and two are located in the Philadelphia AA.

Delivery systems are readily accessible to all portions of the bank's full-scope AAs. The one branch in the Delaware AA is located in a low-income census tract. In the Philadelphia AA, one branch is located in a low-income census tract and the other in a moderate-income census tract.

HBUS's record of opening branches is excellent in both AAs. A branch was opened in a moderate-income census tract in Philadelphia and a low-income census tract in the New Castle County AA. These new branches increased the availability of banking services for residents of low- and moderate-income areas.

Office hours and services offered throughout the full-scope AAs do not vary in a way that inconveniences certain portions of the AAs, particularly low- and moderate-income census tracts and individuals. Branch hours are tailored to the needs of the specific market they serve. In both AAs the branches are open weekdays from 9:00 AM to 4:30 PM. In the Philadelphia AA, the branch located in the low-income census tract also has Saturday and Sunday hours.

HBUS offers a wide variety of deposit and loan products and services. The bank's free checking account product provides a no cost checking account option for lower-income customers and those who prefer to not pay for a checking account. There is no minimum deposit required to open an account or minimum balance that must be maintained. There is no maintenance or per check fees.

HBUS's ATM network is an effective alternative delivery system for delivering retail-banking services to low and moderate-income geographies and to low- and moderate-income individuals. All branches have a deposit taking ATM. In addition, there is one offsite ATM located in the State of Delaware.

Community Development Services

HBUS provided a high level of CD services to its full-scope AAs. Bank employees provided financial expertise to 12 CD related organizations over the examination period. A majority of the organizations supported are involved in affordable housing for low- and moderate-income people. The bank is also involved with organizations that provide community services targeted to low- and moderate-income people and economic development. During the evaluation period, bank employees provided over 600 hours of service to these organizations. Employee involvement consists primarily of memberships on board of directors and advisory committees of these organizations. Some of the employees serve as officers of the committees and boards.

Three adult financial education seminars targeted to low- and moderate-income people were held during the examination period. They were put on by community organizations trained by bank employees. The seminars cover topics such as banking, credit history, homeownership, and managing your credit.

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 non-metropolitan 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”).

<p>Time Period Reviewed: Lending Test (excludes CD loans): 1/1/2004 to 12/31/2005, CD Loans and Investment Tests: 2/24/2003 to 9/25/2006 Service Test 1/1/04 to 9/25/2006</p> <p>Products Reviewed: Home purchase, home improvement, home refinance, small business, small farm, and CD loans. CD Investments, and CD Services.</p>	
<p>Financial Institution: HSBC Bank USA, NA (“HBUS”)</p> <p>Affiliates: HSBC Mortgage Corporation – Operating Sub of Bank Decision One Mortgage, Beneficial Corporation, HSBC Mortgage Services, HFC - Holding Company</p> <p>Products Reviewed: Home purchase, home improvement and home refinance loans made in the bank’s AAs.</p>	
<p>Assessment Area</p> <p><u>New York</u> New York City AA Buffalo AA Nassau/Suffolk AA Rochester AA Syracuse AA Albany AA Binghamton AA Elmira AA Ithaca AA Kingston AA Non-MSA Areas Poughkeepsie AA Utica-Rome AA</p> <p><u>Florida</u> Miami AA Fort Lauderdale AA West Palm Beach AA</p> <p><u>California</u> Los Angeles AA San Francisco AA Oakland AA</p> <p><u>District of Columbia</u> District of Columbia AA</p> <p><u>Multistate MSA</u> Philadelphia PA AA New Castle County DE AA</p> <p><u>Washington State</u> Seattle AA</p> <p><u>Oregon</u> Portland AA</p>	<p>Type of Exam</p> <p>Full-Scope Full-Scope Full-Scope Full-Scope Full-Scope Full-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Full-Scope Limited-Scope Limited-Scope Full-Scope Limited-Scope Limited-Scope Full-Scope Full-Scope Full-Scope Full-Scope</p>

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS				
HSBC Bank USA, N.A.				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
HSBC Bank USA, N.A.	Outstanding	Low Satisfactory	High Satisfactory	Satisfactory
Multistate Metropolitan Area or State:				
New York	Outstanding	Low Satisfactory	High Satisfactory	Satisfactory
Florida	Outstanding	Low Satisfactory	High Satisfactory	Satisfactory
California	Outstanding	Outstanding	Outstanding	Outstanding
District of Columbia	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
Oregon	Outstanding	Outstanding	Low Satisfactory	Outstanding
Washington	Outstanding	Outstanding	Low Satisfactory	Outstanding
Pennsylvania-Delaware Multistate	Outstanding	Outstanding	Outstanding	Outstanding

(*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

State of New York

New York City/White Plains AA	C-2
Buffalo AA	C-4
Nassau-Suffolk MA	C-7
Rochester MA	C-8
Syracuse MA	C-10
Albany AA	C-12

State of Florida

Miami AA	C-14
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State of California

Los Angeles AA	C-16
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District of Columbia AA

.	C-18
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Multistate- Pennsylvania/Delaware

Philadelphia AA	C-20
New Castle County AA	C-22

State of Washington

Seattle AA	C-24
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State of Oregon

Portland AA	C-26
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State of New York

New York City/White Plains AA

Demographic Information for Full-Scope Area: New York/White Plains AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2,515	13.20	25.29	28.27	30.78	2.47
Population by Geography	9,314,235	14.72	27.97	25.49	31.64	0.18
Owner-Occupied Housing by Geography	1,208,243	2.58	13.53	28.16	55.73	0.00
Businesses by Geography	659,543	7.58	18.80	20.49	52.11	1.02
Farms by Geography	3,970	2.64	8.01	17.91	71.21	0.23
Family Distribution by Income Level	2,203,975	27.89	15.69	16.62	39.79	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	960,674	25.26	37.68	23.58	13.49	0.00
Median Family Income	= \$49,461	Median Housing Value		= \$549,200		
HUD Adjusted Median Family Income for 2006	= \$59,200	Unemployment Rate (Sep 06)		= 4.4%		
Households Below the Poverty Level	=18%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 U.S. Census, 2006 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors (2Q2006)

The New York City (“NYC”) AA includes all of the New York counties that are within the New York-Wayne-White Plains MD #35644 in their entirety. This includes Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, and Westchester. The AA complies with the CRA guidelines and does not arbitrarily exclude low- and moderate-income areas.

With a population in excess of 9.3 million people, this is the largest AA in HBUS’s footprint. As of June 30, 2005, HBUS ranked third in deposit market share and fourth in number of branches. The area is very diverse with some of the areas of greatest need in the country alongside some of the most affluent areas. The area is also perhaps the most economically diverse in the country, as well.

NYC is home to a diversified mix of businesses. Many national and international corporations are headquartered here. Historically, the downtown area has been dominated by the financial services industry. Industries operating in the midtown area include advertising, publishing, and garment production. The retail sector is a major employer along with health and social care. In addition, light manufacturing and the wholesale trades provide a significant level of job opportunities in The Bronx.

The NYC economy is rebounding back from the weakened conditions it suffered caused by the 2001 terrorist attack. Tourism, a major contributor to the NYC economy, was negatively impacted and had a ripple effect on other industries and services. In addition, the volatility on Wall Street impacted both the local and national economies.

Economic conditions showed signs of improvement in mid-2004 and continue to improve. Renewed profitability at Wall Street's largest firms has led to an increase in hiring. Along with the securities industry, leisure/hospitality and retail trade are driving growth in the area. The unemployment rate continues to fall and is now near pre-recession lows. As of September 2006, the AA unemployment rate of 4.4% slightly exceeded the New York State rate of 4.2% and equaled the national rate.

Slightly more than 38% of the geographies within the AA are defined as low- and moderate-income. The substantial majority of these tracts are located within the three boroughs of NYC – Manhattan, The Bronx, and Brooklyn. Additionally, these boroughs combined account for 94% of the low-income geographies in the entire AA. The level of owner-occupied housing in these combined boroughs is considered low at 22% and is even less within the low- and moderate-income geographies. Most of the housing is rental in these boroughs, given the large number of multifamily dwellings.

Housing prices within the AA remain strong and continue to rise. The median price of housing in the AA is now estimated to be over \$549,000, making home ownership difficult for low- and moderate-income individuals. In Manhattan, where condominiums and co-operative apartments are the predominant housing stock, prices also remain strong. Also, the high level of households below the poverty level makes home ownership difficult.

We conducted several community contacts during this evaluation and included organizations involved with small business development, affordable housing, and community services provided to low- and moderate-income individuals and geographies. These contacts indicated that affordable housing and financial literacy programs are the most critical needs of the AA. Preservation of the affordable housing stock in the city is also a key issue, given the expiration of many LIHTC, Section 8, and Mitchell Lama (affordable housing program) projects. There are numerous opportunities for CD investments, but competition among financial institutions is intense.

Buffalo AA

Demographic Information for Full Scope Area: Buffalo AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	302	10.60	20.86	45.36	19.54	3.64
Population by Geography	1,170,111	8.78	16.45	47.62	26.35	0.81
Owner-Occupied Housing by Geography	310,174	4.34	13.17	51.87	30.61	0.00
Business by Geography	70,157	9.36	12.92	45.57	30.20	1.95
Farms by Geography	1,610	1.74	4.72	59.25	33.66	0.62
Family Distribution by Income Level	303,215	20.37	18.07	22.08	39.48	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	116,550	15.99	24.51	45.47	14.03	0.00
Median Family Income		49,149	Median Housing Value		\$96,800	
HUD Adjusted Median Family Income for 2006		58,300	Unemployment Rate (Sep 06)		4.7%	
Households Below Poverty Level		12%				

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

Source: 2000 US Census and 2006 HUD updated MF Bureau of Labor Statistics, National Association of Realtors (2Q2006) I

This AA consists of the entire Buffalo-Niagara Falls MSA #15380 which includes Erie and Niagara counties in upstate New York. The AA complies with the CRA guidelines and does not arbitrarily exclude low- and moderate-income areas. HBUS has 64 branches in the AA, and with a 30.5% deposit market share, is ranked first among 19 depository financial institutions.

The bank's presence in Buffalo dates back to 1850, when Marine Midland Bank was founded. The metropolitan Buffalo area, which includes the City of Buffalo, Erie County and Niagara County, is upstate New York's largest population center, and the City of Buffalo is New York State's second largest city. Buffalo is the county seat of Erie County, and is the administrative, political and economic center of western New York. The major cultural, educational and medical resources serving the entire western New York area are also located in Buffalo. The City of Buffalo contains the largest concentration of low- and moderate-income census tracts in the region, as well as some of the areas of greatest economic need. Structural changes in the region's economy over the last few decades have led to job and population losses, and erosion of the area's property tax base. Buffalo has been under the authority of a state-appointed Fiscal Control Board since June 19, 2003.

Buffalo's population has declined by 51.7% since 1950. In that year, the population of the city was 580,132; by the 2000 census, the population was 292,648 and by July, 2005, the population had declined still further, to an estimated 279,745. Meanwhile, the population of Erie County has grown modestly over that same period. This pattern of population loss in the urban core, combined with growth in the surrounding suburbs, is consistent with population trends throughout upstate New York, as city residents leave

the urban core for affordable suburban housing. Buffalo has gone from being the 15th largest city in the country in 1950 to being the 59th largest in 2000.

The population of the MSA in the 2000 census was 1.2 million reflecting a modest decrease of 1.6% from 1990 to 2000. Twelve percent of the population of the MSA lives below poverty level. However, in the city of Buffalo that number increases to 25% indicating, again, that the MSA's areas of highest poverty and greatest need are in the city of Buffalo.

Based on the 2000 census, 15.8% of the MSA is 65 and older, a high proportion compared with 12.9% for New York State and 12.4% for the nation. An aging population generally limits home purchase and refinance lending, as many older people already own their homes or live in senior citizen housing with limited mortgage financing needs.

The economy of the Buffalo-Niagara Falls MSA has generally been in decline since the 1980s, as have the economies of most upstate NY cities. Buffalo has been particularly hard hit because of shrinkages in the steel and automotive industries. With the collapse of the steel industry in the 1970s, Buffalo was faced with trying to replace thousands of lost jobs. The region was somewhat successful in developing alternative sources of employment, particularly in financial services and other service industries, although not in comparable numbers or for comparable wages.

During the period from 1992 to 2002, manufacturing employment fell by 16.2%, with most of the decline occurring after 2000. On the positive side, the region has experienced strong growth in financial activity jobs, which increased by 15.1% since 1992 and had a 10.3% increase in the last two years.

In Buffalo, the combination of challenges such as population loss, unemployment, and economic conditions points to the need for economic development programs and projects to help spur revitalization.

Overall housing values in the MSA are affordable; the median home price in the MSA is \$96,800. The median home value in the City of Buffalo is much lower--\$59,300.

According to the 2000 census, the number of owner-occupied housing units in the MSA increased 4%, while the number of such units in the City of Buffalo dropped 10%. The 2000 census also reported that 61% of the MSA's housing units are owner occupied and 8.4% are vacant. In Buffalo, owner-occupied units represent 37% and vacant units 16% of total housing units. Housing units outnumber households by more than 22,000 in the city. These factors limit the demand for mortgage loans.

Eighty-six per cent of the housing units in Buffalo were built in 1940 or before. The age and condition of the housing stock point to the need for home improvement loans; however, the presence of lead in many of the buildings, and the declining real estate value of the existing housing stock make it difficult to obtain financing for rehabilitation.

In Erie County, the Fair Market Rent (FMR) for a two-bedroom apartment is \$625. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$2,083 monthly or \$25,000 annually. Assuming a 40-hour work week, 52 weeks per year, and this level of income translates into a Housing Wage of \$12.02.

In Erie County, a minimum wage worker earns an hourly wage of \$6.00. In order to afford the FMR for a two-bedroom apartment, a minimum wage earner must work 80 hours per week, 52 weeks per year. Or, a household must include 2.0 minimum wage earner(s) working 40 hours per week year-round in order to make the two-bedroom FMR affordable.

A community contact with a local CD corporation during the evaluation period indicated that efforts to revitalize the economy within the City of Buffalo is the primary need of the AA. Opportunities for CD investments are limited.

