PUBLIC DISCLOSURE

January 6, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Charles Schwab Bank, Federal Savings Association
Charter Number: 718077

5190 Neil Road Suite 300
Reno, Nevada 89502

Office of the Comptroller of the Currency

Midsize Bank Supervision
400 7th Street SW, Suite 3E-218
Washington, DC 20219

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

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General Information and Overall CRA Rating

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Charles Schwab Bank issued by the OCC, the institution's supervisory agency, for the evaluation period ending December 31, 2013. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: This institution is rated **Outstanding.**

We rated Charles Schwab Bank (CSB) under the Strategic Plan Criteria. For this Performance Evaluation, we evaluated the Bank under two Strategic Performance Plans spanning 39 months. These Performance Plans have measurable goals to meet the Community needs through Lending, Investments and Services.

CONCLUSIONS:

The Bank's performance under the Lending Test is Outstanding based on the following factors:

- Community development lending significantly exceeded the 2009 and 2012 Plan thresholds for outstanding performance

- The percentage of low- and moderate-income (LMI) loans originated or purchased exceeded the 2009 Plan thresholds for satisfactory performance and met the 2012 goals for satisfactory performance.

The Bank's performance under the Investment Test is Outstanding based on the following factor:

- Community development investments exceeded the threshold for satisfactory performance in the 2009 Plan and substantially exceeded the 2012 Plan thresholds for outstanding performance.

The Bank's performance under the Service Test is Outstanding based on the following factor:

- Community development services exceeded the goals set forth for outstanding performance for the 2009 Plan and substantially exceeded the outstanding performance goals in the 2012 Plan.

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, and are 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/assessment area.

Census Tract (CT) – 2000 Census: 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.

Census Tract (CT) – 2010 Census: Small, relatively permanent statistical subdivisions of a county delineated by local participants as part of the U.S. Census Bureau's Participant Statistical Areas Program. The primary purpose of CTs is to provide a stable set of geographic units for the presentation of decennial census data. CTs generally have between 1,500 and 8,000 people, with an optimum size of 4,000 people.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income (LMI) individuals; community services targeted to LMI 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 LMI geographies.

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

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

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

Consumer Financial Protection Bureau: The Consumer Financial Protection Bureau is an independent agency of the United States government responsible for consumer protection in the financial sector.

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

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.

Office of Thrift Supervision: The Office of Thrift Supervision was a United States federal agency under the Department of the Treasury that chartered, supervised, and regulated all federally chartered and state-chartered savings banks and savings and loans associations.

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

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

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

Median Family Income (MFI) – 2000 Census: 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.

Median Family Income (MFI) – 2010 Census: The median income derived from the United States Census Bureau's American Community Survey data every 5 years and used to determine the income level category of geographies. Also, it is the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level of individuals within a geography. For any given geography, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

Office of the Comptroller of the Currency (OCC): The OCC is an independent bureau of the U.S. Department of the Treasury.

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

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

Fair Lending or Other Illegal Credit Practices Review

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

The OCC did not identify evidence of discriminatory or other illegal credit practices with respect to this institution.

Further, section 1025 of the Dodd–Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203) assigns to the CFPB exclusive examination authority, and primary enforcement authority, to ensure compliance by banks with Federal consumer financial laws, if the bank or FSA has more than $10 billion in assets. The CFPB has not provided the OCC with any information about, or other evidence of, discriminatory or other illegal credit practices relative to this institution with respect to the Federal consumer financial laws.

Description of Institution

Background

CSB is a federal savings association headquartered in Reno, Nevada. The Bank opened its doors in April 2003, and is a wholly owned subsidiary of Charles Schwab Corporation (CSC), a savings and loan holding company based in San Francisco, California. CSC, through its principal subsidiary Charles Schwab & Co. (CS&Co), is primarily engaged in securities brokerage.

CSB has a unique business model that differs significantly from traditional brick and mortar bank models. CSB markets products and services to customers of its affiliate in order to complement the range of financial services and products offered by CS&Co. Unique features of the Bank's business model include:

- Limited retail brick and mortar branch presence in Reno, NV and the San Francisco Bay Area, CA;
- Extensive use of Internet and mobile delivery channel for client service;
- Limited product set focused on CS&Co. brokerage clients;
- Narrow credit product line with strong mortgage orientation; and,
- Nationwide customer base for products and services, with highest concentration in the state of California and several additional major metropolitan areas.

In 2009, CSB received approval from the OTS, to operate under a Strategic Plan for purposes of assessing its CRA performance record (12 CFR §195.27) for the period October 1, 2009 – September 30, 2012. In October 2012, the Office of the Comptroller of the Currency (OCC) approved a new Plan for the period from October 1, 2012 – December 31, 2015. Given its non-traditional banking model, the Bank has elected to continue utilizing the Strategic Plan framework for this evaluation.

CSB's Operations

Financial Information

At December 31, 2013, CSB's Report of Condition reported total assets of $99.9 billion, total liabilities of $93.3 billion, and total equity capital of $6.6 billion. The Bank's assets were $87 billion in cash and investment securities, $12.5 billion in loans, and $369 million in other assets. CSB's liabilities were $93 billion in deposits and $265 million in other liabilities. CSB's tier one capital of $6.6 billion represented 19 percent of risk-weighted assets.

Products and Services

CSB offers a limited range of products that are primarily marketed to individual clients of CS&Co. Deposit products include interest-bearing checking accounts, savings accounts, certificates of deposit, and money market deposit accounts. Loan products include overdraft lines of credit, home equity lines of credit, residential mortgage loans for home purchase and refinance, and stock-secured personal loans. CSB does not offer business-lending products.

As noted above, CSB has a limited physical branch presence with only twelve branches, two located in the Reno-Sparks, NV assessment area and ten located in the Bay Area, CA assessment area. Only one is a stand-alone branch in Reno, NV. The remaining eleven branches are domiciled in CS&Co brokerage branches. CSB serves the vast majority of its customers by alternative delivery systems including telephone, mail, a transactional internet website, mobile capabilities and other electronic means such as ATMs. Reflecting the business model, over 95 percent of deposits are associated with broker-dealer relationships, and only 3 percent are derived from Bank branches. Given its reliance on non-branch delivery systems, deposits are sourced and products are available nationally.

