

## **PUBLIC DISCLOSURE**

**April 26, 2010**

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

**Umpqua Bank  
Certificate Number 17266**

**445 S.E. Main Street  
Roseburg, Oregon 97470**

**Federal Deposit Insurance Corporation  
25 Jessie Street at Ecker Square, Suite 2300  
San Francisco, California 94105**

**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

*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 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 **Umpqua Bank (UB)** prepared by the **Federal Deposit Insurance Corporation (FDIC)**, the institution's supervisory agency, as of **April 26, 2010**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

## INSTITUTION'S CRA RATING

**INSTITUTION'S CRA RATING:** This institution is rated **SATISFACTORY**

### LENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of **UB** with respect to the Lending, Investment, and Service tests.

PERFORMANCE LEVELS	UB		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory			X
Needs to Improve		X	
Substantial Noncompliance			

(\*) The lending test is weighted most heavily when arriving at an overall rating.

### SUMMARY OF MAJOR FACTORS SUPPORTING THE RATING

UB's overall CRA rating is "Satisfactory." The bank's performance under the lending test is "High Satisfactory;" whereas, the bank's service test performance is "Low Satisfactory," and performance under the investment test is "Needs to Improve." Furthermore, separate ratings are assigned for each state and multi-state area, which are detailed in Appendix B. While the bank achieved a "Satisfactory" rating for the States of Oregon and California as well as the Portland-Vancouver-Beaverton (PVB) Multi-State Metropolitan Statistical Area (MSA), the bank's performance in the State of Washington is "Needs to Improve." Presented on the following page is a brief summary of the bank's record with respect to each of the large bank performance tests, including all AAs.

### **Lending Test**

- UB's lending levels reflect good responsiveness to the credit needs of its AAs.
- The bank originated a substantial majority of its small business loans and residential mortgages inside its AAs.
- The geographic distribution of loans reflects good penetration throughout the AAs.
- The distribution of loans based on gross annual revenue levels of small business borrowers and income level of residential mortgage borrowers reflects good penetration among businesses of different revenue sizes and retail customers of different income levels.
- The bank demonstrated a good record of serving the credit needs of the most economically disadvantaged areas of its AAs, very small businesses and low-income individuals.
- The bank originated a relatively high level of community development loans.
- UB uses flexible lending practices in order to serve the credit needs of its AAs.

### **Investment Test**

- The bank made a poor level of qualified community development investments and donations during the evaluation period.
- The bank exhibits poor responsiveness to credit and community development needs through the provision of qualified investments and donations.
- The bank rarely used innovative and/or complex investments to support community development initiatives during the review period.

### **Service Test**

- UB's delivery systems for retail banking services are accessible to essentially all portions of its designated AAs.
- The bank offers a variety of alternative delivery systems that are available throughout its AAs, including LMI areas and individuals.
- The bank's services and business hours do not vary in a way that inconveniences certain portions of its AAs, particularly LMI areas or individuals.
- The bank provided an adequate level of community development services throughout its AAs during the evaluation period.

## DESCRIPTION OF INSTITUTION

UB is a commercial bank headquartered in Roseburg, Oregon. The bank is a wholly-owned subsidiary of Umpqua Holdings Corporation, Portland, Oregon, which is a one-bank holding company. Since the bank's last CRA evaluation dated December 3, 2007, UB has acquired three additional financial institutions, including: Bank of Clark County in Vancouver, Washington, acquired on January 16, 2009; Evergreen Bank in Seattle, Washington, acquired on January 22, 2010; and Rainier Pacific Bank in Tacoma, Washington, acquired on February 26, 2010.

UB operates from 152 branch offices in Oregon, California and Washington. The bank has 21 designated AAs with a combined total of 2,193 census tracts (CTs). Numerous financial institutions are located throughout the bank's designated AAs, thereby creating a highly competitive banking environment. Although the bank's market area is saturated with other financial institutions, this competition does not hinder the bank's ability to offer products and services consistent with its size, product offerings and business focus.

Since the last evaluation, excluding the 2010 acquisitions as noted above, the bank has opened five full-service branch offices and three limited-service branch offices. The newly opened full-service branch offices are located in Portland, Oregon; Rocklin, California; and Vancouver, Washington. The newly opened limited-service branch offices are located in Bend, Oregon; Chico, California; and Lynnwood, Washington. One full-service and two limited-service branch office locations were closed since the last evaluation.

As of December 31, 2009, UB reported total assets of \$9.3 billion, total deposits of \$7.6 billion, and total equity capital of \$1.5 billion. The loan portfolio, totaling \$6.0 billion, is centered in real estate loans, including commercial and residential real estate. Table 1 details UB's loan portfolio as of December 31, 2009:

**Table 1 - Loan Distribution as of December 31, 2009**

<b>Loan Type</b>	<b>Dollar Amount (000s)</b>	<b>Percentage of Total Loans (%)</b>
Construction and Land Development	618,476	10.3
Secured by Farmland	110,105	1.8
1 to 4 Family Residential Closed-end First	270,077	4.5
1 to 4 Family Residential Closed-end Junior	23,609	0.4
1 to 4 Family Residential Open-end	267,963	4.4
Multifamily Residential	198,724	3.3
Commercial Real Estate	3,372,583	55.9
<b>Total Real Estate Loans</b>	<b>4,861,537</b>	<b>80.6</b>
Commercial and Industrial	1,016,803	16.9
Agricultural Production	73,472	1.2
Consumer Closed-end	12,630	0.2
Consumer Open-end	22,582	0.4
Government Obligations	13,972	0.2
Other	8,860	0.1
Lease Financing Receivables	34,528	0.6
Less Unearned Income	(11,401)	(0.2)
<b>Total Loans</b>	<b>6,032,983</b>	<b>100.0</b>

Source: 12/31/2009 Consolidated Report of Condition

No legal or financial impediments have prevented the institution from helping to meet the credit needs of its AAs. UB's loan-to-deposit ratio as of December 31, 2009, was 76.9 percent. The level of lending in relation to total deposits indicates that the bank is lending a majority of its deposits back into its communities.