Nassau-Suffolk MA

Demographic Information for Full Scope Area: Nassau Suffolk AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	597	0.67	14.07	62.81	19.77	2.68
Population by Geography	2,753,913	0.76	16.02	64.36	18.86	0.01
Owner-Occupied Housing by Geography	733,628	0.22	12.21	66.17	21.40	0.00
Business by Geography	258,995	0.71	13.12	62.43	23.73	0.01
Farms by Geography	5,273	0.47	16.99	65.66	16.88	0.00
Family Distribution by Income Level	712,551	18.03	18.61	24.19	39.18	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	261,056	1.25	22.16	65.10	11.48	0.00
Median Family Income		\$76,221	Median Housing Value		\$478,000	
HUD Adjusted Median Family Income for 2006		\$91,000	Unemployment Rate (Sep 06)		3.8%	
Households Below Poverty Level		5%				

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

Source: 2000 US Census and 2006 HUD updated MFI Bureau of Labor Statistics, National Association of Realtors (2Q2006)

This AA consists of the entire Nassau/Suffolk MD #35004 and is commonly referred to as Long Island. The AA complies with the CRA regulation and does not arbitrarily exclude any low- or moderate-income areas. HBUS operates 45 branches in the AA and is ranked 8th with 4.2% of the deposit market share. The bank operates in a very competitive environment. North Fork Bank leads the competition with 21% of the deposit market share and \$16.5 billion in deposits in this AA. Other major competitors are JPMorgan Chase, Citibank, Astoria FS&LA and Washington Mutual.

Housing prices have remained strong with the median value rising to \$478 thousand. This makes home ownership extremely difficult for low- and moderate-income individuals. The area's well-diversified economy has helped control unemployment rates which have experienced a declining trend since 2003. As of September 2006, the unemployment rate of 3.8% was below both the New York State average of 4.2% and the national average of 4.4%. The North Shore Long Island Jewish Health System, Cablevision, and SUNY at Stony Brook are some of the largest employers of this AA.

Three community contacts were conducted during this evaluation with representatives of affordable housing and small business development corporations. These organizations all identified the shortage of affordable housing as a critical need within the AA. Generally, there is no shortage of business financing, and credit was described as readily available. There is a need to develop more streamlined approaches to providing very small loans to businesses and there is a strong need for technical assistance for small business owners. The contacts also indicated that ample opportunities exist for local financial institutions to support the CD work of area organizations.

Rochester MA

Demographic Information for Full Scope Area: Rochester AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	230	16.09	18.26	40.00	23.48	2.17
Population by Geography	937,607	9.26	15.08	46.13	28.85	0.67
Owner-Occupied Housing by Geography	241,668	3.78	12.44	49.42	34.36	0.00
Business by Geography	57,490	10.02	15.11	44.57	30.17	0.13
Farms by Geography	1,919	1.67	6.98	63.37	27.98	0.00
Family Distribution by Income Level	237,269	20.02	18.06	22.56	39.36	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	90,347	17.14	21.40	45.32	16.13	0.00
Median Family Income		53,852	Median Housing Value		\$115,300	
HUD Adjusted Median Family Income for 2006		64,100	Unemployment Rate (Sep 06)		4.3%	
Households Below Poverty Level		10%				

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

Source: 2000 US Census and 2006 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors (2Q2006)

The Rochester AA includes Livingston, Monroe, Orleans, and Wayne counties which are in the Rochester MSA #40380. The bank does not maintain any branches in Ontario County and does not include this county in the AA. The AA complies with the CRA regulation and does not arbitrarily exclude low- and moderate-income areas. HBUS maintained 39 branches in this MSA, of which five are in low-income census tracts and five are in moderate-income census tracts. There are a total of 22 financial institutions serving the Rochester MSA. HBUS is ranked first in deposit market share in Rochester, and has the largest number of branches in the City of Rochester of any financial institution.

The Rochester market faces many challenges. A relatively stagnant housing market has shown little appreciation in recent years, and, in many areas of the City of Rochester, housing values have declined. Job losses, particularly in the manufacturing sector, continue to plague the region; this is especially troubling because manufacturing jobs tend to be more highly-paid than the service jobs that replace them in the economy.

Rochester has an older housing stock; the majority of the city's housing stock pre-dates World War II. Much of the housing in the city, particularly in the inner core known as The Crescent, needs rehabilitation. Lead poisoning is a major issue in the Rochester area, further increasing rehabilitation needs.

Rochester New York is the third largest city in New York State. Rochester is the county seat of Monroe County and is the political, economic, administrative and cultural center of the nine-county Finger Lakes region. The Rochester region has historically relied on a strong manufacturing-based economy, with particular emphases on instrumentation and

other specialized industries. Eastman Kodak, Bausch and Lomb and Xerox were all founded in Rochester, and the first two still retain their world headquarters in the City of Rochester. The decline of manufacturing overall has hit Rochester particularly hard. Historically slower to enter national economic cycles and slower to recover from them, Rochester continues to struggle in trying to recover from fundamental structural changes in its regional economy. A very strong trend toward “sprawl” and significant economic disparity between the urban core and the outlying suburbs characterize the region. Housing prices are affordable, and have declined in many areas of the City of Rochester. The City of Rochester contains the majority of low- and moderate-income census tracts in the AA and contains by far the areas of greatest economic and CD need.

The decline of manufacturing employment is the major economic trend in the Rochester area. The region’s workforce numbers more than 500,000. At one time, most workers were employed in manufacturing jobs. In the past 20 years, the Rochester area has lost one-third of its manufacturing jobs. Currently, approximately 101,000 workers are in manufacturing, less than one-fifth of the total workforce.

Kodak alone has slashed its local workforce by more than two-thirds in the past two and a half decades. In 1982, 13.7% of area workers worked at Kodak. That was down to less than 4% by 2005. A decade ago, one of every nine employees in the Rochester area worked at either Kodak or Xerox. Last year, the ratio was 1 in 18. Last year, the University of Rochester passed Kodak as the region’s largest employer, ending decades of dominance by Eastman Kodak.

Unemployment in the Rochester area was 4.3% in September 2006. The modest unemployment rate is reflective of the relative stability of employment in the suburbs of the MSA, as well as the number of people who have left the region because of their inability to find jobs.

Rochester has historically been known for innovation and technical expertise in the local economy. While some of the industry clusters for which Rochester is best known clearly grew out of the needs of the “big three” (Kodak, Xerox, Bausch and Lomb), most notably photonics, digital & health imaging, and precision manufacturing, many of Rochester’s fastest growing companies are located in the “knowledge industries” of telecommunications, information technology and the biosciences. Add the burgeoning research in fuel cells and nanotechnology, and the high-tech capabilities of the community are clear. Forbes magazine ranked Rochester number one among the nation’s 50 largest metro areas for technical innovation with 2.3 patents per 1,000 workers and 66% of those employed in the manufacturing sector classified as being involved in high-tech industries.

A community contact was conducted with an umbrella organization representing community service organizations within the Rochester AA. Programs targeting financial literacy and home ownership counseling for low- and moderate-income individuals are seen as an important need within the AA.

Syracuse MA

Demographic Information for Full Scope Area: Syracuse AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	173	12.14	17.92	43.35	26.59	0.00
Population by Geography	580,713	9.18	15.62	46.25	28.96	0.00
Owner-Occupied Housing by Geography	149,936	2.62	11.60	52.49	33.28	0.00
Business by Geography	39,037	14.42	12.64	47.13	25.80	0.00
Farms by Geography	1,066	2.44	8.63	50.28	38.65	0.00
Family Distribution by Income Level	147,425	20.49	17.95	21.54	40.02	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	56,677	13.01	22.47	47.51	17.01	0.00
Median Family Income		49,907	Median Housing Value		\$116,800	
HUD Adjusted Median Family Income for 2006		59,500	Unemployment Rate (Sep 06)		4.3%	
Households Below Poverty Level		12%				

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

Source: 2000 US Census and 2006 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors (2Q2006)

The Syracuse AA includes the Syracuse MSA #45060 in its entirety which includes Onondaga and Oswego counties. The AA complies with the CRA regulation and does not arbitrarily exclude low- and moderate-income areas. HBUS has 17 branches in the AA. There are 22 depository financial institutions serving the Syracuse MSA. Manufacturers and Traders ranks first in deposit market share with 18.5%, followed closely by Key Bank with an 18.2% market share. HBUS ranks third with a 10.9% deposit market share.

Syracuse is the fourth largest city in New York State and is the population, economic and administrative hub of the central New York region. The Syracuse MSA, like other upstate New York communities, has experienced population and job loss in recent years. Syracuse's aging housing stock—75% of the city's housing units were built before 1959—is in need of repair, but, because of declining real estate values, home improvement loans are inaccessible to many Syracuse home owners.

Syracuse is the county seat of Onondaga County, and is located in the north central portion of New York State. The greater regional area is commonly referred to as Central New York. Syracuse has been called the "Crossroads of New York" due to its central location and well-developed transportation network including: an international airport for passengers and cargo; intersection of two major interstate highways, I-90 and I-81; deep water port and canal system; and passenger train and intermodal center.

Once known for its dependence on manufacturing, the Syracuse area's economy is now considerably more diversified. The service industry is the MSA's dominant industry, providing 44% of employment in the region. Manufacturing is the second largest source

of jobs and retail trade is the third. Unlike the early 1990s, employment has been relatively strong in the MSA during the most recent recession. Unemployment rates tend to be higher in the City of Syracuse than in the rest of the MSA.

Manufacturing accounts for 12% of employment, slightly above the national average. In general, this area's economy has tracked fairly closely with the state, as well as the nation as a whole. Cornell, SUNY, and Syracuse University are the major employers in the area along with some of New York State's leading hospitals.

Housing prices are among the most affordable in the nation. There is a shortage of rental housing, and a need for housing rehabilitation funds.

Albany AA

Demographic Information for Full Scope Area: Albany AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	195	10.26	19.49	46.15	23.59	0.51
Population by Geography	765,446	7.92	14.94	49.22	27.89	0.03
Owner-Occupied Housing by Geography	194,873	3.03	11.38	52.61	32.99	0.00
Business by Geography	53,988	13.02	12.12	47.03	27.83	0.00
Farms by Geography	1,193	2.51	8.21	56.08	33.19	0.00
Family Distribution by Income Level	194,803	18.98	18.30	22.91	39.80	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	72,631	12.57	22.26	47.86	17.31	0.00
Median Family Income HUD Adjusted Median Family Income for 2006 Households Below Poverty Level		54,944 66,200 9%	Median Housing Value Unemployment Rate (Sep 06)		\$193,000 4.2%	

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

Source: 2000 US Census and 2006 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors (2Q2006)

The Albany AA encompasses most of Albany and Rensselaer counties and all of Saratoga and Schenectady counties, which are part of the Albany-Schenectady-Troy MSA #10580. This area is also referred to as the “Capital Region” as Albany is the capital of New York State. The AA complies with the CRA regulation and does not arbitrarily exclude low- and moderate-income areas. HBUS has 14 branches in this MSA. There are 24 depository financial institutions serving the Albany AA. Bank of America ranks 1st with a 36.8% deposit market share. Other competitors are Citizens Bank, Key Bank, and Trustco. HBUS ranks sixth with 3.3% deposit market share.

The Capital Region is located midway along the eastern border of New York State at the confluence of the Hudson and Mohawk Rivers. Its strategic location, within 200 miles of New York City, Boston and Hartford, and 225 miles from Montreal, gives the region its place in history as an early transportation, trade and industrial center. Its topography includes sections of the fertile Hudson and Mohawk River valleys, as well as portions of the state's two major mountain ranges, the Adirondacks and the Catskills.

Recently the Albany-Colonie Chamber of Commerce established a brand for the area by referring to the Capital District as TECH VALLEY, a rapidly growing area that is becoming a center of entrepreneurial technology companies. According to the Software Alliance for the Center for Economic Growth, there are now over 130 software companies in the area, along with new cutting edge companies such as Albany Molecular Research, X-Ray Optical Systems, Commsoft, and dozens of others.

More than 90 percent of jobs in the region are located in Albany. Between 2000 and 2002 the Capital District was among the few metropolitan areas of the State that saw an increase in total employment (0.6%), and it was the only region north of the Mid-Hudson Valley where the total number of jobs increased. The increase is directly attributable to job growth in Albany, which was higher by 0.7%, while employment in Glens Falls declined by 0.5%. Many of Albany's employment increases are associated with the large government industry there. Private sector jobs increased by 0.1% in the region, as an increase of 0.3% in Albany partially offset a decline of 1.6% in Glens Falls. During 2000, government employment accounted for 24.2% of all jobs in Albany and 23.8% of total employment in the region, and increased by 2.2% in the region between 2000 and 2002.

The decline in manufacturing employment throughout the State since 1992 did not have a large effect on the Capital District. Manufacturing accounted for 10.2% of total employment in the region in 1992, but 7% in 2002. The lost manufacturing jobs were mostly replaced by an increase in employment in the service-related industries, in particular professional and business services and education and health services. From 1992 to 2000, employment in professional and business services increased by 29.5%, and in education and health services increased by 21.4%. By 2003, these two services industries combined had more jobs than the government sector. The region also experienced employment growth in financial activities between 1992 and 2000, whereas some upstate regions saw the number of these jobs decline during that period.

There are a total of 334,649 housing units in the Albany MSA. Fifty-eight percent of housing units in the MSA are owner-occupied and 34% are renter-occupied. Approximately 8% of the housing stock is vacant. The median age of housing in the region is 48 years. The median single family home sales price is \$193,000.

According to Out of Reach, a study compiled by the National Low Income Housing Coalition, the hourly wage needed to afford a modest two-bedroom apartment in Albany is \$13.75. At a minimum wage, a renter would need to work 2.3 jobs, assuming a 40 hour work week, to afford this unit.

Miami AA

Demographic Information for Full Scope Area: Miami AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	347	7.78	28.53	32.85	29.97	0.86
Population by Geography	2,253,362	4.89	28.61	35.68	30.79	0.02
Owner-Occupied Housing by Geography	449,333	1.69	19.82	36.99	41.51	0.00
Business by Geography	283,642	4.94	22.05	32.29	40.31	0.41
Farms by Geography	3,287	2.34	18.28	34.10	45.09	0.18
Family Distribution by Income Level	552,484	23.00	16.98	18.53	41.50	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	220,856	8.31	40.20	35.41	16.08	0.00
Median Family Income		40,266	Median Housing Value		\$376,200	
HUD Adjusted Median Family Income for 2006		48,300	Unemployment Rate (Sep 06)		3.8%	
Households Below Poverty Level		18%				

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

Source: 2000 US Census and 2006 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors (2Q2006)

The Miami AA consists of the Miami-Miami Beach-Kendall MD #33124 in its entirety. The AA complies with the CRA regulation and does not arbitrarily exclude low- and moderate-income areas.