The Office of Thrift Supervision performed the prior CRA Performance Evaluation as of December 6, 2010. The scope of the evaluation covered a review period of October 1, 2009, through September 30, 2010. The OTS rated CSB satisfactory, which included plan year one of the 2009 plan.

Scope of Evaluation

This Evaluation includes CSB's performance from October 1, 2010, through December 31, 2013. This 39-month period encompasses portions of two separate and distinct CRA Strategic Plans.

Plan Naming Convention

2009 Plan
Plan Year 2 – October 2010 – September 2011
Plan Year 3 – October 2011 – September 2012

2012 Plan
Plan Year 1 – October 2012 – December 2013

The 2009 Plan Coverage

The 2009 Plan approved by the OTS covers the 24-month period from October 1, 2009, through September 2012. The OTS evaluated the first year of this Plan in the prior evaluation. This Performance Evaluation covers Plan Year 2 and 3 of the 2009 Strategic Plan as noted below.

The 2012 Plan Coverage

The 2012 Plan approved by the OCC runs from October 1, 2012 through December 31, 2015. This evaluation covers the 15-month period from October 1, 2012 to December 31, 2013.

CSB 2009 Strategic Plan Criteria

CRA Goals for Lending, Investing, and Services Within its CRA Assessment Areas (AA)

Under a Strategic Plan, CRA regulations require CSB to specify measurable goals for helping to meet the credit needs of the assessment area or areas covered by the Plan, including the needs of LMI geographies and LMI individuals, through lending, investment, and services, as appropriate.

Lending and Lending Related Activities

CSB's goal was to make HMDA reportable loans to LMI borrowers and community development loans and fund lending related activities in both the Reno-Sparks and the Bay Area assessment areas. For the Plan period, the annual goal for lending and lending related activities is $20 million in year one and $35 million respectively in years two and three for a total of $90 million over the three year Plan period. This performance evaluation covers years two and three of the 2009 Plan, with a total of $70 million. Outstanding performance as laid out in the Plan is 15 percent over each year's goal, or $40.25 million per year.

The Bank committed to originate or purchase at least 125 percent of the running three year average of loans to LMI borrowers as a percentage of reportable loans originated by all HMDA reporters in each of the bank's AAs for each of the three whole HMDA reporting years contained within the Plan Period.

CSB committed to make qualified community development investments for the Plan Period with the annual goal for community development investments of $30 million for a three year plan total of $90 million.

CSB committed to serve on at least ten boards, task forces, or committees whose primary goal is community development in the Reno-Sparks AA and/or San Francisco Bay Area AA.

See the table below for detailed information on the community development loan, investment, and services goals for each AA over the Plan Period.

CRA Strategic Plan Lending and Investing Goals for the Plan Period
By Year and Assessment Area

Plan Year	Reno-Sparks, NV		San Francisco Bay Area		Total		
	Community Development Lending	Community Development Investments	Community Development Lending	Community Development Investments	Community Development Lending	Community Development Investments	Community Development Services
Year 1	$5,000,000	$6,000,000	$15,000,000	$24,000,000	$20,000,000	$30,000,000	Serve on no fewer than 10 boards, task forces & committees in both AA combined.
Year 2	$9,000,000	$6,000,000	$26,000,000	$24,000,000	$35,000,000	$30,000,000	
Year 3	$9,000,000	$6,000,000	$26,000,000	$24,000,000	$35,000,000	$30,000,000	

CSB 2012 Strategic Plan Criteria

Plan Framework - Point Matrix Overview

Evaluation of CSB performance under this Plan is based on a matrix that assigns point values to each category of activity and benchmark level contained in the Plan. As detailed below, component points are then aggregated to arrive at cumulative totals for each Plan year. Point totals of 39 and 57 are needed to earn CSB ratings of Satisfactory and Outstanding, respectively, for each Plan year.

The following tables provide a detailed illustration of how the matrix works. Point values correspond to three possible benchmark levels for each performance category (Levels 1, 2 and 3). While it is necessary to achieve at least "Level 1" performance in all required categories in order to achieve a satisfactory rating, attainment of Level 1 in these categories, alone, is not sufficient to earn a satisfactory rating. Additional points may be earned in a variety of ways to increase totals above the baseline level. This approach affords CSB the necessary flexibility to respond to community needs and opportunities, as well as consider market conditions, internal capacity and constraints over the Plan period.

At the same time, although a number of different point combinations might earn the requisite total, the Plan framework does not allow CSB to earn an overall Outstanding in a given Plan Year, unless it achieves at least Level 2 lending and investment volumes for that Plan Year.

HMDA-Reportable Loans to LMI Borrowers and LMI Geographies

HMDA loan originations and purchases are compared to peer percentage of all originations by HMDA-reporting lenders to LMI borrowers and in LMI geographies in the relevant geography. The comparator is based on the most recent HMDA aggregate data available during the year in which the loan was made.

Loans and Investments

The point matrix establishes overall dollar targets for each Plan Year, corresponding to Levels 1, 2 and 3, as noted above. These targets include mandatory minimum targets for loans, investments, overall volume and for each AA (Reno-Sparks and Bay Area). Once the minimum target levels are achieved for each category, the framework allows CSB to structure transactions in response to community needs (either as loans or investments) and to source transactions in the broader statewide or regional area, to achieve the remainder of the volumes needed under the cumulative targets. Notwithstanding the foregoing, CSB strives to achieve a volume of loans and investments in its AA that exceed the minimum targets.

CSB must achieve annual Level 1 volume targets for loans and investments in both AAs in order to trigger consideration of initiatives outside of its AAs, subject to the exceptions set forth below. Likewise, CSB must achieve at least the total cumulative volume indicated for Level 1 (e.g. $120 million in Plan Year 1) in order to achieve points for any level in the Reno-Sparks or Bay Area assessment areas.