## SCOPE OF EVALUATION

The current evaluation was conducted at the bank's commercial banking office in Portland, Oregon. Examiners relied on records provided by the bank, U.S. Census and D&B demographic data, community contacts, and loan information reported under the Home Mortgage Disclosure Act (HMDA), and the CRA. Unless otherwise noted, data sources for the tables, economic and/or demographic data included in this evaluation are as follows:

- Small business loan amounts for UB are based on its large bank CRA data. Residential mortgage loans are based on HMDA originations. Other information (branches, investments, donations and services) is taken from various records provided by UB.
- Peer or "market" information for small business loans is derived from the CRA data submitted by all financial institutions that originated such loans within the AAs. For mortgage loans, the HMDA aggregate data within the AAs is used for comparison purposes.

- Demographic information (median family incomes and small business revenues) is derived from 2000 U.S. Census and D&B reports, respectively. Median family income levels are adjusted by the Department of Housing and Urban Development (HUD) annually, and are used to determine the income level of residential mortgage borrowers under the borrower profile criterion.
- Deposit market shares are based upon the December 31, 2009, reports of condition filed by UB and other FDIC-insured institutions with branch locations in the AAs.

The scope of this evaluation encompasses the bank's performance under the lending, investment, and service tests since the prior evaluation, dated December 3, 2007. Small business and residential mortgage lending data analyzed includes calendar years 2008 and 2009. According to management, there are no records pertaining to community development activities (lending, investments, or services) that occurred in 2007 following the date of the prior evaluation. As the date of this evaluation is April 26, 2010, and considering the recent nature of the two financial institution acquisitions the bank made in 2010, any new AAs, branch location changes, loan data, and community development activities related to acquisitions made after December 31, 2009, are excluded from this evaluation. Therefore, this evaluation focuses on calendar years 2008 and 2009 under each applicable performance criterion.

Examiners evaluated small business and home mortgage loans during this review. Small farm and consumer loans are not a business focus of the institution, and constitute only 3.0 percent and 0.6 percent, respectively, of the overall portfolio; therefore, these loan products were not analyzed for purposes of this evaluation. Small business loans reported under CRA and residential mortgages reported pursuant to HMDA in 2008 and 2009 were reviewed. For purposes of this evaluation, a small business loan is a commercial or commercial real estate loan with an original loan amount of \$1 million or less. Residential mortgage loans consist of home purchase, home improvement, refinance and multifamily loans. The bank's CRA small business and HMDA home mortgage loan distributions by dollar volume were also considered; however, they will not be presented in this evaluation unless doing so would add significantly to the analysis or yield substantially different results.

UB has 21 AAs, which consist of 8 AAs in Oregon; a single multi-state MSA; 11 AAs in California; and a single AA in Washington. Given that loan production and branch infrastructure are concentrated in Oregon and California, the bank's performance in these states carries greater weight than in Washington in arriving at overall ratings. UB's performance in the State of Oregon is presented first, followed by the PVB Multi-State MSA, the State of California, and then the State of Washington. Facts and data are presented for all states, with the exception of Washington State, where information is presented to a lesser degree. The level of examiner scrutiny and analysis was not reduced for any state. Rather, the extent of lending data presentation, AA description, and community contact information is scaled back to produce a more concise report.

Table 2 details the distribution of loans made within the bank’s AAs by state or multi-state MSA:

**Table 2 - Loans by State 2008 - 2009**

State or Multi-State MSA	Small Business		HMDA	
	#	%	#	%
Oregon	2,493	46.7	2,579	51.7
PVB	836	15.6	1,143	22.9
California	1,970	36.9	1,244	24.9
Washington	43	0.8	23	0.5
<b>Total</b>	<b>5,342</b>	<b>100.0</b>	<b>4,989</b>	<b>100.0</b>

*Source: 2008 & 2009 HMDA Loan Application Register (LAR); 2008 & 2009 CRA Loan Register (LR)*

Two loan categories are analyzed in each state or multi-state MSA. This evaluation will present HMDA reportable loans grouped together as one loan category. Performance by separate loan purpose is not presented, as the information does not yield different conclusions or significantly add to the analysis. All lending pattern analyses will be presented based on number of loans originated. Dollar volumes will be excluded unless the information yields a different conclusion or in some manner significantly adds to the analysis.

**AAs**

UB operates 152 branches throughout 21 AAs in 3 states and 1 multi-state MSA. Table 3 details the AAs delineated by UB including the title of the area used in this report, the MSA or Metropolitan Division (MD) number if applicable, the number of counties in each area, and number of branches operated by the bank in each AA.

**Table 3 - Assessment Areas**

State or Multi-State MSA / AA Title	MSA or MD #	# of Counties	# of Branches
<b>Oregon</b>			
Bend	13460	1	5
Corvallis	18700	1	1
Eugene-Springfield	21660	1	9
Medford	32780	1	9
Salem	41420	2	3
Oregon Non-MSA	NA	6	27
<b>PVB Multi-State MSA</b>			
PVB	38900	5	25
<b>California</b>			
Chico	17020	1	3
Modesto	33700	1	2
Napa	34900	1	7
Oakland-Fremont-Hayward	36084	1	1
Redding	39820	1	1
Sacramento-Arden-Arcade-Roseville	40900	4	21
Stockton	44700	1	1
Vallejo-Fairfield	46700	1	4
Yuba City	49700	2	4
California Non-MSA	NA	10	27
<b>Washington</b>			
King County	N/A	1	2

Source: Bank Records

Each AA consists of entire counties. Refer to each respective state or multi-state MSA analysis for a discussion regarding the composition of each AA and any changes that may have occurred over the review period.

**AA Presentation**

UB operates in multiple AAs in several states as described above. Full scope AA descriptions, including demographic data, are included in the body of this report. Limited scope AA descriptions and demographic data are presented in Appendix D. While the analyses are the same, the level of information presented for full scope AAs in the states with multiple AAs is limited to produce a concise report.

## **BANK-WIDE PERFORMANCE TEST CONCLUSIONS**

### **LENDING TEST**

The lending test evaluates the institution's record of helping to meet the credit needs of its AAs by considering an institution's small business, home mortgage, and community development lending. The institution's lending performance is evaluated under the following criteria:

- Volume of lending activity or level of lending;
- Proportion of lending within the AAs;
- Borrower profile;
- Geographic distribution;
- Responsiveness to disadvantaged geographies, individuals, and very small businesses;
- Quality and volume of community development lending; and
- Use of innovative or flexible lending practices.

The seven components of the lending test are not weighted equally. Borrower profile and geographic distribution are weighted the most, followed by community development lending, in arriving at the overall lending test rating. Borrower profile refers to the record of lending to borrowers of different income levels and businesses of different revenue sizes. Geographic distribution refers to the record of lending in geographies of different income levels. UB's performance in each state is also not weighted equally. The bank's performance in the States of Oregon and California has a greater impact on the overall rating, given that a majority of its operations and loan production are located in these states.