The Miami AA is a densely populated urban center. According to the 2000 Census, the total population is approximately 2.3 million people, residing in a nearly 2 thousand square mile area. Between the 1990 and 2000 Census, the population increased 16.3%. The increase is a result of an influx of immigrants from Latin America and the Caribbean, as well as relocation from northern cities in the United States.

The City of Miami represents approximately 20% of the AA population and 28% of the census tracts. However, a disproportionately large portion of the City is categorized as low- and moderate-income with approximately 60% of the AA's low- and moderate-income census tracts being located in the City. Based on the 2000 Census, the City of Miami is considered to be the poorest large city in the United States. Eighteen percent of the population lives below the poverty level.

Housing costs are high. As of June 2006, the estimated median sales price of an existing single-family home in the Miami AA was \$376,000. At the same time in 2004, the median price was \$286,400. When compared with a HUD Adjusted Median Family Income of \$48,300 for 2006 it is clear that the unsubsidized purchase of an average single-family residence would be beyond the financial means of many individuals classified as low- and moderate-income. The 2006 housing cost represents an increase of 31% between 2004 and 2006.

The area's economy is diverse. Major industries include real estate development, trade businesses with Latin America, tourism and banking. The proximity of the Caribbean, Central and South America plus superior seaport and airport capabilities provide this area with a distinct advantage as a global trading center. There are many service businesses in the area and in the extreme southern portion of the AA, agriculture is a major industry.

Banking competition is intense. There are 76 depository institutions operating 584 banking offices of national, regional, and community banks in the Miami AA. Bank of America with a 16% market share and Wachovia Bank with 15.3%, rank 1st and 2nd, respectively.

Competition for mortgage and small business loans is even more intense since many lenders, such as mortgage and credit card companies lend in the Miami AA but do not take deposits. Based on 2005 aggregate data (the most current available), there were 848 HMDA reporters and 115 small loans to businesses reporters in the Miami AA.

There is a wide range of opportunities for CD lending, Investments, and services throughout the Miami AA. The larger institutions in the AA are quite competitive for the qualified investments that are available. CD opportunities include working with and providing financing to the numerous organizations whose mission is to provide affordable housing and/or community services for low- and moderate-income persons, as well as organizations with a mission of economic development.

There is a federally designated Enterprise Zone that targets economic development with the goal of stimulating and retaining jobs. There are 20 areas designated as Targeted Urban Areas ("TAU") that are the focus for the Urban Economic Revitalization Plan for Miami-Dade County. Types of CD investments available in the AA include, but are not limited to, tax credit purchases for low- and moderate-income housing, participation in numerous local CD Corporations (CDCs") and CD Financial Institutions ("CDFIs") and opportunities to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing, community services for low- and moderate-income persons, and economic development.

Los Angeles AA

Demographic Information for Full Scope Area: Los Angeles AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	952	12.29	33.51	24.26	29.73	0.21
Population by Geography	4,319,609	11.12	34.35	26.54	27.96	0.03
Owner-Occupied Housing by Geography	591,199	2.22	19.20	28.47	50.12	0.00
Business by Geography	439,365	10.47	22.07	23.62	43.71	0.14
Farms by Geography	2,731	4.25	17.58	30.32	47.78	0.07
Family Distribution by Income Level	952,013	27.11	17.34	16.73	38.82	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	423,126	17.37	45.39	23.57	13.67	0.00
Median Family Income		46,509	Median Housing Value		\$576,300	
HUD Adjusted Median Family Income for 2006		56,200	Unemployment Rate (Sep 06)		4.4%	
Households Below Poverty Level		17%				

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

Source: 2000 US Census and 2006 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors (2Q2006)

The bank's AA consists of a portion of Los Angeles County. The bank has taken that portion within the metropolitan division that it can reasonably serve through its eight branches. The AA complies with the CRA regulation and does not arbitrarily exclude low- and moderate-income areas.

The Los Angeles metropolitan division is a complex, highly diverse, urban area that includes 80 cities and a number of unincorporated areas. The percentage of households living below the poverty level is 17%. It should be noted, however, that within the South Central Los Angeles neighborhood, the poverty level is 31%. The median housing value is \$576,300 (National Association of Realtors, 2Q2006). This represents an 82% increase since the 2003 examination when the median housing value was \$307,900. According to LA Weekly, the 2005 fair market rent on a two-bedroom apartment was \$1,021. A rent stabilization ordinance only permits a three-percent annual increase. Currently, 44,000 households participate in the Section 8 program. Another 94,000 people are on waiting lists for federally funded assistance, including Section 8.

Los Angeles is the largest and most rapidly growing metropolitan region in the fastest growing state in the country. The greater Los Angeles area is the second largest metropolitan area in the US with 17.5 million people. Since the 2000 census, the area has added over 1 million people.

International trade and tourism are critical to the economy. Film and television production are also a large part of the local economy. Defense and aerospace manufacturing are still important sources of employment. The Port of Los Angeles/Long Beach is one of the busiest in the nation, as is the Los Angeles International Airport. The continued population growth and the diverse economy create many small business opportunities.

Housing affordability remains an ongoing and worsening problem throughout the State of California, including the Los Angeles area. The 2000 census data shows that within the AA, only 37% of all housing is owner occupied. A local newspaper reported in October 2005 that only 12% of families within Los Angeles County can afford to buy a home and that the minimum qualifying income to purchase the median priced home is \$133,000. The ongoing increase in population alone is enough to strain a tight housing market but it is further exacerbated by a significant shortfall in producing additional housing units. This combination puts additional pressure on housing prices and will likely contribute to the increasing housing affordability gap.

Community contacts indicate there are significant credit and CD needs. There is an obvious need for affordable rental and owner-occupied housing. Another significant need in the AA is for technical assistance and financing for small businesses. According to 2005 Dun & Bradstreet statistics, 63% of businesses located within the area have annual revenues less than or equal to \$1 million. Another 32% of businesses do not report revenue information. However, 70% of the businesses located in Los Angeles County have fewer than 20 employees. Two contacts commented on a need for more SBA 504 financing and other small business loans. Financial literacy education is another significant need. There is a large un-banked population within the area and a large number of immigrants to this country. One contact said that while there are a number of loan programs and funds available around greater Los Angeles, there are gaps in certain geographical areas. This contact specifically mentioned South Central Los Angeles as an area with unmet credit needs.

There are significant opportunities in the AA to participate in CD activities. Nonprofit organizations are numerous and active, and local government promotes and assists a variety of CD and redevelopment activities. One contact said that there is a need for more financial support for the nonprofit organizations and for bankers to serve on advisory boards and committees. In January 2002, HUD designated Los Angeles as a Renewal Community eligible to share in an estimated \$17 billion in tax incentives to stimulate job growth and economic development, and to create affordable housing. There is a Federal Empowerment Zone and four state Enterprise Zones, as well as many CD Financial Institutions that have received grants to date. There are several Brownfields sites within Los Angeles County. All of these provide opportunities for direct investment, grants, and providing needed technical assistance

District of Columbia AA

Demographic Information for Full Scope Area: DC AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	54	31.48	29.63	1.85	31.48	5.56
Population by Geography	177,016	32.75	29.83	1.88	33.01	2.52
Owner-Occupied Housing by Geography	26,943	17.39	27.41	1.77	53.36	0.07
Business by Geography	32,576	23.70	20.92	0.36	43.21	11.81
Farms by Geography	85	27.06	21.18	1.18	45.88	4.71
Family Distribution by Income Level	27,728	40.06	16.63	12.49	30.82	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	15,719	51.26	36.22	1.34	11.19	0.00
Median Family Income HUD Adjusted Median Family Income for 2006 Households Below Poverty Level		71,100 88,200 17%	Median Housing Value Unemployment Rate (Sept 06)		440,000 6%	

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

Source: 2000 US Census and 2006 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors (2Q2006)

HBUS has designated 57 census tracts within the District of Columbia as its AA. The area is within the Washington, DC Metropolitan Division. The area is dominated by the presence of the nation’s Capital. The AA has a stable economy with a growing population. The population growth is primarily the result of an influx of Asian and Hispanic immigrants. The largest industries are government and tourism, followed by construction. The economy is sound with the government accounting for 35% of the jobs and private industry accounting for the other 65%. The AA has a well-educated population, 40% of which are college graduates. However, the population is also becoming younger with the shift in demographics. An added benefit for residents of the area is the transportation system that includes the 2nd largest rail system and the 5th largest bus network in the country.

Despite all of these assets, the District still suffers from many of the same problems that afflict urban areas throughout the U.S. Housing costs have spiraled upward with the median price of housing rising to approximately \$440,000. It should be noted that in the AA, there are sufficient housing units to meet the needs of the existing population. However, many properties are in need of repair and renovation. Over 30,000 units of affordable housing are subsidized. Reduced federal subsidies have led to more blighted properties, and have limited the numbers of first time homebuyer assistance for the purchase of residences. The problem now affects not only low- and moderate-income individuals, but also middle-income workers. The area also has a large population (in excess of 7,000) of homeless individuals. It is estimated that up to 2,500 of this population remains on the streets. In addition to other types, there is a definite need for single-room occupancy (“SRO”) housing.

The AA has a growing entrepreneurial population. Many of the new business owners are from the expanding minority population. Many of these businesses are self-financed and are stunted by the lack of access to capital. Two of the most pronounced needs for the businesses are venture capital and small business financing in amounts of \$25,000 or less. These entrepreneurs are also prime candidates for small business training and technical assistance. Based on information obtained from community contacts made in connection with the examination and discussions with local community groups, the general types of lending has been offered by several of the larger financial institutions does not meet the need of the average small business person in low- and moderate-income and rural communities.

Although there are several hundred bank branches in the area, there are less than 40 separate financial institutions serving the AA. Many of the banks have followed the traditional pattern of locating institutions in suburban areas outside of the urban core or rural areas. HBUS operates three branches, two which are located within diplomatic embassies and accessible only to embassy staff.

As in many low- and moderate-income communities, check cashers, payday lenders, and other predatory financial service providers have expanded their activities over the last several decades as many traditional financial institutions have withdrawn. In the Capital, there is some positive news in that two financial institutions, BB&T, and City First National Bank (a CD bank) have opened branches in underserved neighborhoods. In addition to traditional banking services, financial literacy is viewed as the best tool for fighting predatory practices.

There are numerous opportunities for banks operating in the AA to participate with local governments and community based organizations in meeting local needs. Most of the large CD organizations have representatives in the DC area that are more than willing to provide information on opportunities for local and national financial institutions.

Multistate Area

Philadelphia, PA AA

Demographic Information for Full-Scope Area: Philadelphia, PA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	220	44.55	33.18	10.91	5.91	5.45
Population by Geography	843,355	46.41	37.21	10.80	5.28	0.29
Owner-Occupied Housing by Geography	177,025	40.96	41.74	11.81	5.49	0.00
Businesses by Geography	49,736	35.12	31.31	15.11	16.43	2.03
Farms by Geography	146	23.97	33.56	19.18	22.60	0.68
Family Distribution by Income Level	186,411	47.39	20.76	15.73	16.12	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	127,031	56.00	36.52	6.16	1.32	0.00
Median Family Income HUD Adjusted Median Family Income for 2006 Households Below the Poverty Level	= \$56,993 =\$69,800 =28%	Median Housing Value Unemployment Rate		= \$235,100 = 4.5%		

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

Source: 2000 U.S. Census, and 2006 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors (2Q2006)

HBUS has designated 220 census tracts within Philadelphia County as its AA. The area is part of the Philadelphia-Camden-Philadelphia, PA-NJ-DE-MD Metropolitan Division #37964. The AA complies with the CRA regulation and does not arbitrarily exclude low- and moderate-income areas.

The bank currently operates two branches in Philadelphia. Throughout most of the evaluation period, HBUS operated one branch in Philadelphia, located in the Chinatown community. The second branch opened in June 2005 to service the business district. As of June 30, 2005, HBUS ranked 23rd out of the 45 depository institutions with offices in Philadelphia County, with 0.31% of the deposit market share. Wachovia, Citizens, Sovereign, and PNC Bank each with larger branch networks have a combined deposit market share of 71%. Individually, these banks' market share ranged from 11% (PNC and Sovereign) to 32% (Wachovia).

Philadelphia has one of the highest homeownership rates in the country. By many standards, based on recent area home sales, housing is still considered affordable. As of December 31, 2005, the median price of a home in Philadelphia was \$206,000, an increase of 11% over the past year. Still, the income required to afford a home in this price range is \$71,000 yet over 70% of the households in the city of Philadelphia earn

less than \$50,000. Only 34% of the homes in the entire Philadelphia metropolitan division are affordable to median-income families. The limited number of homes that are affordable to low- and moderate-income homebuyers creates a smaller pool of borrowers to which HBUS can lend.

Chinatown has a very high renter occupancy rate. The number of owner-occupied units in the markets HBUS serves has an impact on the number of borrowers available. Within the Chinatown community, 80% of the units are renter occupied. Of the 509 housing units in Chinatown, only 85 or 16.7% are owner occupied, which represents very limited mortgage lending opportunities.

To overcome its steady increase in the number of vacant housing units, the city of Philadelphia approved a 10-year tax abatement for new construction and conversion of vacant commercial property to residential use to help spur developers' interest, enabling them to create new housing opportunities for both moderate and higher income households. This program has been successful in converting vacant property, but there is no specific provision for the creation of housing units that are affordable to low- and moderate-income households, and in fact a majority of projects approved for abatements have resulted in the creation or renovation of market rate homes or rental units to entice higher-income households to move back into the city from the suburbs. Higher-income households occupy 25% and 38% of the housing units located in low- and moderate-income census tracts within the AA, respectively. This not only represents a further decrease in the supply of homes that would be considered affordable to low and moderate-income families, but significantly influences an equitable disbursement of mortgage lending to low- and moderate-income families by all lenders, not just HBUS.

The largest employment sector in the county is the services sector accounting for nearly 50% of the jobs. Healthcare services alone account for over 20% of the jobs in Philadelphia County. Major employers include the University of Pennsylvania, Jefferson Healthcare System, and Merck. Recent community contacts indicated the need for economic development in targeted areas such as Northeast Philadelphia, financial literacy programs, workforce development programs, and home improvement loans.