If the bank exceeds the Level 1 annual target within either or both AAs, CSB has several options:

- The additional volume may be applied toward the statewide or regional area target. Thus, if in Plan Year 1 the Bank provides $4 million in Reno-Sparks (met Level 1), $85 million in the Bay Area (exceeds Level 1 by $45 million, and only $31 million in the statewide or regional area (misses target by $45 million, the $120 million cumulative volume would earn CSB full points for its Year 1 community development lending and investment commitments.

- If CSB does not need the volume to offset a deficit in the statewide or regional area, the excess volume may be applied to achieve Level 2 or Level 3 targets in the current year, and carried over to a future year to attain the cumulative target in the corresponding AA.

See the table below for detailed information on the goals for Year One of the Plan.

HMDA-reportable Loans

Metric	Geography	Component Test	Level 1		Level 2		Level 3	
			Minimum	Points	Minimum	Points	Minimum	Points
% of peer aggregate	Reno	LMI Borrowers	75%	3.0	100%	4.0	125%	5.0
		LMI Geography	25%	1.5	100%	2.0	125%	2.5
	Bay Area	LMI Borrowers	75%	3.0	100%	4.0	125%	5.0
		LMI Geography	25%	1.5	100%	2.0	125%	2.5

Community Development Loans & Investments *($ in thousands)*

Metric	Geography	Component Test	Level 1			Level 2			Level 3		
			Quantitative		Qualitative Points	Quantitative		Qualitative Points	Quantitative		Qualitative Points
			Minimum	Points		Minimum	Points		Minimum	Points	
Dollar Volume of Commitments	Reno	Loans	$2,000	4.5	1.5	$3,000	6.0	2.0	$4,000	7.5	2.5
		Investments	$2,000	4.5	1.5	$3,000	6.0	2.0	$4,000	7.5	2.5
		Subtotal	**$4,000**			**$6,000**			**$8,000**		
	Bay Area	Loans	$20,000	4.5	1.5	$28,000	6.0	2.0	$42,000	7.5	2.5
		Investments	$20,000	4.5	1.5	$28,000	6.0	2.0	$42,000	7.5	2.5
		Subtotal	**$40,000**			**$56,000**			**$84,000**		
	Reno, Bay Area, or Statewide or Regional Area	Loans or Investments	**$76,000**	N/A	N/A	**$106,000**	N/A	N/A	**$176,800**	N/A	N/A
	Total		**$120,000**			**$168,000**			**$268,800**		

Community Development Services

Metric	Geography	Component Test	Level 1			Level 2			Level 3		
			Quantitative		Qualitative Points	Quantitative		Qualitative Points	Quantitative		Qualitative Points
			Minimum	Points		Minimum	Points		Minimum	Points	
Number of Service Hours	Reno	Community Development Services	400	4.5	1.5	600	6.0	2.0	800	7.5	2.5
	Bay Area		400	4.5	1.5	800	6.0	2.0	1,000	7.5	2.5

Performance Evaluation - Points Needed	Reno	Bay Area	Combined
Satisfactory	19.5	19.5	39.0
Outstanding*	28.5	28.5	57.0

*Achievement of Level 2 in the category of Community Development Loans and Investments in both AAs is required for an Outstanding rating.

CRA Ratings of the Assessment Areas

State of Nevada - Reno-Sparks AA

CRA Rating for Nevada: **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:

- Overall, CSB exceeded its goals for outstanding performance in originating community development loans. Community development lending exceeded the 2009 Plan Year 2 goal for satisfactory performance of $9 million. Community development lending substantially exceeded the $10.35 million 2009 Plan Year 3 goal for outstanding performance. The Bank also significantly exceeded the Level 3 2012 performance goal of $4 million.

- Overall, CSB exceeded its goals for satisfactory performance in originating HMDA loans to LMI borrowers and in LMI geographies. The percentage of HMDA Loans to LMI borrowers originated or purchased exceeded the 2009 Plan goal for outstanding in Plan Year 2 and exceeded the satisfactory goal in Plan Year 3. The percentage of loans originated or purchased did not meet Level 1 goals to LMI borrowers but exceeded the Level 1 goals to borrowers in LMI geographies for Plan Year 1 of the 2012 Plan.

- Overall, the bank exceeded its goals for outstanding performance in originating community development investments. CSB's qualified investments were more than double the $14 million committed during the evaluation period. For Plan Years 2 and 3 of the 2009 Plan, CSB exceeded the satisfactory goal of $6 million. For Plan Year 1 of the 2012 Plan, CSB significantly exceeded the Level 3 goal of $4 million.

- Overall, the bank exceeded its goals for outstanding performance in performing community development services. CSB's community development services exceeded the goal for satisfactory performance in Plan Years 2 and 3 of the 2009 Plan. Note this goal was a combined goal for Reno-Sparks AA and the Bay Area. CSB's 2012 results significantly exceed the Level 3 performance goals for Plan Year 1 of the 2012 Plan.

Description of Assessment Area

Metropolitan Area of Reno-Sparks AA

The bank has delineated the entire Reno-Sparks MSA as its one AA in Nevada. The Reno-Sparks MSA (population 425,400) is comprised of two counties, Storey County (population 4,400) and Washoe County (population 421,000). Geographically, Washoe is the seventh largest county, and Storey is the second smallest county in Nevada. Storey is located southeast of Washoe and has limited opportunities for community development activities as much of its land area either is controlled by the Bureau of Land Management or is designated with historical landmark status. After posting a significant growth in population during the first half of the decade, growth in the Reno-Sparks Assessment Area slowed to about three percent after 2007. The 2011 HUD updated median family income for the area was $70,500 and the 2010 median wage was $33,043. The updated median family income declined in 2013; with a 2013, FFEIC updated median family income of $65,200.