UB is rated "High Satisfactory" in the lending test. Performance differs by state, and is discussed in detail in each respective state analysis.

#### **Lending Activity**

UB's overall level of lending reflects good responsiveness to AA credit needs. To evaluate small business loan and residential mortgage loan lending levels, examiners review market share figures and changes in market shares over the review period. Performance by state or multi-state varies somewhat. Refer to each respective state analysis for details.

#### **AA Concentration**

Table 4 summarizes UB's HMDA reportable residential mortgages and small business loans, originated within all AAs combined by year over the review period.

**Table 4 - Distribution of Loans Inside and Outside the AA**

Loan Category	Number of Loans					Dollar Volume in (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA 2008	1,439	94.1	91	5.9	1,530	350,333	89.4	41,379	10.6	391,712
HMDA 2009	3,550	94.1	223	5.9	3,773	789,726	93.4	56,069	6.6	845,795
Small Business 2008	2,774	95.7	124	4.3	2,898	615,553	93.8	40,822	6.2	656,375
Small Business 2009	2,568	95.1	131	4.9	2,699	571,692	92.8	44,358	7.2	616,050
Totals	10,331	<b>94.8</b>	569	5.2	10,900	2,327,304	<b>92.7</b>	182,628	7.3	2,509,932

Source: 2008 & 2009 HMDA LAR, 2008 & 2009 CRA LR

At 94.8 percent by number and 92.7 percent by dollar volume, UB originated a substantial majority of loans within its AAs and reflects excellent responsiveness to the AA credit needs. This lending test component is only discussed in the bank-wide section of the evaluation, as the various states and AAs are combined to determine the overall AA concentration.

**Borrower Profile**

Overall, UB’s distribution of loans reflects good penetration among businesses of different revenue sizes and residential mortgage customers of different income levels. The small business conclusions are based primarily on UB’s rate of lending to businesses with gross annual revenues of \$1 million or less, as compared to other small business lenders and business demographics of the AAs. Residential mortgage conclusions are based primarily on the bank’s rate of lending to LMI borrowers relative to other lenders and compared to AA demographics. Performance by state or multi-state varies somewhat. Refer to each respective state analysis for further detail.

**Geographic Distribution**

UB’s overall geographic distribution reflects good penetration of loans throughout the AAs. To evaluate geographic distribution, examiners compared UB’s rate of lending in CTs of different income levels compared to other lenders and demographic information. UB’s performance by state or multi-state varies somewhat. Refer to each respective analysis for details.

**Serving the Credit Needs of the Highly Disadvantaged**

Overall, UB exhibited a good record of serving the credit needs of the most economically disadvantaged, including low-income geographies, very small businesses, and low-income individuals. UB demonstrated a reasonable penetration of loans to very small businesses, low-income borrowers and in low-income geographies. Refer to each respective analysis for details.

## **Community Development Lending**

UB made a relatively high level of community development loans, having originated 82 community development loans for \$117 million during the evaluation period. The dollar volume of community development loans represents 1.25 percent of total assets and 1.94 percent of total loans as of December 31, 2009. As of the previous evaluation, the bank originated 50 loans totaling \$143 million; however, the previous evaluation covered a longer period of time. With regard to the allocation of community development loans by state or multi-state MSA, UB made 41 loans totaling \$57.6 million in community development loans in the Oregon AAs; 26 community development loans totaling \$19.5 million in the PVB multi-state MSA; 14 community development loans totaling \$34.8 million in the California AAs; and 1 community development loan for \$5.1 million in the Washington State (King County) AA. Refer to the respective state and multi-state analyses for additional details.

## **Innovative or Flexible Lending Practices**

UB made use of flexible lending practices in serving AA credit needs during the review period. To avoid redundancy, the programs and practices discussed in this section are not repeated in each state or multi-state AA analysis. Table 5 details the programs employed by the bank during the period under review. Although these programs are not considered innovative, they do incorporate flexible features that assist with community credit needs, some of which were noted by community contacts.

**Table 5 - Loan Programs**

<b>Programs</b>	<b># of Loans</b>
Federal Housing Administration (FHA)	393
Small Business Administration (SBA) (including SBA 7a /504 & SBA Express)	87
Oregon State Housing and Community Services (OHCS)	139
Oregon Department of Veterans' Affairs (ODVA)	2
FHA Reverse Mortgages	128
United States Department of Agriculture (USDA) Rural Development	63
United States Department of Veterans Affairs (VA)	46
Down Payment Assistance Programs	13
Home Affordable Refinance Program (HARP)	472
Home Affordable Modification Program (HAMP)	26
USDA Government Guaranteed	1

*Source: Bank Data for January 1, 2008 through December 31, 2009.*

The following sections detail the various flexible lending programs offered by UB throughout the evaluation period.

### HARP and HAMP

As part of the Making Home Affordable program launched by the federal government during the economic recession, UB has utilized both the refinance and modification programs available to servicers to assist struggling homeowners. The refinance program allows borrowers who may be struggling, but who maintain current on their mortgage, to refinance their mortgages. The modification program allows borrowers to modify their current mortgages if they cannot make payments due to job loss or increasing interest rates. The bank has assisted 498 borrowers by refinancing or modifying loans totaling \$5.3 million.

### FHA and VA Mortgage Loans

The FHA and VA programs offer flexible underwriting terms such as low, or no down payment requirements. Although not income-restricted, many borrowers under these programs are lower income compared to borrowers with conventional mortgages. The bank originated FHA and VA loans in each of its AAs. During the evaluation period, the bank originated 393 FHA loans totaling \$70.7 million and 46 VA loans totaling \$9.6 million.

### SBA Loans

The SBA offers programs that include financial and federal contract procurement assistance, management assistance, and specialized outreach to women, minorities, and armed forces veterans. UB offers SBA guaranteed commercial loans that typically are extended to small companies that would not otherwise qualify for bank loans. These loans are applicable to all of the bank's AAs. During the review period, the bank originated 87 SBA loans totaling \$26.7 million.

### USDA Rural Development/Government Guaranteed Loans

The USDA provides homeownership opportunities to rural Americans, and home renovation and repair programs. USDA also provides financing to elderly, disabled, or low-income residents to ensure they are able to purchase homes in rural areas. UB originated 64 loans totaling \$16.8 million under these programs during the evaluation period.