New Castle County, DE AA

Demographic Information for Full-Scope Area: New Castle County, DE AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	119	8.40	18.49	47.90	24.37	0.84
Population by Geography	470,583	4.43	17.68	51.55	26.34	0.00
Owner-Occupied Housing by Geography	124,012	1.63	14.37	52.46	31.53	0.00
Businesses by Geography	32,461	16.51	14.59	43.67	25.12	0.11
Farms by Geography	459	4.58	15.03	45.32	35.08	0.00
Family Distribution by Income Level	120,032	18.86	17.43	23.45	40.26	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	43,562	7.63	26.74	52.16	13.47	0.00
Median Family Income	= \$60,622	Median Housing Value		= \$236,100		
HUD Adjusted Median Family Income for 2006	=\$73,200	Unemployment Rate (Sep 06)		= 4.5%		
Households Below the Poverty Level	=8%					

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

Source: 2000 U.S. Census, and 2006 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors (2Q2006)

HBUS has defined its AA as New Castle County, north of the Chesapeake and Delaware Canal. The AA is part of the Wilmington, DE-MD-NJ Metropolitan Division #48864. The AA complies with the CRA regulation and does not arbitrarily exclude low- and moderate-income areas.

The bank’s main office is located in this AA. While the office is easily assessable, it is not located on Wilmington’s busy Market Street Mall making it a challenge to create the name recognition necessary to grow the business. As of June 30, 2005, HBUS ranked 30th out of the 33 depository institutions with offices in New Castle County, with a negligible deposit market share. Four banks collectively (ING Bank, Bank of America (formerly MBNA), Chase Bank USA, and Lehman Brothers Bank FSB) have 82% of the deposit market share. Individually, these banks have market shares ranging from 10% to 29%.

Although only 8% of the households in the AA are below the poverty level, within the City of Wilmington there are areas of significant poverty and disinvestment with as many as 60% of the households in some areas living below the poverty level. This is nearly five times the national average of 12.4%. The Bank recognizes that similar conditions exist outside of the city of Wilmington in portions of the cities of New Castle, Newport and

Newark. These areas represent an acute need for CD funds, financial assistance, and credit education.

In New Castle County, employment is concentrated largely in the services sector (56% of total jobs) and the retail sector (18% of total jobs). Major employers include Bank of America (formerly MBNA), DuPont Corporation, and the Christiana Care Health System.

The area has experienced double-digit increases in housing values in each of the past five years. As of June 30, 2006, the median price of an existing home in the Wilmington MD was \$236,100.

The market for CD opportunities in Delaware is very challenging. The large number of banks, particularly credit card institutions with limited purpose designations with Delaware headquarters, makes Delaware a unique challenge for banks in meeting CRA obligations. HBUS and over thirty other financial institutions in the bank's AA actively seek out and compete for community reinvestment opportunities, making it a very competitive environment for funding organizations and projects. A community contact indicated the need for financial literacy and home ownership counseling programs.

Most non-profit housing and CD organizations in the state are small in size, and tend to lack the capacity to manage large projects that involve significant dollar amounts. Affordable housing development in the City of Wilmington averages in the range of ten homes per year or less per non-profit provider.

State of Washington

Seattle AA

Demographic Information for Full Scope Area: Seattle AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	74	8.11	21.62	44.59	25.68	0.00
Population by Geography	338,460	8.39	20.96	45.18	25.47	0.00
Owner-Occupied Housing by Geography	67,163	2.04	13.94	49.26	34.76	0.00
Business by Geography	42,074	6.44	25.43	38.08	30.06	0.00
Farms by Geography	533	4.13	19.89	48.78	27.20	0.00
Family Distribution by Income Level	62,238	21.98	16.77	20.54	40.70	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	24,122	10.96	26.19	45.64	17.21	0.00
Median Family Income		63,951	Median Housing Value		\$338,600	
HUD Adjusted Median Family Income for 2006		74,300	Unemployment Rate (Sep 06)		4.6%	
Households Below Poverty Level		12%				

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

Source: 2000 US Census and 2006 HUD updated MFI, Bureau of Labor Statistics, National Association of Realtors (2Q2006)

The bank has defined an AA that is contained within the City of Seattle. The area is part of the Seattle-Bellevue-Everett, WA MD #42644. The AA complies with the CRA regulation and does not arbitrarily exclude low- and moderate-income areas. HBUS operates one branch, located on the 23rd floor of a high rise building. The branch was acquired from HSBC Bank Canada in December, 2002.

Seattle is the largest city in the Pacific Northwest region of the United States. It is located between Puget Sound and Lake Washington, nearly 108 miles south of the US-Canadian border. It is the county seat of King County. The Seattle-Bellevue-Everett MD is the economic and cultural center of the US Pacific Northwest, and has the largest concentration of population north of San Francisco and west of Chicago. Significant changes have occurred in the area since 1990, most notably a dramatic increase in population and an even higher increase in housing prices. Home price appreciation in combination with the high proportion of renter-occupied housing limits mortgage lending opportunity.

The financial services market is highly competitive. During 2005, there were 111 reporting lenders that made small loans to businesses and 437 reporting lenders made home mortgage loans. HBUS ranks 31st among 61 depository financial institutions with a 0.21% market share. The market is dominated by Bank of America, US Bank, and Washington Mutual. These three institutions combined have nearly 63% of the deposit market.

The Seattle-Bellevue-Everett economy is experiencing a broad-based expansion, with payrolls growing at well above the national rate. Boeing and Microsoft are the area's two largest employers. Employment is increasing in every major industry, although growth in trade has slowed recently. Business/professional services, information and financial activities industries provide many high-wage employment opportunities. With the improvement in the national and local economies, employment in business/professional services is rebounding after contracting from 2001 to 2003.

Employment in aerospace products and parts manufacturing fell by 26,000, or 31%, following the 9/11 attacks. Industry payrolls have moved higher over the past year, adding more than 5,000 jobs as demand has picked up. Industry employment will further increase as the aerospace giant starts production of its new 787 airliner next year. Subcontractors may also expand their operations in the area.

There are a total of 170,263 housing units in the AA. Fifty one percent are 1-4 family units, and 49% are multi-family units, reflecting a high percentage of the housing stock in multi-family dwellings. The percentage of owner-occupied housing in the AA is low—39%. Conversely, rental units comprise 55% of the housing stock. This limits mortgage lending opportunities in the AA.

The Seattle-Bellevue-Everett MD faces a severe shortage of affordable housing, caused in part by the state's rapid population growth during the 1990s. The state's rental housing profile is one of the weakest in the nation with nearly one quarter of the renters paying more than 50% of their income toward housing costs.

A recent community contact with a CDFI identified financial literacy counseling, operating grant, and deposit placement as CD opportunities within the Seattle AA.

State of Oregon

Portland AA

Demographic Information for Full Scope Area: Portland AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	97	6.19	26.80	41.24	25.77	0.00
Population by Geography	334,520	3.07	28.48	46.35	22.10	0.00
Owner-Occupied Housing by Geography	77,967	1.44	20.12	49.95	28.48	0.00
Business by Geography	37,927	14.47	27.66	30.54	27.34	0.00
Farms by Geography	422	8.77	24.17	37.68	29.38	0.00
Family Distribution by Income Level	71,986	21.17	19.15	22.38	37.29	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	29,026	3.75	35.48	48.46	12.32	0.00
Median Family Income		55,453	Median Housing Value	\$283,400		
HUD Adjusted Median Family Income for 2006		66,900	Unemployment Rate (Sep 06)	4.8%		
Households Below Poverty Level		13%				

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2000 US Census and 2006 HUD updated MF, Bureau of Labor Statistics, National Association of Realtors (2Q2006)

The bank has defined an AA that is contained within the City of Portland. The AA is part of the Portland-Vancouver-Beaverton, OR-WA MSA #38900. The AA complies with the CRA regulation and does not arbitrarily exclude low- and moderate-income areas. HBUS operates one branch, located on the 16th floor of a high rise building. The branch was acquired from HSBC Bank Canada in December, 2002.

Portland, the largest city in Oregon is located in the northwest part of the state on the Willamette River in Multnomah County. Portland has a diverse economy with a broad base of manufacturing, distribution, wholesale and retail trade, regional government, and business services. Major manufacturing industries include machinery, electronics, metals, transportation equipment, and lumber and wood products. Technology is a thriving part of Portland's economy, with over 1,700 high-tech companies located in the metropolitan area; however, there isn't any one industry driving Portland's economy. Tourism is important to Portland's economy, drawing more than 7 million visitors annually. The port of Portland leads the West in grain exports and is among the top five auto-import centers in the United States. Major employers in the area include Intel Corporation, Providence Health Systems, and Oregon Health Services University.

The Portland housing market has heated up significantly in recent months. After consistently lagging behind nationwide trends in every month since the Asian financial crisis, local house-price appreciation finally caught up with the U.S. at the end of 2004, creating an affordability gap that makes home mortgage lending challenging. The weighted average of median housing prices increased by 140% from 1990-2000, while the weighted average of median family income increased by 0.53%. The influx of

population and the disproportionate increase in housing prices relative to family incomes exacerbated the shortage of affordable housing.

The AA has one of the lowest homeownership rates in the county, with only 49% of households owning their own homes. This is a function of the high cost of housing and home prices that are increasing much faster than median income. Rental housing is not much more affordable for lower-income individuals and families, as Oregon is ranked 48th on rental housing affordability, making it the third least affordable state for renters.

The financial services market in Portland is highly competitive. During 2005, there were 440 reporting lenders that made home mortgage loans and 71 reporting lenders made loans to small businesses, including large credit card companies that do not take deposits from the area. Opportunities exist in the form of grants, investments, and low-interest rate loans to assist various CD organizations involved in affordable housing.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of 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. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- 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. Refer to Interagency Q&As ___ .12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, 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. See Interagency Q&As ___12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item in the

MA/Assessment Area column and record the corresponding numbers and amounts in the “Qualified Investments” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of the Assessment Area” is used ONLY if the bank has otherwise adequately met the qualified investment needs of its 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: NEW YORK												
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005												
MA/Assessment Area (2006):	% 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:												
Albany AA	6.08	5,985	694,938	1,302	147,295	3	102	14	1,212	7,304	843,547	1.15
Buffalo AA	15.12	11,817	1,002,747	6,264	573,743	24	2,672	63	25,996	18,168	1,605,158	13.43
Nassau Suffolk AA	14.18	11,443	2,463,929	5,583	446,905	3	198	6	500	17,035	2,911,532	5.63
NYC AA	35.94	21,542	5,206,300	21,474	1,704,201	4	300	163	342,365	43,183	7,253,166	69.62
Rochester AA	9.36	8,243	712,982	2,957	314,777	5	190	37	17,565	11,242	1,045,514	3.85
Syracuse AA	3.85	3,214	232,609	1,387	176,975	14	748	16	10,774	4,631	421,106	1.54
Limited Review:												
Binghamton AA	1.66	1,567	107,792	412	36,772	7	459	3	225	1,989	145,248	0.58
Elmira AA	0.59	534	26,984	170	12,096	5	513	3	300	712	39,893	0.29
Ithaca AA	0.26	240	24,162	72	3,386	2	156	0	0	314	27,704	0.15
Kingston AA	0.77	870	122,129	55	3,625	0	0	3	1,500	928	127,254	0.05
Non MSA Areas	6.98	6,290	421,566	1,909	166,494	118	10,206	75	49,273	8,392	647,539	2.22
Poughkeepsie AA	3.79	3,858	639,775	676	50,894	0	0	10	8,797	4,544	699,466	0.94
Utica Rome AA	1.42	1,276	79,624	404	33,289	2	362	25	113,623	1,707	226,898	0.55
Broader statewide or regional area with potential to benefit assessment area	-----	0	0	0	0	0	0	39	266,236	39	266,236	-----

* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2005 to December 31, 2005.

*** Deposit Data as of June 30, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: NEW YORK		Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005	
MA/Assessment Area (2006):	Other * (Standby Letters of Credit)		Other Optional Loans* (80/20 Set aside Loans)		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
Albany AA	1	1,775	0	0	
Buffalo AA	1	1,041	0	0	
Nassau Suffolk AA	0	0	0	0	
NYC AA	14	169,035	0	0	
Rochester AA	0	0	1	4,100	
Syracuse AA	1	300	0	0	
Limited Review:					
Binghamton AA	0	0	0	0	
Elmira AA	0	0	0	0	
Ithaca AA	0	0	0	0	
Kingston AA	0	0	0	0	
Non MSA Areas	2	4,204	0	0	
Poughkeepsie AA	0	0	0	0	
Utica Rome AA	1	6,000	0	0	

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2005.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE 2005			Geography: NEW YORK				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa ll	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Albany AA	2,719	8.01	3.03	4.34	11.38	13.46	52.61	51.60	32.99	30.60	8.68	6.08	8.02	9.12	8.89	
Buffalo AA	6,355	18.72	4.34	2.05	13.17	10.15	51.87	50.70	30.61	37.10	20.53	18.02	18.53	21.62	19.82	
Nassau Suffolk AA	4,571	13.47	0.22	0.81	12.21	21.81	66.17	61.80	21.40	15.58	4.31	3.61	4.70	4.37	3.57	
NYC AA	10,540	31.05	2.58	3.61	13.53	16.99	28.16	32.68	55.73	46.72	5.31	4.67	4.88	6.22	4.98	
Rochester AA	4,255	12.54	3.78	2.40	12.44	13.54	49.42	52.29	34.36	31.77	14.10	10.80	13.58	15.71	12.34	
Syracuse AA	1,188	3.50	2.62	3.54	11.60	12.04	52.49	48.23	33.28	36.20	6.38	9.17	7.50	6.30	5.90	
Limited Review:																
Binghamton AA	702	2.07	0.97	1.42	9.07	15.81	61.79	55.70	28.17	27.07	11.83	14.29	16.95	12.10	9.30	
Elmira AA	148	0.44	0.44	0.00	9.73	10.81	63.37	62.16	26.45	27.03	8.39	0.00	5.74	9.49	7.43	
Ithaca AA	70	0.21	0.00	0.00	6.41	17.14	82.16	67.14	11.43	15.71	4.46	0.00	9.73	3.82	4.71	
Kingston AA	188	0.55	0.00	0.00	8.04	11.70	77.83	71.81	14.12	16.49	3.84	0.00	3.40	3.55	5.69	
Non MSA Areas	1,649	4.86	0.14	0.73	5.30	5.88	82.41	81.44	12.16	11.95	8.76	22.73	7.20	9.18	6.85	
Poughkeepsie AA	1,214	3.58	2.07	4.28	8.38	11.70	66.59	63.26	22.96	20.76	4.59	3.24	4.98	4.65	4.55	
Utica Rome AA	341	1.00	3.44	3.52	10.51	12.02	56.56	47.51	29.49	36.95	6.24	14.55	6.91	4.74	7.77	