High unemployment rates, significant job losses, decreasing wages, increased personal bankruptcy, and foreclosures underscore the devastating impact that the national recession had in the Reno-Sparks AA, and throughout the state of Nevada. The state's economy shrank 10.0 percent in real terms from 2007 to 2010, putting Nevada among the bottom four states in the nation. Nevada lost 10.4 percent of its jobs from 2007 through 2011, with 99.0 percent of job losses concentrated in its two major metropolitan areas. Nevada's unemployment spiked more than 10 percentage points from 2006 to 2010 and by the summer of 2011 it hovered around 13 percent—the highest unemployment rate in the nation. Home prices fell by more than half in the state, and its metropolitan areas became epicenters of the nationwide foreclosure crisis.

Conclusions about Performance Tests in: Nevada - Outstanding

The limited presence of community development lenders, constrained housing market, still-maturing community development infrastructure and minimal level of public subsidy curtailed the availability of lending and investing opportunities in the Reno-Sparks MSA during the evaluation period. Because its business model limits both the infrastructure and product set to originate loans directly, CSB pursued partnerships with intermediaries and other third parties to deploy its capital. CSB developed or maintained strong relationships with the small number of Community Development Financial Institutions (CDFI) serving the area, making it a significant participant in the limited multifamily affordable housing market and enabling it to help facilitate small business credit. A key priority was to encourage CDFIs or other intermediaries without a local presence to enter the Reno-Sparks market and to help facilitate CDFI entering the market.

Lending Performance

The Bank's overall lending performance exceeded the goals for outstanding performance for the entire evaluation period. CSB exceeded outstanding performance goals for community development lending for all three years. CSB's lending to LMI borrowers and in LMI geographies exceeded the satisfactory performance goals as set forth in the plans.

Lending Goal 1 – CD Loans – Outstanding

CSB's overall CD lending exceeded goals for outstanding performance for the entire evaluation period. The Bank significantly exceeded the thresholds for outstanding performance in two of the three Plan years. The CSB community development lending goals for the Reno-Sparks Assessment Area in Plan Year 2 and 3 of the 2009 Plan were $9 million each. In Plan Year 2, CSB extended $9.5 million. In Plan Year 3, CSB extended $15.2 million.

For Plan Year 1 of the 2012 Plan, CSB extended $12.63 million in CD loans. This volume significantly exceeded the Level 3 performance goal of $4 million. Considering the above performance, CSB met the level for outstanding performance in the Reno-Sparks AA.

During the evaluation period, CSB funded loans to, and more importantly, provided leadership by introducing well-established intermediaries (Clearinghouse CDFI and Valley Economic Development Corporation) to the Reno-Sparks MSA. This is in addition to existing relationships (Idaho-Nevada CDFI, Rural Nevada Development Corporation and Nehemiah Community Reinvestment Fund). These intermediaries bridge public and private financing to provide financial education and financing to LMI individuals and to LMI geographies.

Lending Goal 2 – LMI Mortgage Loans - Satisfactory

Overall, CSB exceeded its satisfactory performance goals for originating HMDA loans to LMI borrowers and in LMI geographies. During Plan Year 2, CSB purchased 89 mortgage loans. Of the 89 loans purchased, 33 loans (37.08 percent) were loans to LMI borrowers, compared to area peer lender loans to LMI borrowers at 23.45[1] percent. The bank's performance exceeded the outstanding goal of 33.70 percent as noted in Appendix A "Summary of 2009 Plan Performance Table." During Plan Year 3, CSB purchased 65 mortgage loans. Of the 65 loans purchased, 25 (38.46 percent) were loans to LMI borrowers, compared to area peer lenders loans to LMI borrowers at 29.39[1] percent. The bank's performance exceeded the satisfactory performance goal of 36.74 percent.

CSB's performance for Plan Year 1 of the 2012 Plan met the Level 1 performance goal for HMDA loans to LMI borrowers and, CSB exceeded the Level 1 performance goal for loans in LMI geographies as noted in appendix A "Summary of 2012 Plan Performance Table." CSB purchased 115 loans that included 31 (26.96 percent) to LMI borrowers and six (5.22 percent) in LMI geographies. CSB's LMI borrower performance was 83.96 percent of the 32.11 percent of 2010 HMDA aggregate data for the AA, and was above the 75.00 percent borrower goal for Level 1 performance. CSB's performance by geography was 43.17 percent of the 2010 HMDA aggregate data for the AA, and exceeded the 25.00 percent geographic goal for Level 1 performance.

Investment Goal - Outstanding

Overall, the bank exceeded its goals for outstanding performance in originating community development investments. CSB committed to making $14.9 million in qualified investments during the evaluation period. The bank actually made $29 million qualified investments, far exceeding the goals during the evaluation period. For Plan Year 2 of the 2009 Plan CSB invested $6.5 million, which exceeded the $6 million satisfactory performance goal. For Plan Year 3 of the 2009 Plan, CSB invested $6.3 million, which also exceeded the satisfactory performance goal.

CSB invested $16.3 million for Plan Year 1 of the 2012 Plan, which significantly exceeded the $4 million Level 3 goal. Additionally, qualitative points of 1.5 points were assigned for the bank's leadership in several investments, as illustrated below. While only one of the Plan Years exceeded outstanding goals, the investment volume across all three years significantly exceeded the dollar amount the bank committed to invest over this time period. This performance elevated the overall satisfactory rating to outstanding.

[1] Peer mortgage data as reported by the Federal Financial Institutions Examination Council for the referenced AA.

Examples of investments include the following highly responsive investments and grants:

- CSB supported small business development primarily through relationships with third party lending and investment intermediaries. For the evaluation period the Bank maintained, and/or renewed EQ2s and/or other investments with such longstanding partners as Rural Nevada Development Corporation, Idaho-Nevada CDFI, Rural Community Assistance Corporation, DBL Fund, CRA Fund, and Solomon Hess Capital Management.

- CSB made a $20,000 grant to Children's Cabinet, a qualified community services organization. Services provided include food, shelter, crisis intervention for youth, childcare resource, and emergency shelter for homeless youth.