### OHCS and ODVA

The OHCS bond program helps LMI borrowers purchase their first homes by providing below-market rate financing and cash assistance through the Residential Loan Program, also known as the "Oregon Bond Loan." This program helps qualified families increase their home purchasing power and lower their monthly payments. UB originated 141 loans totaling \$22.9 million under this program during the evaluation period.

### Down Payment Assistance Programs

The bank has promoted the use of down payment assistance programs available through many different sources. Fannie Mae and Freddie Mac programs like 'My Community' and 'Home Possible,' as well as the Portland Housing Bureau, provide grants and low-interest loans to assist low-income borrowers with their down payment needed to purchase a home. The 'My Community' and 'Home Possible' programs are available on a nationwide basis. UB works with borrowers to help obtain these types of special financing and originated 13 loans totaling \$2.0 million over the review period.

## **INVESTMENT TEST**

The investment test evaluates the institution's record of helping to meet credit needs through qualified investments that benefit the AAs or a broader statewide or regional area that includes the bank's AAs. A qualified investment is defined as a lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Community development purposes include those that either: 1) Provide affordable housing for LMI individuals; 2) provide community services targeting LMI individuals or areas; 3) promote economic development by financing small businesses; or, 4) revitalize or stabilize LMI geographies. Activities considered under the lending or service tests may not be considered under the investment test.

The institution's investment performance is evaluated pursuant to the following criteria: 1) The dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and, 4) the degree to which the qualified investments are not routinely provided by private investors. Per the regulation, qualified investments considered in this evaluation include all those acquired or made since the previous CRA evaluation as well as those made prior and still held by the institution, which are still outstanding and carried on the bank's balance sheet.

Overall, UB is rated "Needs to Improve" in the investment test. For an institution of this size, UB made a poor level of qualified community development investments and donations during the current evaluation period with 9 investments totaling \$10.9 million. The bank maintains 43 qualified investments totaling \$22.3 million, made during prior periods, in its investment portfolio; this amount reflects the current book value of such investments as of December 31, 2009. The bank's investment test rating is consistently "Needs to Improve" by state and multi-state MSA, based on the low level of investment activity in each area during the evaluation period. Please refer to each respective state and multi-state MSA analysis for further detail.

The bank's current level of community development investments and grants, including both prior period and current period investments as well as donations, represents only 0.35 percent of the bank's total assets and 1.81 percent of the bank's total investments as of December 31, 2009. These ratios compare unfavorably to similarly situated institutions as determined by size, business and geographic focus. It is further noted that the bank rarely uses innovative and complex investments.

## **SERVICE TEST**

The service test evaluates the bank's record of helping to meet the credit needs of its AAs by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services. The bank's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the bank's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in LMI geographies or that primarily serve LMI individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the bank's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve LMI customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve LMI areas or individuals; and 4) their responsiveness to available opportunities for community development services.

Overall, UB is rated "Low Satisfactory" in the service test. Delivery systems are reasonably accessible to essentially all portions of the institution's AAs. Services and business hours do not vary in a way that inconveniences certain portions of the AAs, particularly LMI CTs or individuals. UB provides an adequate level of community development services, as 260 employees provided 2,477 hours of qualified community development services during the evaluation period. The community development services component is assigned the most weight in arriving at an overall rating under this test. Refer to each respective state analysis for further detail.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

## OREGON

### OREGON CRA RATING: SATISFACTORY

*The Lending Test is rated:*                    **High Satisfactory**  
*The Investment Test is rated:*            **Needs to Improve**  
*The Service Test is rated:*                **High Satisfactory**

### SCOPE OF EVALUATION

Examiners conducted a full scope, off-site evaluation of the bank’s performance in the Eugene-Springfield MSA AA and limited scope off-site evaluation of the bank’s performance in the other Oregon AAs. A review of FDIC records and the bank’s CRA public file did not reveal any complaints regarding UB’s performance in the State of Oregon since the prior evaluation.

### DESCRIPTION OF OPERATIONS AND AAs

UB operates 54 branches in the Oregon AAs. Refer to the service test discussion, to follow, for details regarding bank operations and any changes over the review period.

UB defined eight AAs within Oregon, which include the Bend, Corvallis, Eugene-Springfield, Medford, Salem AAs, as well as several non-MSA counties. The Corvallis, Eugene-Springfield, Medford, and Salem AAs are western Oregon metropolitan areas, each with somewhat different economic profiles. The Bend MSA is located in central Oregon. UB designated three non-MSA AAs; the first consisting of Coos, Curry, Douglas, and Josephine Counties. The other two non-MSA AAs consist of Lincoln County and Linn County individually. Table OR-1 illustrates select demographic characteristics of the combined Oregon AAs.

**Table OR-1 - CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO* Housing Units
Low-Income	4	1.3	0.9	1.8	0.2
Moderate-Income	59	19.2	18.2	20.3	13.2
Middle-Income	177	57.7	59.4	55.9	62.1
Upper-Income	67	21.8	21.5	22.0	24.5
Totals	307	100.0	100.0	100.0	100.0

*Source: 2000 U.S. Census, 2009 D&B Data*

*\*Owner-Occupied*

The Bend MSA houses the largest city in central Oregon, the City of Bend. Bend’s economic profile is made up of tourism; health care and social services; professional, technical and scientific services; wood products manufacturing; as well as recreation and transportation equipment. The unemployment rate in 2009 was 14.5 percent. The per capita income was

\$36,365 in 2008. Housing manufacturers were impacted during the downturn with wood products manufacturing representing one out of four jobs. A weaker than expected turn around in the labor market could negatively impact consumer spending and place added pressures on local businesses.

The Corvallis MSA is located in the western central part of Oregon. The population was approximately 82,800 in 2009, and the MSA experienced an unemployment rate of 8.1 percent in 2009. The per capita income in 2008 was \$37,755. The area benefits in many ways from the presence of Oregon State University, which has garnered federal funds for research, including \$17 million in stimulus funding. Top employers include Oregon State University, Hewlett Packard, and Good Samaritan Health Services. State and local government employ 11,700 individuals in the MSA.

The Eugene-Springfield MSA contains the metropolitan Cities of Eugene and Springfield. The county is located in the central western portion of the state and has a population of 350,900. Per capita income in 2008 was \$33,522. The unemployment rate was 12.4 percent for 2009. The high unemployment rate can be explained by dependence on a declining forest products industry and the current recession.