* Based on 2005 Peer Mortgage Data (Eastern)

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

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT 2005		Geography: NEW YORK								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Albany AA	812	5.41	3.03	2.96	11.38	16.13	52.61	60.84	32.99	20.07	13.10	11.22	18.27	14.61	8.48
Buffalo AA	2,129	14.18	4.34	3.71	13.17	16.44	51.87	55.66	30.61	24.19	34.05	32.71	40.41	35.03	29.36
Nassau Suffolk AA	2,041	13.59	0.22	0.34	12.21	25.87	66.17	63.89	21.40	9.90	10.39	11.63	12.55	10.08	8.81
NYC AA	3,919	26.10	2.58	7.27	13.53	21.43	28.16	35.42	55.73	35.88	16.95	26.25	22.41	19.62	12.70
Rochester AA	1,453	9.68	3.78	4.40	12.44	16.24	49.42	58.57	34.36	20.78	21.39	27.74	21.67	23.11	16.62
Syracuse AA	792	5.28	2.62	2.02	11.60	14.52	52.49	57.83	33.28	25.63	16.77	17.86	18.86	17.87	13.91
Limited Review:															
Binghamton AA	310	2.06	0.97	1.29	9.07	9.68	61.79	70.32	28.17	18.71	15.53	7.14	15.93	16.58	12.96
Elmira AA	197	1.31	0.44	1.52	9.73	8.63	63.37	72.08	26.45	17.77	19.53	42.86	14.29	20.92	16.33
Ithaca AA	67	0.45	0.00	0.00	6.41	8.96	82.16	85.07	11.43	5.97	9.60	0.00	10.34	9.42	10.53
Kingston AA	178	1.19	0.00	0.00	8.04	14.04	77.83	71.35	14.12	14.61	10.48	0.00	17.78	9.15	13.33
Non MSA Areas	1,969	13.11	0.14	0.10	5.30	5.23	82.41	85.68	12.16	8.99	22.57	25.00	26.21	22.94	17.60
Poughkeepsie AA	763	5.08	2.07	4.06	8.38	13.50	66.59	67.10	22.96	15.33	11.61	20.88	16.67	11.50	8.80
Utica Rome AA	384	2.56	3.44	7.55	10.51	18.49	56.56	56.77	29.49	17.19	14.54	28.57	24.68	13.60	10.83

* Based on 2005 Peer Mortgage Data (Eastern)

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

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005			Geography: NEW YORK						Evaluation Period: JANUARY 1, 2004 TO						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Albany AA	2,440	8.86	3.03	3.36	11.38	13.32	52.61	56.02	32.99	27.30	7.68	5.65	7.24	8.21	7.12
Buffalo AA	3,313	12.03	4.34	2.66	13.17	12.04	51.87	56.08	30.61	29.22	12.56	14.64	13.56	13.28	10.94
Nassau Suffolk AA	4,823	17.52	0.22	0.60	12.21	24.36	66.17	64.98	21.40	10.06	2.97	3.21	3.40	3.01	2.03
NYC AA	6,785	24.64	2.58	4.36	13.53	17.82	28.16	31.72	55.73	46.10	3.29	3.05	3.08	3.35	3.36
Rochester AA	2,521	9.16	3.78	4.52	12.44	14.60	49.42	54.15	34.36	26.74	10.16	12.87	10.74	11.15	8.14
Syracuse AA	1,227	4.46	2.62	2.04	11.60	11.49	52.49	55.66	33.28	30.81	8.27	6.90	8.97	8.86	7.30
Limited Review:															
Binghamton AA	550	2.00	0.97	0.73	9.07	10.00	61.79	61.64	28.17	27.64	10.42	11.11	11.44	10.59	9.77
Elmira AA	189	0.69	0.44	1.06	9.73	11.64	63.37	58.73	26.45	28.57	7.33	11.11	11.30	6.71	7.12
Ithaca AA	102	0.37	0.00	0.00	6.41	6.86	82.16	90.20	11.43	2.94	5.77	0.00	4.35	6.24	1.45
Kingston AA	501	1.82	0.00	0.00	8.04	10.18	77.83	74.65	14.12	15.17	5.80	0.00	7.05	5.59	5.99
Non MSA Areas	2,658	9.65	0.14	0.26	5.30	6.28	82.41	82.73	12.16	10.72	12.75	57.14	12.15	13.07	10.96
Poughkeepsie AA	1,873	6.80	2.07	3.84	8.38	13.29	66.59	65.78	22.96	17.08	4.65	5.38	5.09	4.73	4.02
Utica Rome AA	549	1.99	3.44	2.73	10.51	9.65	56.56	62.48	29.49	25.14	10.26	10.71	11.07	10.96	8.65

* Based on 2005 Peer Mortgage Data (Eastern)

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

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

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: NEW YORK								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Albany AA	14	3.70	19.38	21.43	14.85	50.00	46.05	21.43	19.72	7.14	10.19	15.00	14.29	6.82	0.00
Buffalo AA	20	5.29	18.07	0.00	14.71	15.00	43.80	70.00	23.42	15.00	11.82	0.00	13.33	18.33	0.00
Nassau Suffolk AA	8	2.12	3.51	0.00	27.94	75.00	58.07	25.00	10.49	0.00	5.84	0.00	18.18	2.63	0.00
NYC AA	285	75.40	19.20	8.42	29.91	30.88	19.70	42.11	31.19	18.60	6.12	2.94	4.80	14.54	3.92
Rochester AA	14	3.70	16.47	14.29	20.27	21.43	41.02	50.00	22.24	14.29	15.87	16.67	4.76	26.32	18.18
Syracuse AA	7	1.85	27.53	0.00	23.45	28.57	32.78	71.43	16.24	0.00	4.49	0.00	5.56	9.38	0.00
Limited Review:															
Binghamton AA	5	1.32	17.36	20.00	37.04	40.00	30.23	40.00	15.37	0.00	11.76	20.00	4.76	28.57	0.00
Elmira AA	0	0.00	24.68	0.00	31.06	0.00	36.68	0.00	7.58	0.00	0.00	0.00	0.00	0.00	0.00
Ithaca AA	1	0.26	0.00	0.00	39.70	0.00	42.66	100.00	17.64	0.00	0.00	0.00	0.00	0.00	0.00
Kingston AA	3	0.79	0.00	0.00	30.58	100.00	64.41	0.00	5.01	0.00	8.11	0.00	25.00	0.00	0.00
Non MSA Areas	13	3.44	2.94	0.00	14.83	7.69	74.71	84.62	7.52	7.69	8.11	0.00	12.50	6.45	33.33
Poughkeepsie AA	8	2.12	15.63	25.00	20.85	37.50	59.37	25.00	4.16	12.50	9.09	10.53	13.64	6.25	0.00
Utica Rome AA	0	0.00	26.85	0.00	27.54	0.00	30.15	0.00	15.45	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2005 Peer Mortgage Data (Eastern)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES 31, 2005			Geography: NEW YORK						Evaluation Period: JANUARY 1, 2004 TO DECEMBER						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Albany AA	1,302	3.12	13.02	10.83	12.12	13.29	47.03	48.85	27.83	27.04	3.96	5.56	5.16	3.88	3.68
Buffalo AA	5,677	13.59	9.36	9.85	12.92	13.42	45.57	45.75	30.20	30.98	14.53	18.52	16.07	13.34	12.61
Nassau Suffolk AA	5,583	13.36	0.71	0.25	13.12	12.57	62.43	63.51	23.73	23.66	3.38	1.93	3.47	3.48	3.51
NYC AA	21,173	50.68	7.58	7.85	18.80	18.65	20.49	21.96	52.11	51.54	5.99	8.21	6.62	6.04	5.65
Rochester AA	2,957	7.08	10.02	8.69	15.11	15.69	44.57	46.97	30.17	28.64	7.70	9.28	8.88	7.98	7.03
Syracuse AA	1,387	3.32	14.42	17.38	12.64	11.68	47.13	48.74	25.80	22.21	5.91	8.99	6.33	5.88	5.32
Limited Review:															
Binghamton AA	412	0.99	8.95	8.50	16.55	25.24	53.20	34.22	21.31	32.04	4.47	3.01	7.33	3.42	5.64
Elmira AA	170	0.41	12.67	10.00	16.33	24.12	47.25	31.76	23.71	34.12	6.19	7.64	7.55	4.11	9.05
Ithaca AA	72	0.17	0.00	0.00	27.33	18.06	60.56	69.44	12.11	12.50	2.57	0.00	1.80	2.79	3.79
Kingston AA	55	0.13	0.00	0.00	11.72	12.73	75.86	74.55	12.42	12.73	0.66	0.00	0.88	0.69	0.74
Non MSA Areas	1,909	4.57	1.49	1.83	8.77	10.69	79.13	78.99	10.53	8.49	5.19	11.34	6.63	5.44	4.69
Poughkeepsie AA	676	1.62	7.45	11.54	12.43	10.06	61.56	58.58	18.55	19.82	2.32	4.96	2.48	2.24	2.26
Utica Rome AA	404	0.97	11.92	18.56	13.75	15.10	49.46	41.09	24.87	25.25	4.33	6.80	4.80	3.81	4.54

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2006).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2005			Geography: NEW YORK						Evaluation Period: JANUARY 1, 2004 TO						
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Albany AA	3	1.60	2.51	0.00	8.21	0.00	56.08	33.33	33.19	66.67	0.00	0.00	0.00	0.00	0.00
Buffalo AA	24	12.83	1.74	4.17	4.72	0.00	59.25	58.33	33.66	37.50	4.82	0.00	0.00	3.74	8.33
Nassau Suffolk AA	3	1.60	0.47	0.00	16.99	0.00	65.66	33.33	16.88	66.67	0.26	0.00	0.00	0.00	1.92
NYC AA	4	2.14	2.64	0.00	8.01	25.00	17.91	75.00	71.21	0.00	0.26	0.00	0.53	0.51	0.00
Rochester AA	5	2.67	1.67	0.00	6.98	0.00	63.37	40.00	27.98	60.00	0.67	0.00	0.00	0.46	2.00
Syracuse AA	14	7.49	2.44	0.00	8.63	28.57	50.28	42.86	38.65	28.57	3.50	0.00	25.00	1.49	1.79
Limited Review:															
Binghamton AA	7	3.74	0.67	0.00	4.68	0.00	80.40	100.00	14.25	0.00	2.61	0.00	0.00	2.91	0.00
Elmira AA	5	2.67	0.69	0.00	8.28	0.00	71.72	80.00	19.31	20.00	9.09	0.00	0.00	0.00	33.33
Ithaca AA	2	1.07	0.00	0.00	6.67	0.00	84.44	100.00	8.89	0.00	4.35	0.00	0.00	4.76	0.00
Kingston AA	0	0.00	0.00	0.00	5.13	0.00	71.03	0.00	23.85	0.00	0.00	0.00	0.00	0.00	0.00
Non MSA Areas	118	63.10	0.23	0.00	2.52	0.00	85.56	98.31	11.69	1.69	4.81	0.00	0.00	5.41	0.00
Poughkeepsie AA	0	0.00	0.89	0.00	7.22	0.00	63.92	0.00	27.97	0.00	0.00	0.00	0.00	0.00	0.00
Utica Rome AA	2	1.07	1.32	0.00	5.10	0.00	73.35	100.00	20.23	0.00	0.77	0.00	0.00	0.91	0.00

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2006).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: NEW YORK						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans**	% Families8	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Albany AA	2,719	8.01	18.98	7.28	18.30	30.73	22.91	26.54	39.80	35.45	7.35	7.94	9.96	6.95	6.16
Buffalo AA	6,355	18.72	20.37	13.35	18.07	31.56	22.08	23.48	39.48	31.60	18.46	21.85	22.89	16.01	16.16
Nassau Suffolk AA	4,571	13.47	18.03	4.66	18.61	24.73	24.19	27.48	39.18	43.13	2.77	6.70	6.16	2.12	2.40
NYC AA	10,541	31.06	27.89	0.70	15.69	9.79	16.62	23.62	39.79	65.89	4.09	5.84	9.57	7.56	3.29
Rochester AA	4,255	12.54	20.02	15.24	18.06	37.77	22.56	23.35	39.36	23.64	12.52	16.61	16.33	10.35	9.33
Syracuse AA	1,188	3.50	20.49	12.30	17.95	28.98	21.54	26.19	40.02	32.53	5.61	8.22	7.10	4.94	4.65
Limited Review:															
Binghamton AA	702	2.07	18.72	13.05	19.02	27.90	23.21	27.90	39.04	31.16	10.52	15.83	11.62	11.12	8.41
Elmira AA	148	0.44	18.47	12.10	18.72	37.90	23.44	30.65	39.37	19.35	6.95	5.26	11.59	8.14	3.22
Ithaca AA	70	0.21	19.53	4.55	17.96	21.21	23.38	25.76	39.13	48.48	3.78	1.22	3.97	4.98	3.44
Kingston AA	188	0.55	19.03	5.00	18.15	14.29	23.54	25.00	39.28	55.71	3.09	2.56	4.01	3.19	2.89
Non MSA Areas	1,649	4.86	18.94	8.09	18.66	23.79	23.14	26.38	39.27	41.74	7.96	12.61	9.39	7.92	6.97
Poughkeepsie AA	1,214	3.58	19.14	5.19	18.04	23.68	24.40	30.53	38.41	40.60	3.37	5.11	5.45	3.33	2.69
Utica Rome AA	343	1.01	19.49	10.09	17.60	24.92	22.45	27.13	40.46	37.85	5.80	7.31	6.87	4.80	5.45

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 12.5% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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.