- CSB made a $20,000 grant to the city of Reno Housing and Neighborhood Development. The funding helped to support the entities neighborhood stabilization program including foreclosure mitigation in the AA.

- CSB made a $15,000 grant to Restart, a qualified community services organization. The entity provides mental health and life skills training to mental ill homeless individuals in the AA.

Service Goal - Outstanding

Overall, the bank exceeded its outstanding performance goals for performing community development services. CSB is a CD service leader in the Reno-Sparks AA as indicated by the capacity building initiatives carried out by the CSB team. CSB's community development services exceeded the satisfactory performance goals for Plan Year 2 and 3 of the 2009 Plan.

CSB's 2012 performance significantly exceeded the Level 3 performance goals for Plan Year 1 of the 2012 Plan. CSB's quantitative performance accounted for the maximum points of 7.5. The bank's use of several innovative services, often in a leadership role, that were highly responsive to identified needs in the AA, accounted for an additional 2.5 qualitative points being assigned.

CSB far exceeded 2009 Plan targets for a Satisfactory rating, achieving 26 board and committee positions for both AAs in Plan Year 2 and 34 in Plan Year 3, versus the 10 positions required by the Plan. The 2009 Plan did not establish targets for an outstanding rating in this category, nor did it provide a broader target for community development service. However, the Bank's records show that CSB employees committed close to 6,000 non-board-related CRA-eligible service hours during these two Plan Years. A significant number of service initiatives were innovative, demonstrated leadership, and reflected a high level of responsiveness to community needs.

Below are examples of community development services that exhibit bank leadership and were highly responsive to identified needs in the AA.

Financial Stability Partnership of Northern Nevada

In response to the severe economic downturn, in 2008 CSB began an innovative partnership with the United Way of Northern Nevada seeking to address pervasive financial insecurity among LMI Northern Nevadans. The partnership helped to catalyze the formation of the Financial Stability Partnership of Northern Nevada (FSPNN), a grass-roots collaborative that has since evolved into a platform for myriad cross-sector community efforts in this area. Throughout the evaluation period, CSB's community affairs manager held a leadership role as Chair of FSPNN, while continuing to facilitate and participate with other local, state and national asset-building partnerships. By emphasizing a cross-sector, collaborative approach, CSB and its community partners are well positioned to respond proactively with tailored and timely solutions as needs and opportunities arise.

Key FSPNN initiatives developed and implemented under CSB's leadership during the evaluation period include:

- Assets & Opportunity Network – FSPNN serves as the Northern Nevada Local Lead Organization for this network of advocates, practitioners, policymakers and others who work to expand the reach and deepen the impact of asset-based strategies. The Corporation for Enterprise Development developed a local county profile for FSPNN as Local Lead, which will be a valuable tool in creating community asset building programs, and informing policy and advocacy efforts over the next few years.
- Asset Building Learning Cluster – FSPNN created this educational program for human service providers seeking to integrate asset-building into their existing programs and services
- Nevada Assets & Opportunity Summit – CSB initiated, hosted and managed the first ever Nevada-wide summit aimed at bringing together cross-sector representatives for education, best practice exchange and advancement of policy solutions around assets and financial security. The summit included break-out sessions with over 25 guest speakers sharing their work in the field, and a pre-conference workshop to connect local youth organizations to best practice models from the Bay Area that were seeking new markets for expansion.
- Assets & Opportunity Legislative Day – First ever coordinated advocacy and policy effort of its kind and focus in Nevada.
- Family College Night – An educational workshop to support the Nevada State Treasurer's "Nevada Kicks Start College Savings Program."

Financial Guidance Center Collaboration

The Financial Guidance Center (FGC) is a HUD-approved financial counseling agency serving the state of Nevada. The FGC has been a strong collaborator with CSB in efforts to expand access to quality, affordable financial products and services for low-income Nevadans. CSB has had a relationship with the FGC since 2002 through grant funding and program development. A CSB representative serves on the Northern Nevada advisory board.

During the evaluation period, CSB and FGC took the lead in bringing the following opportunities to the Reno-Sparks AA, and to LMI Nevadans throughout the state:

- Mission Asset Fund (MAF), Lending Circles – Toward the end of 2011, CSB identified a unique opportunity to facilitate expansion of an innovative San Francisco Bay Area-based credit-building program to Reno-Sparks Nevada AA. Common throughout the world, Lending Circles are informal arrangements where individuals form a group and pool resources together to benefit each member of the group over time. MAF, already a CSB partner in Bay Area, had created a way to “institutionalize” Lending Circles, acting as the administrator, automating the deposit and withdrawal of payments, adding a credit-reporting component to help participants build credit and reduce payment risk and formalizing the loan process by incorporating debt instruments such as promissory notes, and loan disclosures. As MAF sought other communities to take part in its program, it began looking for potential nonprofit partners. Under its scaling model, MAF would work closely with the selected organizations to provide training, financial capability curriculum, outreach and loan servicing tools, and technical support. MAF would also help to service and process the loans. Partners provide education and support to Lending Circles participants to improve access to build credit histories, learn to use loans responsibly and increase their financial health. Partners develop core knowledge of the Lending Circles program and adapt it to meet the needs of their specific community, while providing financial capability education, managing the loans, and collecting data.

In 2012-2013, Schwab introduced MAF to the FGC, provided financial support to both organizations, and played a strong facilitator role to bring this much-needed product to the Nevada market.

State of California – Bay Area AA

CRA Rating for California:	**Outstanding**
The Lending Test is rated:	**Outstanding**
The Investment Test is rated:	**Satisfactory**
The Service Test is rated:	**Outstanding**

The major factors that support this rating include:

- Overall CSB exceeded its outstanding community development lending goals in the Bay Area AA. Community development lending exceeded the 2009 Plan Year 2 and 3 outstanding goals of $29.9 million. CSB also significantly exceeded the 2012 Plan Level 3 performance goal of $42 million.