Growth is expected in the manufacturing of transportation equipment, printing and publishing, and high technology. Previously, agriculture and timber were the main drivers of the local economy. The University of Oregon is located in the MSA and provides jobs in education-related services. Korean firm Uni-Chem is renovating a solar cell manufacturing facility in the area and plans to employ approximately 1,000 workers. The main employers are PeaceHealth Corporation, University of Oregon, and Monaco Coach Corporation.

The Medford MSA had a population of 204,600 as of 2009. The MSA is located in the southwestern portion of the state. Unemployment for 2009 was 13 percent. Wood manufacturers have reduced their payroll by 30 percent since the beginning of 2008. The low costs for doing business could help to grow the area as the economy improves. Top employers for the area include Harry & David, Asante Health Systems, and Providence Medford Medical Center. State and local government employs 10,400. The per capita income for 2008 was \$34,506.

The Salem MSA is located in the central part of the state and has a population of 339,500. The largest city in the MSA is Salem, the state capital. The median household income in 2008 was \$58,200, and unemployment was 11.1 percent. Large employers include Salem Hospital, Western Oregon University, Spirit Mountain Casino, Norpac Foods, Roth's Family Market, and Wal-Mart. The state government provides a relatively stable employment base with the state and local government combined employing 40,900. The per capita income in 2008 for the MSA was \$32,016. The local economy depends on old line timber manufacturing which has declined during the housing downturn. Declining tax revenues may also affect the area as people are out of work or are earning less.

The non-MSA AA had an estimated population of 407,589 in 2009. The 2009 annual, non-seasonally adjusted, unemployment rate ranged from 10.4 percent in Lincoln County to 15.4 percent in Douglas County. The statewide unemployment rate for Oregon, as of December 2009, was 10.6 percent. The statewide rate reflects revised population controls, model re-estimation, and seasonal adjustments. The Oregon AAs demonstrate a generally improving trend in unemployment rate from the beginning to the end of 2009. Major cities in the non-MSA AAs include Albany, Grants Pass, Roseburg, and Coos Bay. Major industries include forest products, agriculture, fishing, health services, retail, and tourism.

### **Community Contact Observations**

A recent community contact within Oregon was used for this evaluation. This contact is the director of a small business development center covering the State of Oregon. The contact indicated that there is a need for small businesses to aid in economic development. He expressed that small businesses create new jobs that are needed for the area's economic expansion.

## **STATEWIDE PERFORMANCE TEST CONCLUSIONS**

### **LENDING TEST**

UB is rated "High Satisfactory" for the lending test in Oregon.

### **Lending Activity**

Overall, UB's lending levels reflect good responsiveness to AA credit needs. Examiners reviewed the number and dollar volume of loans originated over the review period as well as market share and market ranking figures for primary loan products to determine the bank's level of lending relative to AA credit needs. To gain perspective of a bank's presence in a community, examiners reviewed deposit market share data. The following sections provide detail regarding UB's small business loans, residential mortgages, and deposit market share throughout its Oregon AAs.

### **Small Business Loans**

Table OR-2 details UB's small business loan market ranking in 2008 based on dollar volume of loans, and deposit market shares during 2008 and 2009 for all Oregon AAs combined and for each individual AA.

**Table OR-2 - Small Business Loan Market Shares**

AA	2008			2009
	UB Loan Rank (#)	UB Loan Market Share %	Deposit Market Share %	Deposit Market Share %
OR Areas Combined	10	2.0	7.1	7.1
Bend	14	1.0	3.1	3.8
Corvallis	9	1.9	7.3	6.3
Eugene-Springfield	9	2.7	17.7	17.3
Medford	11	1.6	12.4	13.5
Salem	16	1.0	5.2	5.7
Oregon Non-MSA	8	3.2	28.2	29.0

Source: FDIC Summary of Deposits, 2008 CRA Aggregate

Residential Mortgage Loans

Table OR-3 details UB’s residential mortgage loan market ranking and market shares during 2008 based on number of loans originated for all Oregon AAs combined and for each individual AA.

**Table OR-3 - Residential Mortgage Loan Market Shares**

AA	2008	
	Rank (#)	Market Share %
OR Areas Combined	16	1.4
Bend	35	0.6
Corvallis	9	2.5
Eugene-Springfield	18	1.5
Medford	42	0.5
Salem	60	0.2
Oregon Non-MSA	5	3.2

Source: 2008 HMDA Aggregate

**Borrower Profile**

Overall, UB’s distribution of loans in the Oregon AAs reflects good penetration of loans to businesses of different revenue sizes and an adequate dispersion of loans to mortgage borrowers of different income levels. Most weight is assigned to small business lending in arriving at the overall conclusions. The following sections describe the bank’s performance by loan type.

Small Business Loans

Table OR-4 details UB’s rate of lending to businesses with gross annual revenues equal to or less than \$1 million and over \$1 million in all Oregon AAs combined compared to other lenders over

the review period. Market figures represent the performance of all other lenders, UB excluded. Market data does not distinguish between revenues over \$1 million and unknown revenues; therefore, the market data is presented only with regard to penetration of loans to businesses with gross annual revenues of \$1 million or less. Market data is not yet available for 2009. The second column represents the demographic distribution of businesses by gross revenue level estimated by D&B surveys. Table OR-5 presents UB’s rate of lending to businesses with gross annual revenues equal to or less than \$1 million compared to other lenders in 2008 by AA.

**Table OR-4 - Small Business Loan Gross Revenue Distribution**

Borrower Gross Revenue	2009 D&B %	2008			2009	
		Market %	UB #	UB %	UB #	UB %
\$1M or Less	77.3	33.4	728	55.9	584	49.1
Over \$1M	3.5		517	39.7	513	43.1
Not Considered*	19.2		58	4.4	93	7.8
<b>Total</b>	100.0		1,303	100.0	1,190	100.0

Source: 2009 D&B, 2008 CRA Aggregate, Bank Records

(\*) No response for D&B survey data, not considered for UB data

**Table OR-5 - Small Business Lending Rates**

AA	2008		2009
	UB %	Market %	UB%
Bend	60.0	38.5	52.2
Corvallis	58.6	33.4	54.2
Eugene-Springfield	50.0	30.1	41.4
Medford	55.7	31.1	42.9
Salem	59.1	33.1	48.5
Oregon Non-MSA	58.8	33.8	56.1

Source: Bank Records, 2008 CRA Aggregate

UB’s distribution of small business loans represents good penetration of loans businesses of different revenue sizes over the review period. UB’s rate of lending to businesses with gross annual revenues equal to or less than \$1 million is lower than the D&B demographic estimates, but exceeds the performance of other lenders in 2008. UB’s rate of lending to small businesses exceeds the market rate in 2008, but decreased somewhat in 2009. The decrease in 2009 is expected considering the economic and banking environment at the time.