8 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 31, 2005		Geography: NEW YORK								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families ⁹	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Albany AA	812	5.41	18.98	13.40	18.30	29.78	22.91	32.51	39.80	24.32	13.13	19.77	16.09	14.94	8.40
Buffalo AA	2,129	14.17	20.37	14.06	18.07	27.48	22.08	31.67	39.48	26.79	32.41	34.49	35.40	36.46	25.91
Nassau Suffolk AA	2,041	13.59	18.03	11.12	18.61	29.64	24.19	33.65	39.18	25.59	10.32	14.45	12.89	10.37	7.87
NYC AA	3,926	26.14	27.89	5.39	15.69	15.47	16.62	28.82	39.79	50.32	17.09	32.84	28.72	23.09	12.89
Rochester AA	1,453	9.67	20.02	17.09	18.06	30.82	22.56	28.38	39.36	23.71	20.83	21.76	23.58	20.33	17.92
Syracuse AA	792	5.27	20.49	14.43	17.95	28.74	21.54	27.59	40.02	29.25	16.63	20.13	20.58	17.69	12.33
Limited Review:															
Binghamton AA	310	2.06	18.72	17.32	19.02	28.43	23.21	30.07	39.04	24.18	15.03	18.54	15.26	20.00	9.83
Elmira AA	197	1.31	18.47	12.31	18.72	30.77	23.44	28.21	39.37	28.72	19.71	21.43	21.82	18.92	18.09
Ithaca AA	67	0.45	19.53	15.15	17.96	25.76	23.38	30.30	39.13	28.79	9.46	15.63	7.27	11.34	8.55
Kingston AA	178	1.18	19.03	5.11	18.15	28.41	23.54	36.36	39.28	30.11	11.05	12.50	15.87	11.67	8.10
Non MSA Areas	1,970	13.11	18.94	9.71	18.66	23.62	23.14	33.38	39.27	33.28	22.49	18.74	24.43	25.68	19.93
Poughkeepsie AA	763	5.08	19.14	8.98	18.04	25.34	24.40	34.99	38.41	30.70	11.47	15.14	13.81	12.67	8.91
Utica Rome AA	384	2.56	19.49	16.62	17.60	31.40	22.45	30.61	40.46	21.37	14.47	18.90	19.16	16.14	9.01

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 1.7% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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.

9 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 31, 2005			Geography: NEW YORK						Evaluation Period: JANUARY 1, 2004 TO DECEMBER						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families 10	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans**	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Albany AA	2,440	8.86	18.98	6.10	18.30	25.12	22.91	34.15	39.80	34.63	7.44	5.29	7.95	8.29	6.87
Buffalo AA	3,313	12.03	20.37	8.58	18.07	25.16	22.08	33.29	39.48	32.98	12.37	11.25	13.68	13.88	10.61
Nassau Suffolk AA	4,823	17.52	18.03	6.22	18.61	26.00	24.19	35.78	39.18	32.00	2.22	2.31	2.45	2.37	1.92
NYC AA	6,790	24.66	27.89	1.36	15.69	9.11	16.62	23.98	39.79	65.56	2.84	3.43	2.97	3.21	2.71
Rochester AA	2,521	9.16	20.02	10.65	18.06	30.65	22.56	31.54	39.36	27.16	10.11	8.71	11.61	11.33	8.30
Syracuse AA	1,227	4.46	20.49	8.09	17.95	27.67	21.54	32.35	40.02	31.89	8.45	7.33	9.75	9.34	7.20
Limited Review:															
Binghamton AA	550	2.00	18.72	10.61	19.02	25.28	23.21	30.02	39.04	34.09	10.07	9.59	10.03	10.88	9.63
Elmira AA	189	0.69	18.47	7.05	18.72	20.51	23.44	32.05	39.37	40.38	7.20	5.68	5.88	8.67	6.97
Ithaca AA	102	0.37	19.53	7.32	17.96	21.95	23.38	37.80	39.13	32.93	4.91	1.30	4.25	6.83	4.75
Kingston AA	501	1.82	19.03	4.31	18.15	21.32	23.54	34.26	39.28	40.10	5.38	5.03	5.93	6.02	4.74
Non MSA Areas	2,658	9.65	18.94	4.80	18.66	22.32	23.14	33.79	39.27	39.09	13.16	9.83	14.79	14.69	11.91
Poughkeepsie AA	1,873	6.80	19.14	5.73	18.04	24.51	24.40	36.55	38.41	33.21	4.18	4.46	4.78	4.53	3.56
Utica Rome AA	549	1.99	19.49	4.82	17.60	23.90	22.45	37.95	40.46	33.33	10.19	5.79	10.57	12.11	9.42

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 21.3% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

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

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES 31, 2005			Geography: NEW YORK		Evaluation Period: JANUARY 1, 2004 TO DECEMBER				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total* *	% of Businesses ***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Albany AA	1,302	3.05	61.36	63.06	75.12	13.52	11.37	3.96	5.78
Buffalo AA	6,264	14.68	62.13	56.82	82.04	8.35	9.61	14.53	19.16
Nassau Suffolk AA	5,583	13.09	68.33	69.93	88.98	6.63	4.39	3.38	5.11
NYC AA	21,474	50.33	66.46	66.14	90.38	5.33	4.29	5.99	8.20
Rochester AA	2,957	6.93	64.56	64.93	80.62	8.15	11.23	7.70	11.37
Syracuse AA	1,387	3.25	63.44	56.38	73.54	11.61	14.85	5.91	7.92
Limited Review:									
Binghamton AA	412	0.97	61.92	64.08	83.01	8.98	8.01	4.47	7.65
Elmira AA	170	0.40	57.98	54.12	84.71	7.65	7.65	6.19	8.88
Ithaca AA	72	0.17	59.86	65.28	90.28	8.33	1.39	2.57	3.24
Kingston AA	55	0.13	67.83	76.36	90.91	3.64	5.45	0.66	1.06
Non MSA Areas	1,909	4.47	56.82	65.48	82.14	9.27	8.59	5.19	7.29
Poughkeepsie AA	676	1.58	66.97	72.63	88.17	6.66	5.18	2.32	3.82
Utica Rome AA	404	0.95	60.04	65.59	84.16	9.16	6.68	4.33	5.73

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2006).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.76% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS 2005		Geography: NEW YORK			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total*	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Albany AA	3	1.60	92.79	100.00	100.00	0.00	0.00	0.00	0.00
Buffalo AA	24	12.83	90.25	83.33	62.50	29.17	8.33	4.82	5.51
Nassau Suffolk AA	3	1.60	91.43	66.67	100.00	0.00	0.00	0.26	0.32
NYC AA	4	2.14	89.55	75.00	100.00	0.00	0.00	0.26	0.16
Rochester AA	5	2.67	90.46	100.00	100.00	0.00	0.00	0.67	0.83
Syracuse AA	14	7.49	90.34	92.86	85.71	7.14	7.14	3.50	4.35
Limited Review:									
Binghamton AA	7	3.74	95.77	100.00	85.71	14.29	0.00	2.61	3.06
Elmira AA	5	2.67	91.72	100.00	80.00	0.00	20.00	9.09	11.11
Ithaca AA	2	1.07	91.85	100.00	100.00	0.00	0.00	4.35	4.76
Kingston AA	0	0.00	87.69	0.00	0.00	0.00	0.00	0.00	0.00
Non MSA Areas	118	63.10	92.11	85.59	72.88	20.34	6.78	4.81	4.43
Poughkeepsie AA	0	0.00	91.90	0.00	0.00	0.00	0.00	0.00	0.00
Utica Rome AA	2	1.07	94.14	100.00	0.00	100.00	0.00	0.77	0.93

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2006).

**** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.53% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: NEW YORK				Evaluation Period: FEBRUARY 24, 2003 TO SEPTEMBER 25, 2006			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Albany AA	1	50	33	583	34	633	0.35	1	4,710
Buffalo AA	1	250	66	10,973	67	11,223	6.21	4	5,853
Nassau/Suffolk AA	0	0	25	5,285	25	5,285	2.92	0	0
NYC AA	14	21,959	338	95,895	352	117,854	65.19	25	65,275
Rochester AA	1	250	41	1,326	42	1,576	0.87	2	888
Syracuse AA	0	0	21	177	21	177	0.10	0	0
Limited Review:									
Binghamton AA	0	0	6	316	6	316	0.17	1	1,339
Elmira AA	0	0	4	10	4	10	0.01	0	0
Ithaca AA	0	0	9	178	9	178	0.10	0	0
Kingston AA	0	0	3	15	3	15	0.01	0	0
Poughkeepsie AA	0	0	8	5,501	8	5,501	3.04	1	3,545
Utica-Rome AA	0	0	7	55	7	55	0.03	0	0
Non-Metro Areas	0	0	37	201	37	201	0.11	0	0
Broader Area With Potential to Benefit the AA	16	25,071	63	12,679	79	37,750	20.88	10	18,832

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: NY				Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER 25, 2006					
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:																	
Albany AA	1.15	14	3.59	14.29	21.43	42.86	21.43	0	2	-1	0	-1	0	7.92	14.94	49.22	27.89
Buffalo AA	13.43	64*	16.41	14.06	17.19	42.19	23.44	0	0	0	0	0	0	8.78	16.45	47.62	26.35
Nassau Suffolk AA	5.63	45	11.54	0.00	17.78	53.33	28.89	1	4	0	-1	-2	0	0.76	16.02	64.36	18.86
NYC AA	69.62	150**	39.49	2.00	18.67	25.33	52.67	14	5	+1	+2	+2	+4	14.72	27.97	25.49	31.64
Rochester AA	3.85	39	10.00	12.82	12.82	56.41	17.95	0	6	-1	-2	-2	-1	9.26	15.08	46.13	28.85
Syracuse AA	1.54	17	4.36	17.65	29.41	35.29	17.65	0	0	0	0	0	0	9.18	15.62	46.25	28.96
Limited Review:																	
Binghamton AA	0.58	11	2.82	9.09	36.36	27.27	27.27	0	2	-1	-1	0	0	2.83	14.70	56.37	26.10
Elmira AA	0.29	3	0.077	33.33	33.33	33.33	0.00	0	0	0	0	0	0	2.98	15.65	57.50	21.84
Ithaca AA	0.15	3	0.077	0.00	33.33	33.33	33.33	0	0	0	0	0	0	0.00	13.96	67.88	18.15
Kingston AA	0.05	1	0.026	0.00	0.00	100.0	0.00	0	0	0	0	0	0	0.00	11.62	75.28	13.10
Non MSA Areas	2.22	26	6.67	0.00	15.38	80.77	3.85	0	2	0	0	-1	-1	0.68	8.48	79.20	11.06
Poughkeepsie AA	0.94	11	2.82	9.09	18.18	63.64	9.09	0	0	0	0	0	0	7.18	11.97	62.07	18.75
Utica Rome AA	0.55	6	1.54	16.67	16.67	33.33	33.33	0	1	0	0	-1	0	7.58	14.97	51.87	25.56

* 3.13% of the branches are located in census tract not classified for income

** 1.33% of the branches are located in census tracts not classified for income

Table 1. Lending Volume

LENDING VOLUME		Geography: FLORIDA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area (2006):	% 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:												
Miami AA	43.16	9,906	1,602,334	985	89,466	0	0	24	26,150	10,915	1,717,950	83.79
Limited Review:												
Fort Lauderdale AA	34.79	8,416	1,387,818	381	37,375	0	0	1	140	8,798	1,425,333	7.88
West Palm Beach AA	22.05	5,384	911,319	192	22,776	0	0	0	0	5,576	934,095	8.32
Broader Area With Potential to Benefit the AA	-----	0	0	0	0	0	0	4	60,000	4	60,000	-----

* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2005 to December 31, 2005.

*** Deposit Data as of June 30, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: FLORIDA					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Miami AA	4,361	43.22	1.69	3.07	19.82	22.45	36.99	40.27	41.51	34.21	2.62	2.83	2.83	2.81	2.30	
Limited Review:																
Fort Lauderdale AA	3,379	33.49	1.16	2.40	23.67	24.47	45.93	49.27	29.24	23.85	2.22	2.06	2.70	2.40	1.58	
West Palm Beach AA	2,350	23.29	1.03	2.55	24.36	27.28	36.49	36.89	38.12	33.28	2.17	2.04	3.02	2.28	1.55	

* Based on 2005 Peer Mortgage Data (Eastern)

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

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT 2005		Geography: FLORIDA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,							
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Miami AA	804	46.02	1.69	2.24	19.82	22.14	36.99	42.66	41.51	32.96	6.52	6.21	7.68	7.47	5.06
Limited Review:															
Fort Lauderdale AA	574	32.86	1.16	1.92	23.67	23.52	45.93	48.95	29.24	25.61	4.83	6.73	5.43	4.93	4.20
West Palm Beach AA	369	21.12	1.03	2.17	24.36	35.77	36.49	39.02	38.12	23.04	3.86	7.35	5.65	4.05	2.25

* Based on 2005 Peer Mortgage Data (Eastern)

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

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE 31, 2005		Geography: FLORIDA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Miami AA	4,724	39.91	1.69	2.20	19.82	20.60	36.99	42.29	41.51	34.91	3.17	3.95	3.30	3.52	2.72
Limited Review:															
Fort Lauderdale AA	4,453	37.62	1.16	1.37	23.67	25.11	45.93	47.61	29.24	25.92	2.82	2.42	3.22	3.03	2.25
West Palm Beach AA	2,660	22.47	1.03	2.44	24.36	27.33	36.49	39.21	38.12	31.02	2.46	4.00	2.86	2.58	2.03

* Based on 2005 Peer Mortgage Data (Eastern)

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

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

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: FLORIDA					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overa ll	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans*** *	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
Full Review:																
Miami AA	10	41.67	6.85	20.00	35.49	40.00	30.24	30.00	27.42	10.00	1.55	2.30	1.52	0.95	1.67	
Limited Review:																
Fort Lauderdale AA	10	41.67	2.27	0.00	32.48	10.00	48.64	60.00	16.61	30.00	2.13	0.00	0.79	3.03	4.65	
West Palm Beach AA	4	16.66	2.32	25.00	32.80	25.00	31.87	50.00	33.00	0.00	2.11	5.26	1.52	2.78	0.00	

* Based on 2005 Peer Mortgage Data (Eastern)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: FLORIDA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Miami AA	974	62.96	4.94	5.13	22.05	21.46	32.29	31.31	40.31	42.09	0.78	0.99	0.91	0.77	0.74
Limited Review:															
Fort Lauderdale AA	381	24.63	4.75	4.99	22.72	24.67	42.65	42.26	29.88	28.08	0.34	0.52	0.38	0.34	0.31
West Palm Beach AA	192	12.41	2.96	2.60	21.22	13.02	34.72	32.29	40.95	52.08	0.23	0.26	0.14	0.24	0.27

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2006).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			Geography: FLORIDA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total*	% Families***	% BANK Loans**	% Families11	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****						
Full Review:																
Miami AA	4,368	43.26	23.00	1.05	16.98	8.65	18.53	21.23	41.50	69.08	1.12	3.59	2.57	1.35	1.01	
Limited Review:																
Fort Lauderdale AA	3,379	33.47	20.85	2.22	18.17	17.61	20.48	26.70	40.50	53.46	1.09	0.83	1.94	1.40	0.87	
West Palm Beach AA	2,350	23.27	19.13	4.37	18.54	17.24	20.68	24.67	41.64	53.72	1.25	2.72	2.59	1.57	0.90	

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 52.2% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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.