- Overall, CSB exceeded its goals for satisfactory performance in originating HMDA loans to LMI borrowers and in LMI geographies. CSB’s originations and purchases of HMDA loans to LMI borrowers exceeded the 2009 Plan Year 2 and 3 satisfactory goals. The percentage of HMDA loans originated or purchased for Plan Year 1 of the 2012 Plan exceeded the Level 1 performance goal for LMI borrowers and exceeded the Level 2 performance goal for loans in LMI geographies.

- Overall the bank exceeded its satisfactory investment goals. CSB’s qualified investments were significantly above $68 million committed during the evaluation period to meet the satisfactory goal, and nearly met the $97.2 million overall outstanding goal. For Plan Year 2 of the 2009 Plan CSB invested $25.2 million, which exceeded the satisfactory threshold of $24 million. For Plan Year 3 of the 2009 Plan, CSB invested $27.1 million, which was slightly below the $27.6 million threshold for outstanding performance. For Plan Year 1 of the 2012 Plan, CSB invested $24.5 million during the current period, and had $9.2 million in prior period investments that remained outstanding, for a total of $33.7 million. This exceeded the Level 2 goal of $28 million. Adding $10 million in allowable regional and statewide investments that the bank originated, CSB exceeded the Level 3 goal of $42 million in the 2012 Plan.

- Overall the bank exceeded its outstanding performance goals for performing community development services. CSB's community development services substantially exceeded the goal for satisfactory performance in the 2009 Plan Years 2 and 3. For Plan Year 1 of the 2012 Plan, CSB's 2012 community development services significantly exceeded the Level 3 performance goals.

Description of Assessment Area

Metropolitan Area of San Francisco Bay Area AA

The Bay Area AA, comprised of the San Francisco and the San Jose MSAs, has a combined population of 6.17 million people based on the 2010 census data. This is up 5.3 percent from the 2000 census.

The San Francisco MSA is comprised of two MDs, the San Francisco MD and the Oakland MD. The San Francisco MD consists of three counties: Marin County (population 252,000), San Francisco County (population 825,000) and San Mateo County (population 718,000). The Oakland MD consists of two counties: Alameda County (population 1.5 million) and Contra Costa County (population 1 million). The San Jose MSA comprises two counties, San Benito County (population 55,100) and Santa Clara County (population 1.8 million). All of these areas have experienced population increases in line with the overall Bay Area increase.

The 2011 HUD median family income weighted average for the Bay Area was $98,200 and the 2010 weighted average median wage was $48,125. The 2011 HUD updated median family income was specified for the San Francisco MD at $101,600, the Oakland MD at $92,300, and the San Jose MSA at $103,600. The 2010 median wage was specified for the San Francisco MSA overall at $46,370 and for the San Jose MSA at $52,000. The 2013 FFIEC updated median family income for each area was as follows: $101,200 for the San Francisco MD, $89,200 for the Oakland MD, and $101,300 for the San Jose MSA.

The Bay Area recovered at a moderate pace during the evaluation period due to its skilled workforce and the complementary nature of the three major metropolitan areas of the Bay Area. The Oakland area is an infrastructure and transportation hub; the San Francisco area serves as a commercial, financial, and, more recently, technology hub; and the San Jose area attracts technology firms and start-ups with connections to capital investors and research institutions. However, during the evaluation period, growth was tempered by the high cost of living and doing business in the area, highlighted by persistent unemployment, slow wage growth, and high rates of foreclosure activity.

Conclusions about Performance Tests in: California - Outstanding

Lending Performance – Outstanding

The Bank's overall lending performance exceeded the goals for outstanding performance during the evaluation period. CSB exceeded outstanding performance goals for community development lending for all three years. CSB's lending to LMI borrowers and in LMI geographies exceeded the satisfactory performance goals as set forth in the plans.

Lending Goal 1 – CD Loans – Outstanding

Overall CSB exceeded its outstanding community development lending goals in the Bay Area AA. The Bank exceeded the thresholds for outstanding community development performance in all three of the plan years. The outstanding CSB community development lending goals for the Bay Area AA in Plan Year 2 and 3 of the 2009 Plan were $29.9 million each. In Plan Year 2, CSB extended $129.4 million. In Plan Year 3, CSB extended $125.9 million. For Plan Year 1 of the 2012 Plan, CSB extended $132.8 million in CD loans. This volume exceeded the Level 3 performance goal of $42 million.

The Bay Area AA remained a competitive market for community development financing during the evaluation period. Credit needs for viable projects and initiatives were well-served by traditional retail banks, who, with branch networks, greater brand recognition and on-the-ground loan officers, were better positioned than CSB to capture the majority of the community development market. At the same time, the availability of affordable housing projects remained limited by a low subsidy environment.

For a short period during the economic recession, lenders retreated to a core market in the inner Bay Area and tightened their underwriting criteria, resulting in a temporary slowdown in capital flow, particularly around construction to permanent financing and commercial real estate financing. Even as capital flow recovered in the urban core; however, statewide and regional markets remained somewhat underserved.

In this context, and given its limited capacity for product origination, CSB focused on niche opportunities, including transactions with intermediary investors and lenders who finance affordable housing projects, small business and community facilities. With the brief contraction of available financing during the economic downturn, CSB pursued community development lending and investment opportunities with targeted funds to add liquidity to the marketplace.

The Bank invested with CDFIs, both directly and in the form of loan participations. Of particular note, CSB helped to capitalize a unique fund focused on financing fresh food retail projects in underserved LMI communities. As highlighted below, California Freshworks is a unique initiative, highly responsive, innovative and complex in several respects. In 2012, CSB made a $10 million loan to the California Freshworks Fund LLC (the "Fund"), a unique public/private partnership conceived by the California Endowment to address the disparities in food access and related health outcomes in underserved communities. The Endowment committed $33 million to create a financing program to support the development of healthy food retail businesses in low-access neighborhoods throughout the state. The Fund primarily targets mid-sized independent grocery retailers and ethnic markets with some exposure to large chains, smaller operators, nonprofit food initiatives, cooperatives and farmers markets. The Fund originates acquisition, construction, leasehold improvements, equipment and inventory financing, and provides separately funded grants for market studies, feasibility analysis, predevelopment and forgivable gap financing to encourage retailers to locate in LMI areas.