Residential Mortgage Loans

Table OR-6 details UB’s distribution of mortgage loans by borrower income level in all Oregon AAs combined over the review period. Market percentages represent all lenders excluding UB. The percentage of families by income level from the 2000 U.S. Census is included in the second

column for demographic comparison. Tables OR-7 and OR-8 detail low-income and moderate-income borrower penetration rates, respectively, for UB over the review period compared to the market's performance for each AA.

**Table OR-6 - Mortgage Loan Borrower Profile**

Borrower Income Level	% of Families	2008			2009	
		UB #	UB %	Market %	UB #	UB %
Low	18.9	29	3.6	2.8	80	4.5
Moderate	18.9	116	14.2	13.3	301	17.1
Middle	22.8	184	22.5	24.6	409	23.2
Upper	39.4	408	49.9	46.7	871	49.5
NA	0.0	80	9.8	12.6	101	5.7
<b>Total</b>	100.0	817	100.0	100.0	1,762	100.0

Source: 2000 U.S. Census, Bank Records, 2008 HMDA Aggregate

**Table OR-7 - Mortgage Loans to Low-Income Borrowers by AA**

AA	2008		2009
	UB	Market	UB
Bend	4.1	2.7	5.9
Corvallis	5.2	3.9	8.5
Eugene-Springfield	1.0	2.9	3.4
Medford	3.3	2.0	1.8
Salem	3.1	3.2	4.0
Oregon Non-MSA	4.4	2.7	4.8

Source: Bank Records, 2008 HMDA Aggregate

**Table OR-8 - Mortgage Loans to Moderate-Income Borrowers by AA**

AA	2008		2009
	UB	Market	UB
Bend	8.2	11.5	14.3
Corvallis	13.8	16.1	19.5
Eugene-Springfield	14.5	15.5	12.9
Medford	13.3	11.6	31.9
Salem	12.5	14.8	11.1
Oregon Non-MSA	15.0	11.3	17.6

Source: Bank Records, 2008 HMDA Aggregate

UB's distribution of mortgage borrowers represents an adequate penetration of loans to borrowers of different income levels. When viewed on a statewide basis, UB's rate of lending to LMI borrowers exceeded the market rate in 2008, and the bank's performance of lending to LMI borrowers increased in 2009. When viewed by individual AAs, UB's penetration of loans to low-income borrowers in 2008 exceeded the market performance in all AAs except for the Eugene-Springfield and Salem AAs. UB's penetration of loans to moderate-income borrowers for 2008 was below market rate in most AAs, with the exception of the Medford and Oregon Non-MSA AAs. The bank demonstrated a largely increasing trend in terms of overall percentage of loans to

LMI borrowers from 2008 to 2009, most notably in the area of loans to low-income borrowers in the Corvallis AA and to moderate-income borrowers in the Medford AA.

**Geographic Distribution**

UB’s overall distribution of loans represents good penetration throughout the Oregon AAs. The distribution of small business loans is good, and the distribution of residential mortgage loans is adequate. The following sections discuss the bank’s performance under this factor by loan type.

**Small Business Loans**

Table OR-9 presents UB’s small business lending record by CT income level for all Oregon AAs combined. The second column represents the distribution of businesses by CT income level as estimated by D&B for 2009. Market data is also included for 2008, as this is the most recent year for which such data is available. Tables OR-10 and OR-11 detail UB’s rate of lending in low-income geographies and moderate-income geographies, respectively, by AA; also included for comparison purposes is 2008 market data and 2009 D&B data.

**Table OR-9 - Small Business Loan Geographic Distribution**

CT Income Level	2009 D&B	2008			2009	
		UB #	UB %	Market	UB #	UB %
Low	1.8	36	2.8	1.5	28	2.4
Moderate	20.3	249	19.1	15.9	227	19.1
Middle	55.9	702	53.9	50.9	643	54.0
Upper	22.0	316	24.2	24.5	292	24.5
NA	0.0	0	0.0	7.2	0	0.0
<b>Total</b>	100.0	1,303	100.0	100.00	1,190	100.0

Source: 2009 D&B, Bank Records, 2008 CRA Aggregate

**Table OR-10 - Small Business Loans in Low-Income CTs by AA**

AA	2008		2009	
	UB	Market	UB	D&B
Bend	0.0	0.0	0.0	0.0
Corvallis	0.0	0.0	0.0	0.0
Eugene-Springfield	6.7	3.6	5.5	4.6
Medford	5.7	4.4	5.5	5.6
Salem	0.0	0.1	0.0	0.3
Oregon Non-MSA	0.0	0.0	0.0	0.0

Source: Bank records, 2008 CRA Aggregate, 2009 D&B

**Table OR-11 - Small Business Loans in Moderate-Income CTs by AA**

AA	2008		2009	
	UB	Market	UB	D&B
Bend	12.6	16.9	21.7	23.2
Corvallis	53.5	38.6	37.5	45.3
Eugene-Springfield	19.4	13.6	23.0	17.3
Medford	33.0	19.2	26.4	23.9
Salem	43.0	17.3	39.2	22.9
Oregon Non-MSA	6.7	9.6	7.1	12.6

Source: Bank records, 2008 CRA Aggregate, 2009 D&B

UB's distribution of small business loans reflects good penetration throughout the Oregon AAs, particularly in LMI geographies. In 2008, the bank's rate of lending in LMI CTs exceeded the respective market rates. UB's rate of lending in low-income CTs increased from 2008 to 2009, and remained consistent with regard to lending in the moderate-income CTs of the Oregon AAs. The bank's performance by AA exceeded the market in two of the three AAs that include low-income CTs in 2008, and remained consistent in 2009. The bank's rate of lending in moderate-income areas exceeded market performance and demographics in four of the six individual AAs. The bank's performance in the other two moderate-income AAs lagged market and demographic rates which appears to be partly driven by the bank's lesser presence in these geographies compared to the other Oregon AAs. Overall, the bank's performance is considered good.