11 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 31, 2005		Geography: FLORIDA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total* *	% Famili es***	% BANK Loans****	% Families 12	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Miami AA	804	46.02	23.00	1.15	16.98	11.64	18.53	30.69	41.50	56.52	6.77	2.05	7.02	8.08	6.42
Limited Review:															
Fort Lauderdale AA	574	32.86	20.85	3.16	18.17	19.89	20.48	29.93	40.50	47.03	4.75	3.77	5.62	4.70	4.58
West Palm Beach AA	369	21.12	19.13	3.79	18.54	24.20	20.68	41.11	41.64	30.90	3.75	1.81	5.10	4.70	2.86

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 4.8% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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. 12 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 31, 2005		Geography: FLORIDA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total* *	% Families ***	% BANK Loans****	% Families 13	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans**	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Miami AA	4,724	39.91	23.00	1.18	16.98	11.74	18.53	28.52	41.50	58.57	2.23	1.34	2.06	2.51	2.17
Limited Review:															
Fort Lauderdale AA	4,453	37.62	20.85	3.75	18.17	21.01	20.48	32.37	40.50	42.87	2.01	1.64	2.21	2.33	1.79
West Palm Beach AA	2,661	22.48	19.13	4.45	18.54	24.26	20.68	31.07	41.64	40.22	1.76	1.47	1.89	2.15	1.53

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 41.5% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

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

Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES 2005		Geography: FLORIDA			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total*	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Miami AA	985	63.22	64.00	54.62	85.79	10.46	3.76	0.78	1.00
Limited Review:									
Fort Lauderdale AA	381	24.45	66.12	54.59	88.71	6.04	5.25	0.34	0.44
West Palm Beach AA	192	12.32	65.30	67.71	81.77	9.38	8.85	0.23	0.35

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2006).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 1.22% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: FLORIDA				Evaluation Period: FEBRUARY 24, 2003 TO SEPTEMBER 25, 2006			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Miami AA	1	523	22	1,021	23	1,544	4.22	2	865
Limited Review:									
Fort Lauderdale AA	0	0	2	3	2	3	0.01	0	0
West Palm Beach AA	0	0	7	510	7	510	1.39	0	0
Broader Area With Potential to Benefit the AA	0	0	43	232	43	232	0.63	0	0
Broader Area Without Potential to Benefit the AA	0	0	13	34,280	13	34,280	93.74	4	13,301

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: FLORIDA				Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER 25, 2006					
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:																	
Miami AA	83.79	10	62.50	10.00	0.00	20.00	70.00	4	0	0	0	+1	+3	4.89	28.61	35.68	30.79
Limited Review:																	
Fort Lauderdale AA	7.89	4	25.00	25.00	0.00	75.00	0.00	2	0	+1	0	+1	0	3.57	26.43	43.13	26.88
West Palm Beach AA	8.32	2	12.50	0.00	0.00	50.00	50.00	0	0	0	0	0	0	2.71	28.98	34.62	33.57

Table 1. Lending Volume

LENDING VOLUME		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area (2006):	% 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:												
Los Angeles AA	80.12	9,047	2,283,912	1,367	68,783	0	0	5	2,055	10,419	2,354,750	38.61
Limited Review:												
Oakland AA	10.53	1,334	365,856	35	3,719	0	0	0	0	1,369	369,575	6.36
San Francisco AA	9.35	1,142	476,882	71	10,038	0	0	4	62,600	1,217	549,520	55.03
Broader Area With Potential to Benefit the AA	-----	0	0	0	0	0	0	4	11,750	4	11,750	-----

* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2005 to December 31, 2005.

*** Deposit Data as of June 30, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: CALIFORNIA		Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005	
MA/Assessment Area (2006):	Other* (Standby Letters of Credit)		Other Optional Loans* (80/20 Set aside)		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
Los Angeles AA	1	5,576	1	4,100	
San Francisco AA	0	0	0	0	
Limited Review:					
Oakland AA	0	0	0	0	

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2005.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE 2005		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Angeles AA	2,879	77.79	2.22	5.21	19.20	28.52	28.47	35.29	50.12	30.98	2.15	3.03	2.68	2.43	1.51
Limited Review:															
Oakland AA	442	11.94	11.95	30.09	24.22	33.71	31.33	23.08	32.50	13.12	1.39	2.11	1.48	1.01	0.79
San Francisco AA	380	10.27	3.13	11.05	22.70	27.63	46.45	33.95	27.73	27.37	1.23	1.80	1.22	1.08	1.20

* Based on 2005 Peer Mortgage Data (Western)

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

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT 2005		Geography: CALIFORNIA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Los Angeles AA	1,120	82.05	2.22	4.82	19.20	33.84	28.47	34.73	50.12	26.61	4.60	5.31	6.07	5.21	3.09
Limited Review:															
Oakland AA	151	11.06	11.95	29.14	24.22	45.70	31.33	12.58	32.50	12.58	3.52	4.92	4.60	1.81	2.31
San Francisco AA	94	6.89	3.13	6.38	22.70	35.11	46.45	39.36	27.73	19.15	2.60	4.76	2.70	2.77	1.75

* Based on 2005 Peer Mortgage Data (Western)

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

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005			Geography: CALIFORNIA								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Los Angeles AA	5,007	78.16	2.22	3.20	19.20	26.56	28.47	34.71	50.12	35.53	1.82	1.78	2.00	2.14	1.48
Limited Review:															
Oakland AA	733	11.44	11.95	23.06	24.22	35.61	31.33	22.37	32.50	18.96	1.47	1.90	1.90	1.11	0.83
San Francisco AA	666	10.40	3.13	5.86	22.70	27.48	46.45	42.04	27.73	24.62	1.39	1.34	1.51	1.50	1.11

* Based on 2005 Peer Mortgage Data (Western)

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

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

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans*** *	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
Full Review:																
Los Angeles AA	41	80.39	15.28	14.63	31.08	53.66	26.19	21.95	27.45	9.76	0.96	0.76	1.32	0.81	0.56	
Limited Review:																
Oakland AA	8	15.69	28.69	37.50	31.52	50.00	35.16	12.50	4.64	0.00	1.52	2.03	2.06	0.63	0.00	
San Francisco AA	2	3.92	28.01	0.00	26.91	0.00	24.07	100.00	21.00	0.00	0.33	0.00	0.00	1.00	0.00	

* Based on 2005 Peer Mortgage Data (Western)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES 31, 2005			Geography: CALIFORNIA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Angeles AA	1,367	92.80	10.47	5.05	22.07	11.56	23.62	16.24	43.71	67.15	0.30	0.31	0.25	0.24	0.37
Limited Review:															
Oakland AA	35	2.38	30.70	62.86	24.90	11.43	26.51	11.43	17.37	14.29	0.10	0.32	0.08	0.09	0.05
San Francisco AA	71	4.82	27.84	36.62	26.32	29.58	24.03	15.49	21.81	18.31	0.15	0.30	0.15	0.08	0.11

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2006).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 2005		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans**	% Families ¹⁴	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Angeles AA	2,879	77.79	27.11	0.16	17.34	1.55	16.73	10.91	38.82	87.38	0.88	0.00	1.05	0.91	0.88
Limited Review:															
Oakland AA	442	11.94	33.31	0.42	18.01	8.90	17.45	33.90	31.23	56.78	0.57	1.09	0.97	0.88	0.44
San Francisco AA	380	10.27	28.37	0.31	18.90	5.03	18.72	20.75	34.01	73.90	0.80	1.85	1.87	1.85	0.66

* Based on 2005 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 51.9% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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.

¹⁴ 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, 2004 TO DECEMBER 31, 2005									
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families 15	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Angeles AA	1,120	82.05	27.11	4.06	17.34	12.55	16.73	26.20	38.82	57.20	4.73	9.59	10.24	5.91	3.87
Limited Review:															
Oakland AA	151	11.06	33.31	12.00	18.01	38.67	17.45	22.67	31.23	26.67	3.71	6.02	9.00	2.91	1.99
San Francisco AA	94	6.89	28.37	18.68	18.90	23.08	18.72	30.77	34.01	27.47	2.47	5.08	6.50	3.00	1.22

* Based on 2005 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 2.9% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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. 15 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, 2004 TO DECEMBER 31, 2005							
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families 16	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans**	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Angeles AA	5,007	78.16	27.11	0.71	17.34	5.72	16.73	21.08	38.82	72.48	1.27	0.73	1.13	1.36	1.27
Limited Review:															
Oakland AA	733	11.44	33.31	4.80	18.01	23.40	17.45	29.60	31.23	42.20	1.01	0.62	1.68	0.96	0.89
San Francisco AA	666	10.40	28.37	2.99	18.90	15.67	18.72	28.17	34.01	53.17	1.12	1.01	1.85	1.87	0.79

* Based on 2005 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 31.4% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES 31, 2005				Geography: CALIFORNIA			Evaluation Period: JANUARY 1, 2004 TO DECEMBER		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total*	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Los Angeles AA	1,367	92.80	65.37	30.29	93.78	3.58	2.63	0.30	0.23
Limited Review:									
Oakland AA	35	2.38	68.29	68.57	80.00	14.29	5.71	0.10	0.12
San Francisco AA	71	4.82	64.12	67.61	78.87	14.08	7.04	0.15	0.21

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2006).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 1.29% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: CALIFORNIA				Evaluation Period: FEBRUARY 24, 2003 TO SEPTEMBER 25, 2006			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Los Angeles AA	3	160	110	14,006	113	14,166	10.55	2	5,144
Limited Review:									
San Francisco AA	1	100	44	22,855	45	22,955	17.09	1	1,128
Oakland AA	0	0	26	2,699	26	2,699	2.01	1	973
Broader Area With Potential to Benefit the AA	1	38	45	58,991	46	59,029	43.96	10	16,372
Broader Area Without Potential to Benefit the AA	0	0	5	35,445	5	35,445	26.82	7	8,449

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER 25, 2006					
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:																	
Los Angeles AA	38.61	8	72.73	25.00	12.50	37.50	25.00	4	0	+2	+1	+1	0	11.12	34.35	26.54	27.96
Limited Review:																	
Oakland AA	6.36	1	9.09	0.00	0.00	100.0	0.00	0	0	0	0	+1	0	25.36	31.25	26.33	16.96
San Francisco AA	55.03	2	18.18	50.00	0.00	50.00	0.00	2	1	0	0	+1	0	12.84	29.23	39.46	18.47

Table 1. Lending Volume

LENDING VOLUME 31, 2005		Geography: DISTRICT OF COLUMBIA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER				
MA/Assessment Area (2006):	% 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:												
DC AA	100.00	555	186,072	12	1,092	0	0	0	0	567	187,164	100.00

* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2005 to December 31, 2005.

*** Deposit Data as of October 11, 2006. 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 DECEMBER 31, 2005			Geography: DISTRICT OF COLUMBIA						Evaluation Period: JANUARY 1, 2004 TO						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
DC AA	302	100.00	17.41	24.17	27.43	33.77	1.77	2.32	53.40	39.74	1.00	1.07	0.76	5.56	1.09

* Based on 2005 Peer Mortgage Data (Eastern)

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

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2005		Geography: DISTRICT OF COLUMBIA								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
DC AA	19	100	17.41	21.05	27.43	36.84	1.77	0.00	53.40	42.11	1.47	0.00	2.16	0.00	2.00

* Based on 2005 Peer Mortgage Data (Eastern)

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

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE TO DECEMBER 31, 2005			Geography: DISTRICT OF COLUMBIA								Evaluation Period: JANUARY 1, 2004				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
DC AA	234	100.00	17.41	20.09	27.43	29.91	1.77	1.28	53.40	48.72	0.85	0.67	0.77	4.69	0.96

* Based on 2005 Peer Mortgage Data (Eastern)

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

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

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY DECEMBER 31, 2005			Geography: DISTRICT OF COLUMBIA						Evaluation Period: JANUARY 1, 2004 TO						
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans*** *	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
DC AA	0	0.00	27.77	0.00	24.93	0.00	3.45	0.00	43.85	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2005 Peer Mortgage Data (Eastern)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2005			Geography: DISTRICT OF COLUMBIA								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
DC AA	12	100.00	23.70	16.67	20.92	0.00	0.36	0.00	43.21	83.33	0.12	0.05	0.00	0.00	0.25

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2006).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE DECEMBER 31, 2005		Geography: DISTRICT OF COLUMBIA								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans**	% Families17	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
DC AA	302	100.00	40.06	2.36	16.63	17.72	12.49	26.77	30.82	53.15	0.66	0.00	0.95	0.84	0.55

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 15.9% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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.

17 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 DECEMBER 31, 2005		Geography: DISTRICT OF COLUMBIA								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total* *	% Famili es***	% BANK Loans****	% Families 18	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
DC AA	19	100.00	40.06	0.00	16.63	11.11	12.49	38.89	30.82	50.00	1.37	0.00	1.41	2.17	1.05

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 5.3% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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. 18 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 DECEMBER 31, 2005		Geography: DISTRICT OF COLUMBIA										Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total* *	% Families ***	% BANK Loans****	% Families 19	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans**	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
DC AA	234	100.00	40.06	5.31	16.63	14.98	12.49	20.29	30.82	59.42	0.76	0.74	0.81	0.74	0.76	

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 11.5% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2005			Geography: DISTRICT OF COLUMBIA				Evaluation Period: JANUARY 1, 2004 TO		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total*	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
DC AA	12	100.00	63.20	33.33	91.67	0.00	8.33	0.12	0.11

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2006).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 50.00% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: DISTRICT OF COLUMBIA				Evaluation Period: FEBRUARY 24, 2003 TO SEPTEMBER 25, 2006			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
DC AA	0	0	27	843	27	843	86.11	0	0
Broader Area With Potential to Benefit the AA	0	0	36	136	36	136	13.89	1	1,377
Broader Area Without Potential to Benefit the AA	0	0	0	0	0	0	0.00	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: DISTRICT OF COLUMBIA				Evaluation Period:					
JANUARY 1, 2004 TO SEPTEMBER 25, 2006																	
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:																	
DC AA	100.00	3*	100	0.00	0.00	0.00	75.00	3**	0	0	0	0	+2	32.75	29.83	1.88	33.01

* One branch is located in a census tract which is not classified for income.