Anticipated impacts include:

- Finance 25 grocery stores in LMI "food deserts;"
- Support for planning efforts, corner store conversions and farm-to-table initiatives;
- Help reduce obesity and related chronic illness such as diabetes, heart disease and cancer; and,
- Create jobs and fuel economic development to anchor retail businesses in LMI neighborhoods.

A $125 million syndicated loan pool anchors the Fund, with $100 million of senior loans from banks including CSB and $25 million of subordinate debt from mission-driven investors from the healthcare, foundation, and community development fields.

Lending Goal 2 – LMI Mortgage Loans – Satisfactory

Overall, CSB exceeded its satisfactory performance goals for originating HMDA loans to LMI borrowers and in LMI geographies. During Plan Year 2 of the 2009 Plan, CSB purchased 2,181 mortgage loans. Of the 2,181 loans purchased, 427 loans (19.58 percent) were loans to LMI borrowers, compared to area peer lender loans to LMI borrowers at 14.00[2] percent. The bank's performance exceeded the satisfactory goal of 17.50 percent as noted in Appendix A "Summary of 2009 Plan Performance Table," and was near the outstanding goal of 20.13 percent. During Plan Year 3, CSB purchased 1,570 mortgage loans. Of the 1,570 loans purchased, 366 (23.31 percent) were loans to LMI borrowers, compared to area peer lenders loans to LMI borrowers at 16.82[2] percent. The bank's performance exceeded the satisfactory performance goal of 21.03 percent.

CSB's performance for Plan Year 1 of the 2012 Plan exceeded the Level 1 performance goals as noted in Appendix A "Summary of 2012 Plan Performance Table." CSB purchased 2,141 loans that included 321 (14.99 percent) to LMI borrowers and 162 (7.57 percent) in LMI geographies. CSB's LMI borrower performance is 84.24 percent of the 2010 HMDA aggregate data for the AA, and exceeded the 75.00 percent borrower goal for Level 1 performance. CSB's performance by geography was 110.62 percent of the 2010 HMDA aggregate data for the AA, and exceeded the 100.00 percent geographic goal for Level 2 performance.

Investment Goal - Satisfactory

Overall, the bank exceeded its satisfactory performance goals for originating community development investments. While CSB's qualified investments of $86 million were significantly above $68 million committed during the evaluation period CSB missed the outstanding goals for Plan Year 2 and 3 of the 2009 Plan. For Plan Year 2 of the 2009 Plan, CSB's investments of $25.2 million exceeded the satisfactory threshold of $24 million by $1.2 million. For Plan Year 3 of the 2009 Plan CSB invested $27.1 million, slightly below the $27.6 million threshold for outstanding performance.

For Plan Year 1 of the 2012 Plan, CSB invested $33.7 million, which included $24.5 million in qualified current period investments and $9.2 million of qualified prior period investments. In addition, CSB had qualified regional investments of $10 million. In total, the $43.7 million in Plan Year 1 investments exceeded the Level 3 performance goal of $42 million.

[2] Peer mortgage data as reported by the Federal Financial Institutions Examination Council for the referenced AA.

CSB's investments with Pembrook Community Investment Fund and Boston Capital were a direct response to the lack of available financing as indicated by CSB community partners' needs. These funds pool debt and/or equity investments to provide flexible acquisition, construction, bridge, and mezzanine financing at a time when few lenders were willing or able to extend credit.

Service Goal - Outstanding

Overall, the bank exceeded its outstanding performance goals for performing community development services. CSB is a leader in the Bay Area AA. CSB's community development services exceeded the goal for satisfactory performance in Plan Year 2 and Plan Year 3 of the 2009 Plan. The 2009 Plan did not define a goal for outstanding service performance.

CSB's performance in Plan Year 1 of the 2012 Plan significantly exceeded the Level 3 performance goals. Considering the strength in Plan Year 1 of the 2012 Plan and feedback from community groups in the Bay Area AA, we rated community development services outstanding for this AA. CSB's quantitative performance accounted for the maximum points of 7.5. We considered the innovativeness and the responsiveness as highlighted in the CSB services and added an additional 2 points based on these attributes.

Below are examples of services provided by CSB in the Bay Area AA that were highly responsive to community service needs in the AA.

Boys and Girls Clubs of San Francisco (BGCSF)

During the evaluation period, Schwab Bank and Schwab Foundation collaborated with the BGCSF to introduce a unique savings initiative for teens, ages 15-18. A Schwab Bank savings account coupled with targeted financial education and behavioral incentives, the BGCSF Teen Savings Pilot is designed to take advantage of the unique "teachable moment" offered by a teen's first paycheck.

The customized account is available exclusively to participants in BGCSF's Junior Staff program. Accountholders set, and work toward savings goals as part of Money Matters: Make It CountSM, the teen financial literacy program funded and co-developed by Charles Schwab Foundation in 2004. Designed to promote money management skills among disadvantaged teens, Money Matters includes interactive activities and exercises on topics such as prioritizing expenses, budgeting responsibly, using credit wisely, and saving for college.

Following are key elements of the Schwab – BGCSF Teen Savings Pilot:

- No minimum balance, no monthly service fee; all ATM fees are rebated.
- Teens are offered a Visa® Platinum debit card, with customized withdrawal limits (to help reinforce emphasis on savings, the cards do not accommodate point of sale purchases).
- Mandatory direct deposit of teens' bi-weekly BGCSF paychecks.
- Customized ID requirements (permit use of Boy & Girls Clubs ID).
- Teen-owned and managed account (this unique approach helps to instill youth's independence and accountability).