Residential Mortgage Loans

Tables OR-12, OR-13, and OR-14 illustrate UB's mortgage lending activity by CT income level in 2008 and 2009, as compared to the percentage of owner occupied housing units and the market performance.

**Table OR-12 - Mortgage Loan Geographic Distribution**

CT Income Level	OO Housing Units %	2008			2009	
		UB #	UB %	Market %	UB #	UB %
Low	0.2	1	0.1	0.2	9	0.5
Moderate	13.2	91	11.1	13.4	136	7.7
Middle	62.1	538	65.9	59.5	1,138	64.6
Upper	24.5	187	22.9	26.9	479	27.2
Total	100.0	817	100.0	100.0	1,762	100.0

Source: 2000 U.S. Census, Bank Records, 2008 HMDA Aggregate

**Table OR-13 - Mortgage Loans in Low-Income CTs by AA**

AA	2008		2009
	UB %	Market %	UB %
Bend	0.0	0.0	0.0
Corvallis	0.0	0.0	0.0
Eugene-Springfield	0.5	0.6	2.3
Medford	0.0	0.2	0.0
Salem	0.0	0.1	1.0
Oregon Non-MSA	0.0	0.0	0.0

Source: Bank Records, 2008 HMDA Aggregate

**Table OR-14 - Mortgage Loans in Moderate-Income CTs by AA**

AA	2008		2009
	UB %	Market %	UB %
Bend	14.3	18.0	15.1
Corvallis	43.1	29.6	31.7
Eugene-Springfield	11.4	10.8	7.6
Medford	36.7	16.4	7.1
Salem	12.5	15.2	6.1
Oregon Non-MSA	4.8	7.2	5.1

Source: Bank Records, 2008 HMDA Aggregate

UB's distribution of mortgage loans reflects adequate penetration throughout the LMI geographies of the Oregon AAs. The bank's performance of lending in LMI CTs was slightly below market performance in 2008, but not to an unreasonable degree. Throughout the Oregon AAs, combined, as suggested by the nominal percentage of loans in low-income CTs, residential lending opportunity in these areas is very limited. Furthermore, the bank demonstrated an increasing trend of lending in low-income geographies from 2008 to 2009, both on an overall basis, and in the Eugene-Springfield and Salem AAs individually.

The bank's performance of lending in moderate-income geographies in 2008 was slightly below the market performance, but when analyzed by individual AA, demonstrated strong rates in both the Corvallis and Medford AAs as compared to aggregate data. The bank's performance of lending in moderate-income geographies demonstrated a decreasing trend from 2008 to 2009; however, this trend may be explained by overall economic conditions in the Oregon AAs in 2009.

### **Serving the Needs of the Highly Disadvantaged**

Overall, UB exhibited a good record of serving the credit needs of the most economically disadvantaged geographies, including low-income CTs and individuals as well as very small businesses. As described above, UB's small business borrower profile is good. The bank's good rate of lending to businesses with gross annual revenues of \$1 million or less indicates that the bank is also responsive to the credit needs of very small businesses. UB demonstrated an adequate rate of making residential mortgages to low-income borrowers in the Oregon AAs.

UB’s responsiveness to the credit needs of low-income geographies is also good with respect to small business lending and adequate in the area of residential mortgage lending.

**Community Development Loans**

UB is a leader in making community development loans in the State of Oregon AAs. The bank made 41 community development loans totaling \$57.6 million since the previous evaluation. As of the previous evaluation, UB originated 20 loans totaling \$60.6 million. Community development loans made within the Oregon AAs during the current evaluation period account for 49.2 percent of all community development loans. The number of loans rose significantly from the previous evaluation to the current evaluation, making a more broad impact to the AAs. The dollar volume declined only slightly from the previous evaluation. Of the 41 loans, 32 for a total of \$11.3 million were for affordable housing and 6 totaling \$41.8 million were for economic development. The remaining loans were targeted toward community development services for LMI individuals or revitalization or stabilization. Table OR-15 illustrates the bank’s community development loans by AA and by purpose.

**Table OR-15 - Oregon State Community Development Loans**

Assessment Area	Total		Affordable Housing		Economic Development		Community Development Services		Revitalization or Stabilization	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
<b>2008/2009</b>										
Bend MSA	3	139	3	139						
Corvallis MSA	7	45,901	1	426	4	41,225	1	3,000	1	1,250
Eugene-Springfield	10	4,753	10	4,753						
Medford MSA	6	4,963	6	4,963						
Salem MSA	9	231	9	231						
Oregon Non-MSA	6	1,617	3	814	2	553	1	250		
<b>GRAND TOTAL</b>	41	57,604	32	11,326	6	41,778	2	3,250	1	1,250

Source: Bank Records

The following points outline an example of community development loans made by UB during the evaluation period:

- The bank made a \$3 million commercial real estate loan to the local chapter of a national non-profit organization that provides training, employment, and housing for low-income individuals. This organization is headquartered in Eugene, Oregon, and serves the low-income residents of the Eugene-Springfield MSA AA. This local organization serves over 65,000 Lane County residents every year.
- In 2009, the bank renewed a \$500,000 operating line of credit for development costs associated with low-income housing projects in Springfield, Oregon (Eugene-Springfield MSA AA).

**Innovative and Flexible Lending Practices**

UB uses flexible lending practices to serve credit needs within all of the bank’s AAs. Refer to the innovative and flexible lending practices outlined under the bank-wide performance section for additional details.

**INVESTMENT TEST**

UB is rated “Needs to Improve” in the investment test for the State of Oregon.

UB made a poor level of qualified community development investment and grants, exhibiting poor responsiveness to credit and community development needs. Additionally, UB rarely uses innovative and/or complex investments to support community development initiatives. Qualified investments in the Oregon AAs total \$11.4 million, representing approximately 35.3 percent of total qualified investments. Donations in the Oregon AAs totaled \$150,000. Of the bank’s \$11.4 million in qualified investments in the Oregon AAs, only 2 investments totaling \$3.9 million were made during the current review period. The remaining \$7.5 million represent the current book value (as of December 31, 2009) of community development investments made in prior periods.

The majority of the bank’s investments in the Oregon AAs are for economic development purpose (\$5.8 million). The majority of these investments are part of the Oregon pass-through partner credits primarily involving the bank’s purchase of business energy tax credits. The majority of donations (\$106,100) are targeted toward community development services.