** One branch was opened in a census tract not classified for income.

Two branches are located inside foreign embassies and have limited access.

Table 1. Lending Volume

LENDING VOLUME 2005		Geography: WASHINGTON STATE						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,				
MA/Assessment Area (2006):	% 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:												
Seattle AA	100.00	1,103	298,908	51	3,896	0	0	1	250	1,155	303,054	100.00

* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2005 to December 31, 2005.

*** Deposit Data as of October 11, 2006. 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 DECEMBER 31, 2005		Geography: WASHINGTON STATE						Evaluation Period: JANUARY 1, 2004 TO							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Seattle AA	464	100.00	2.04	2.80	13.94	20.26	49.26	49.78	34.76	27.16	1.40	1.62	2.02	1.26	1.23

* Based on 2005 Peer Mortgage Data (Western)

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

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2005			Geography: WASHINGTON STATE						Evaluation Period: JANUARY 1, 2004 TO						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Seattle AA	54	100.0	2.04	7.41	13.94	24.07	49.26	48.15	34.76	20.37	4.31	14.81	5.26	3.69	3.52

* Based on 2005 Peer Mortgage Data (Western)

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

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005			Geography: WASHINGTON STATE								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Seattle AA	584	100	2.04	4.28	13.94	14.38	49.26	48.80	34.76	32.53	1.93	3.81	1.75	2.08	1.58

* Based on 2005 Peer Mortgage Data (Western)

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

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

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY 31, 2005			Geography: WASHINGTON STATE						Evaluation Period: JANUARY 1, 2004 TO DECEMBER						
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans*** *	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Seattle AA	1	100	8.45	0.00	29.23	0.00	41.43	0.00	20.89	100.00	0.37	0.00	0.00	0.00	1.79

* Based on 2005 Peer Mortgage Data (Western)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

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Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2005		Geography: WASHINGTON STATE								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Seattle AA	51	100.00	6.44	0.00	25.43	9.80	38.08	7.84	30.06	82.35	0.08	0.00	0.06	0.05	0.16

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2006).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS TO DECEMBER 31, 2005			Geography: WASHINGTON STATE								Evaluation Period: JANUARY 1, 2004				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	% of Farms* **	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Seattle AA	0	0.00	4.13	0.00	19.89	0.00	48.78	0.00	27.20	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2006).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE DECEMBER 31, 2005		Geography: WASHINGTON STATE								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans**	% Families20	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Seattle AA	464	100.00	21.98	2.75	16.77	18.65	20.54	28.44	40.70	50.15	0.82	0.75	0.95	0.99	0.73

* Based on 2005 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 29.5% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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.

20 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 DECEMBER 31, 2005		Geography: WASHINGTON STATE								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total* *	% Famili es***	% BANK Loans****	% Families 21	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Seattle AA	54	100.00	21.98	9.62	16.77	15.38	20.54	36.54	40.70	38.46	4.13	0.00	5.98	5.56	3.17

* Based on 2005 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 3.7% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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.

21 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 DECEMBER 31, 2005		Geography: WASHINGTON STATE								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families 22	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans**	Overa II	Low	Mod	Mid	Upp
Full Review:															
Seattle AA	584	100.00	21.98	2.74	16.77	13.70	20.54	27.63	40.70	55.94	1.48	1.26	1.67	1.57	1.40

* Based on 2005 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 25.0% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2005			Geography: WASHINGTON STATE				Evaluation Period: JANUARY 1, 2004 TO		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total*	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Seattle AA	51	100	66.35	13.73	90.20	1.96	7.84	0.08	0.03

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2006).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: WASHINGTON				Evaluation Period: FEBRUARY 24, 2003 TO SEPTEMBER 25, 2006			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Seattle AA	0	0	18	4,389	18	4,389	100.00	4	3,443
Broader Area With Potential to Benefit the AA	0	0	0	0	0	0	0.00	0	0
Broader Area Without Potential to Benefit the AA	0	0	0	0	0	0	0.00	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2004 TO SEPTEMBER 25, 2006								Geography: WASHINGTON STATE				Evaluation Period:					
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:																	
Seattle AA	100.00	1	100	0.00	100	0.00	0.00	0	0	0	0	0	0	8.39	20.96	45.18	25.47

Table 1. Lending Volume

LENDING VOLUME		Geography: OREGON						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area (2006):	% 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:												
Portland AA	100.00	891	127,527	7	2,228	0	0	1	500	899	130,255	100.00

* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2005 to December 31, 2005.

*** Deposit Data as of June 30, 2005. 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: OREGON						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Portland AA	342	100.00	1.44	1.46	20.12	37.13	49.95	49.42	28.48	11.99	1.21	0.71	1.75	1.29	0.32

* Based on 2005 Peer Mortgage Data (Western)

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

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT 2005			Geography: OREGON						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Portland AA	54	100.00	1.44	3.70	20.12	25.93	49.95	57.41	28.48	12.96	3.40	3.70	1.71	4.24	3.17

* Based on 2005 Peer Mortgage Data (Western)

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

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE 31, 2005			Geography: OREGON				Evaluation Period: JANUARY 1, 2004 TO DECEMBER					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
Full Review:																
Portland AA	494	100.00	1.44	2.23	20.12	32.39	49.95	53.24	28.48	12.15	1.81	1.65	2.53	1.79	0.97	

* Based on 2005 Peer Mortgage Data (Western)

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

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

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

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Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY			Geography: OREGON				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans*** *	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
Full Review:																
Portland AA	1	100.00	6.20	0.00	45.93	100.00	29.25	0.00	18.62	0.00	0.67	0.00	1.49	0.00	0.00	

* Based on 2005 Peer Mortgage Data (Western)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: OREGON						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Portland AA	7	100.00	14.47	14.29	27.66	0.00	30.54	28.57	27.34	57.14	0.02	0.06	0.01	0.01	0.04

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2006).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: OREGON						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans**	% Families ²³	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Portland AA	342	100.00	21.17	4.83	19.15	26.90	22.38	30.34	37.29	37.93	0.53	0.41	1.13	0.69	0.25

* Based on 2005 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 57.6% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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.

23 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 31, 2005		Geography: OREGON								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total* *	% Famili es***	% BANK Loans****	% Families 24	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Portland AA	54	100.00	21.17	11.32	19.15	28.30	22.38	26.42	37.29	33.96	3.44	4.48	3.39	2.41	4.09

* Based on 2005 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 1.9% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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.

24 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 31, 2005		Geography: OREGON								Evaluation Period: JANUARY 1, 2004 TO DECEMBER					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total* *	% Families ***	% BANK Loans****	% Families 25	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans**	Overa ll	Low	Mod	Mid	Upp
Full Review:															
Portland AA	494	100.00	21.17	7.09	19.15	28.72	22.38	32.98	37.29	31.21	1.05	1.05	0.92	1.15	1.05

* Based on 2005 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 42.9% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES 2005		Geography: OREGON			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total*	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Portland AA	7	100	64.43	28.57	42.86	14.29	42.86	0.02	0.02

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2006).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: OREGON				Evaluation Period: FEBRUARY 24, 2003 TO SEPTEMBER 25, 2006			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Portland AA	0	0	22	1,096	22	1,096	24.35	2	1,659
Broader Area With Potential to Benefit the AA	0	0	35	1	35	1	0.02	0	0
Broader Area Without Potential to Benefit the AA	0	0	1	3,405	1	3,405	75.63	1	387

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										Geography: OREGON				Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER 25, 2006			
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:																	
Portland AA	100.00	1	100.00	0.00	0.00	0.00	100	0	0	0	0	0	0	3.07	28.48	46.35	22.10

Table 1. Lending Volume

LENDING VOLUME		Geography: MULTISTATE MSA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005				
MA/Assessment Area (2006):	% 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:												
New Castle County AA-DE	64.90	2,514	313,812	12	1,520	0	0	1	8,600	2,527	323,932	49.55
Philadelphia AA-PA	35.10	1,207	111,384	154	13,363	0	0	6	16,600	1,367	141,347	50.45
Broader Regional Area with potential to benefit	-----							2	1,100	2	1,100	-----

* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2005 to December 31, 2005.

*** Deposit Data as of June 30, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 1. Other Products

LENDING VOLUME		Geography: MULTISTATE MSA		Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2005	
MA/Assessment Area (2006):	Other* (Standby Letters of Credit)		Other Optional Loans* (80/20 Set Aside Loans)		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
New Castle County AA-DE	1	25,021	1	5,000	
Philadelphia AA-PA	0	0	0	0	

* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2005.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE 31, 2005			Geography: MULTISTATE MSA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
New Castle County AA-DE	663	69.57	1.63	2.87	14.37	20.51	52.46	65.76	31.53	10.86	3.05	3.32	3.60	3.66	1.28
Philadelphia AA-PA	290	30.43	40.96	29.31	41.74	41.72	11.81	18.62	5.49	10.34	1.36	1.28	1.75	1.13	0.58

* Based on 2005 Peer Mortgage Data (Eastern)

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

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

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2005		Geography: MULTISTATE MSA								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
New Castle County AA-DE	276	53.59	1.63	2.90	14.37	20.65	52.46	64.13	31.53	12.32	5.30	9.38	7.29	6.09	2.03
Philadelphia AA-PA	239	46.41	40.96	47.28	41.74	43.10	11.81	8.79	5.49	0.84	3.74	5.74	3.39	1.51	0.51

* Based on 2005 Peer Mortgage Data (Eastern)

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

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

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005		Geography: MULTISTATE MSA								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% Owner Occ Units***	% BANK Loans***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
New Castle County AA-DE	1,573	70.04	1.63	1.53	14.37	18.18	52.46	67.13	31.53	13.16	4.43	2.59	5.54	5.20	2.00
Philadelphia AA-PA	673	29.96	40.96	31.65	41.74	48.14	11.81	16.34	5.49	3.86	2.47	2.91	2.62	2.12	0.79

* Based on 2005 Peer Mortgage Data (Eastern)

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

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

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY 2005		Geography: MULTISTATE MSA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans*** *	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
Full Review:															
New Castle County AA-DE	2	40.00	5.57	0.00	20.78	50.00	54.10	50.00	19.55	0.00	6.90	0.00	20.00	6.25	0.00
Philadelphia AA-PA	3	60.00	23.73	33.33	26.13	0.00	24.41	33.33	25.73	33.33	1.57	1.79	0.00	4.00	2.44

* Based on 2005 Peer Mortgage Data (Eastern)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2005			Geography: MULTISTATE MSA						Evaluation Period: JANUARY 1, 2004 TO						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total*	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
New Castle County AA-DE	12	7.32	16.51	25.00	14.59	8.33	43.67	41.67	25.12	25.00	0.08	0.39	0.05	0.07	0.07
Philadelphia AA-PA	152	92.68	35.12	64.47	31.31	23.03	15.11	3.29	16.43	9.21	0.47	1.15	0.38	0.25	0.31

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Source Data - Dun and Bradstreet (2006).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 31, 2005		Geography: MULTISTATE MSA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans**	% Families26	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overa ll	Low	Mod	Mid	Upp
Full Review:															
New Castle County AA-DE	663	69.42	18.86	15.41	17.43	41.69	23.45	27.79	40.26	15.11	1.98	3.14	2.41	2.11	1.07
Philadelphia AA-PA	292	30.58	47.39	15.71	20.76	34.55	15.73	18.32	16.12	31.41	0.89	0.84	1.70	0.59	0.62

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 45.3% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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.

26 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 DECEMBER 31, 2005		Geography: MULTISTATE MSA								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total* *	% Famili es***	% BANK Loans****	% Families 27	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
New Castle County AA-DE	276	53.59	18.86	13.01	17.43	40.52	23.45	27.51	40.26	18.96	5.36	4.39	8.04	5.33	3.32
Philadelphia AA- PA	239	46.41	47.39	43.93	20.76	36.40	15.73	14.23	16.12	5.44	3.85	5.39	4.62	3.05	1.17

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 1.4% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** 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.

27 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 DECEMBER 31, 2005		Geography: MULTISTATE MSA								Evaluation Period: JANUARY 1, 2004 TO					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total*	% Families***	% BANK Loans****	% Families 28	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans**	Overall	Low	Mod	Mid	Upp
Full Review:															
New Castle County AA-DE	1,573	70.04	18.86	12.95	17.43	35.36	23.45	31.37	40.26	20.32	3.28	3.55	3.77	3.78	2.16
Philadelphia AA-PA	673	29.96	47.39	21.74	20.76	34.55	15.73	27.00	16.12	16.70	2.07	2.38	2.53	2.55	1.05

* Based on 2005 Peer Mortgage Data (Eastern)

** As a percentage of loans with borrower income information available. No information was available for 35.8% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

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

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

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2005		Geography: MULTISTATE MSA			Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total*	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
New Castle County AA-DE	12	7.23	63.66	83.33	91.67	0.00	8.33	0.08	0.15
Philadelphia AA-PA	154	92.77	61.20	72.73	88.31	4.55	7.14	0.47	0.76

* Based on 2005 Peer Small Business Data -- US and PR

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

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2006).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Institution ID:

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: MULTISTATE METROPOLITAN AREA				Evaluation Period: FEBRUARY 24, 2003 TO SEPTEMBER 25, 2006					
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
New Castle County AA-DE	0	0	38	436	38	436	1.15	0	0
Philadelphia AA-PA	0	0	22	13,024	22	13,024	34.32	4	4,683
Broader Area With Potential to Benefit the AA	0	0	55	8,245	55	8,245	21.72	3	2,196
Broader Area Without Potential to Benefit the AA	0	0	20	16,246	20	16,246	42.81	3	4,100

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: MULTISTATE				Evaluation Period: JANUARY					
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:																	
New Castle County AA-DE	49.55	1	33.33	100.0	0.00	0.00	0.00	1	0	+1	0	0	0	4.43	17.68	51.55	26.34
Philadelphia AA-PA	50.45	2	67.67	50.00	50.00	0.00	0.00	1	0	0	+1	0	0	46.41	37.21	10.80	5.28