- Savings match of up to $400 for each participant. The Charles Schwab Foundation has made a grant to BGCSF, of which a portion is used for the savings match.
- Targeted financial education curriculum, incentives and supports delivered through BGCSF Clubhouses.
- Teens are eligible to maintain their accounts after they have left employment with BGCSF; once they turn 18 the teens are eligible to apply for a standard Schwab Bank savings account.
- Robust evaluation of pilot results (e.g., re: behavior, knowledge, and actual savings) will inform follow up.

Center for Financial Services Innovation (CFSI)

CSB's community outreach during 2010-2011 revealed that a number of Bay Area nonprofits independently were beginning to adopt new financial capability strategies to financially empower their LMI/underbanked constituents. Grounded in the principles of behavioral economics, they were moving out of the classroom and away from traditional "financial literacy" programs, in favor of approaches that combined well-designed products, teachable moments, and potential for targeted education and communications powered or reinforced by social media. Research showed that such approaches tended to increase motivation, attention, focus and absorption of information. While these nonprofit leaders possessed great vision and experience serving their markets, many lacked resources and technical expertise needed to implement and/or scale their financial capability strategies.

The following are highlights of Schwab's innovative collaboration with CFSI:

- Hosted first-ever CFSI Bay Area Financial Capability Innovators Development Lab (2011).
- In 2011, Schwab hosted a two-day intensive meeting at its San Francisco headquarters that brought five nonprofits together with CFSI for technical assistance, peer learning and best practice exchange to advance product and service innovations. Participating programs included:
    - Mission Asset Fund's Cestas Populares program, a peer loan program coupled with product-specific peer-led education, to help immigrants build credit and manage credit wisely.
    - Mission SF Community Financial Center's MY Path Initiative, which connects vulnerable youth to financial products and education.
    - Opportunity Fund's Start2Save, a micro-savings partnership helping unbanked families gain long-term financial preparedness skills while building emergency "buffer" savings.
    - SF EARN's Saving California, a scalable savings instrument targeting low-income consumers, which incorporates a prize-linked incentive structure.
    - Self-Help's In-Line Financial Education, which spurs financial behavioral change within underbanked families by helping consumers move from check-cashing services to account ownership.

Appendix A – Summary of Performance by Plan

Summary of 2009 Plan Performance Plan Years 2 and 3

Component	Geography	Peer	Satisfactory Goal - 125% of peer	Outstanding Goal -15% above Satisfactory Goal	Plan Year 2 Performance	Plan Year 3 Performance	Performance Conclusion
HMDA-Reportable Loans	Reno-Sparks AA	Plan Year 2 23.45%	29.31%	33.7%	37.08%	NA	Outstanding
		Plan Year 3 29.39%	36.74%	42.2%	NA	38.46%	Satisfactory
	Bay Area AA	Plan Year 2 14.00%	17.50%	20.13%	19.58%	NA	Satisfactory
		Plan Year 3 16.82%	21.03%	24.2%	NA	23.31%	Satisfactory
			Satisfactory Goal	**Outstanding Goal**	**Plan Year 2 Performance**	**Plan Year 3 Performance**	**Performance Conclusion**
Loans and Investments ($ in Thousands)	Reno-Sparks AA	Loans	$9,000	$10,350	$9,500	$15,200	Outstanding
		Investments	$6,000	$ 6,900	$6,500	$ 6,300	Satisfactory
	Bay Area AA	Loans	$26,000	$29,900	$129,400	$125,900	Outstanding
		Investments	$24,000	$27,600	$25,200	$27,100	Satisfactory
			Satisfactory Goal	**Outstanding Goal**	**Plan Year 2 Performance**	**Plan Year 3 Performance**	**Performance Conclusion**
Community Development Services on Boards and Committees	Reno-Sparks AA	Positions on CD Boards or Committees	10 total for both AAs combined	Not stated	10 positions	9 positions	Outstanding
	Bay Area AA	Positions on CD Boards or Committees			17 positions	22 positions	Outstanding

Summary of 2012 Plan Performance Plan Year 1

	Geography	Component Test	Performance Goal	Quantitative Performance YTD	Quantitative Points	Qualitative Points	Total Points
HMDA-Reportable Loans	Reno-Sparks AA	LMI Borrowers	75% of Peer Aggregate Level 1 Performance Goal	83.96% of Peer Aggregate	3	0	3
		LMI Geography	25% of Peer Aggregate Level 1 Performance Goal	43.17% of Peer Aggregate	1.5	0	1.5
	Bay Area AA	LMI Borrowers	75% of Peer Aggregate Level 1 Performance Goal	84.24% of Peer Aggregate	3	0	3
		LMI Geography	100% of Peer Aggregate Level 2 Performance Goal	110.62% of Peer Aggregate	2	0	2
			Level 3 Performance Goals	**Actual Performance**	**Quantitative Points**	**Qualitative Points**	**Total Points**
Loans and Investments ($ in Thousands)	Reno-Sparks AA	Loans	$4,000	$12,628	7.5	0	7.5
		Investments	$4,000	$16,299	7.5	1.5	9
		Subtotal	$8,000	$28,927			
	Bay Area AA	Loans	$42,000	$132,786	7.5	0	7.5
		Investments	$42,000	$33,700	7.5*	0	7.5
		Subtotal	$84,000	$166,486			
	Statewide or Regional	Loans or Investments	176,800	$ 10,000	N/A	N/A	N/A
	Total		$268,800	$205,413			
*Calculations include positive consideration for Prior Period Investments; includes CRA-eligible grants and Statewide or Regional loans or investments.							
		Level 3 Performance Goals		**Actual Performance**	**Quantitative Points**	**Qualitative Points**	**Total Points**
Community Development Services	Reno-Sparks AA	800 hours		1,332 hours	7.5	2.5	10
	Bay Area AA	1,000 hours		3,597 hours	7.5	2	9.5
				Performance Summary	**Quantitative Points YTD**	**Qualitative Points**	**Total Points**
				Reno Total Points	27	4	31
				Bay Area total Points	27.5	2	29.5
				Grand Total Points	54.5	6	60.5