Table OR-16 presents the bank’s community development investments by purpose and by AA. Table OR-17 illustrates UB’s qualified donations made during the evaluation period by purpose and by year.

**Table OR-16 - Community Development Investments**

AA	Total		Affordable Housing		Economic Development		Community Development Services		Revitalization or Stabilization	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
Eugene	4	2,501	2	2,479			1	10	1	12
Medford										
Bend										
Corvallis	2	16			2	16				
Salem										
OR Non-MSA	9	4,928			4	3,486			5	1,442
Statewide OR	9	3,929	4	1,601	5	2,328				
<b>OR GRAND TOTAL</b>	<b>24</b>	<b>11,374</b>	<b>6</b>	<b>4,080</b>	<b>11</b>	<b>5,830</b>	<b>1</b>	<b>10</b>	<b>6</b>	<b>1,454</b>

Source: Bank Records

**Table OR-17 - Community Development Donations**

AA	Total		Affordable Housing		Economic Development		Community Development Services		Revitalization or Stabilization	
	#	\$ (000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
<b>2008/2009</b>										
Eugene	15	40	3	6			12	34		
Medford	5	12.5	2	5.5			3	7		
Bend	3	9.1					3	9.1		
Corvallis	3	7.5	1	4			2	3.5		
Salem	3	12	1	1	2	10	1	1		
OR Non-MSA	14	37.5			1	5	12	30	1	2.5
Statewide OR	5	31			2	5	3	26		
<b>OR GRAND TOTAL</b>	<b>48</b>	<b>149.6</b>	<b>7</b>	<b>16.5</b>	<b>5</b>	<b>20</b>	<b>36</b>	<b>110.6</b>	<b>1</b>	<b>2.5</b>

Source: Bank Records

The following points illustrate an example of the bank’s community development investments and donations benefiting the Oregon AAs:

- A \$3.9 million energy tax credit investment that provides economic development on a statewide basis, including distressed counties of Oregon.
- The bank donated \$15,000 to a statewide non-profit organization that provides food to LMI individuals and families.

**SERVICE TEST**

UB is rated “High Satisfactory” for the service test in Oregon.

**Retail Banking Services**

Accessibility of Delivery Systems

UB’s delivery systems are reasonably accessible to essentially all portions of the Oregon AAs. Table OR-18 details the number of branches, the branch ranking, and branch market share for all Oregon AAs combined, and for each AA.

**Table OR-18 - Branch Ranking by AA**

Assessment Area	# of Branches	Branch Ranking	Branch Share %
OR Areas Combined	54	2	9.9
Bend	5	9	6.1
Corvallis	1	7	5.9
Eugene-Springfield	9	3	8.6
Medford	9	4	11.7
Salem	3	8	2.9
Oregon Non-MSA	27	1	16.7

Source: FDIC website: [www.fdic.gov/sod](http://www.fdic.gov/sod), and Bank Records

The numeric data indicates that UB operates a comprehensive full-service branch delivery system, especially in the more rural areas of Oregon. With a branch ranking of second in all Oregon AAs combined, only one large, nationally-focused competitor operates a more comprehensive branch structure in the Oregon AAs. Of the bank’s 152 branches, 54 branches (36 percent) are located within the State of Oregon. Of the branches operated in this state, 51 are full-service and 3 are limited-service branches.

Examiners also reviewed the bank’s branch presence in LMI geographies as well as underserved or distressed middle-income geographies to determine the accessibility of services to LMI geographies and individuals. Table OR-19 details the branch distribution in all Oregon AAs by CT income level compared to other lenders as well as the business and household demographics. As shown in Table OR-19, UB operates one branch in a low-income geography in the Oregon AAs, while 3.2 percent of the competing financial institutions’ branches are located in low-income CTs. On a statewide basis, UB operates 18.5 percent of its branches in moderate-income tracts, which is below the 25.5 percent of all other institutions. However, UB operates 66.7 percent of its branches in middle-income tracts, several of which border and serve moderate-income areas.

Tables OR-20 and OR-21 detail UB’s distribution of branches by AA in low-income and moderate-income tracts, respectively.

**Table OR-19 - Branch Distribution**

Branches	CT Income Level				
	Low	Moderate	Middle	Upper	Total
Number of Branches	1	10	36	7	54
Percent	1.8	18.5	66.7	13.0	100.0
Comparisons					
Percentage of Branches – All Banks Excluding UB	3.2	25.5	56.9	14.4	100.0
Percentage of Households	0.9	18.2	59.4	21.5	100.0
Percentage of Businesses	1.8	20.3	55.9	22.0	100.0

Source: Bank Records, 2008 Aggregate Data, 2000 U.S. Census, 2009 D&B

**Table OR-20 - Branches in Low-Income CTs by AA**

AA	Low-Income	
	UB %	Market %
Bend	0.0	0.0
Corvallis	0.0	0.0
Eugene-Springfield	0.0	6.3
Medford	11.1	13.2
Salem	0.0	0.0
Oregon Non-MSA	0.0	0.0

Source: Bank Records, 2008 Aggregate Data

**Table OR-21 - Branches in Moderate-Income CTs by AA**

AA	Moderate-Income	
	UB %	Market %
Bend	20.0	29.0
Corvallis	100.0	75.0
Eugene-Springfield	33.3	31.3
Medford	22.2	25.0
Salem	33.3	23.2
Oregon Non-MSA	7.4	15.2

Source: Bank Records, 2008 Aggregate Data

As shown in Table OR-20, UB does not have a branch presence in the low-income CTs of the Eugene-Springfield AA, while 6.3 percent of other financial institutions’ branches are located in this income level of CT. The bank operates 11.1 percent of its branches in low-income tracts within the Medford AA, which is slightly lower than the 13.2 percent of the competing financial institution’s branches. The remaining AAs do not have branches, UB or competing financial institutions, within low-income tracts.

As shown in Table OR-21, UB’s distribution of branches in moderate-income tracts varies by AA, with the bank lagging competing financial institutions in the Bend, Medford, and Oregon Non-MSA AAs. The bank’s distribution of branches in moderate-income tracts exceeds competing financial institutions in the Corvallis, Eugene-Springfield, and Salem AAs. Overall, UB’s branch structure is reasonably convenient for LMI areas as well as distressed or underserved middle-income non-metropolitan geographies.

Alternative Delivery Systems

Deposit-taking automated teller machines (ATMs) are located at every branch in the Oregon AAs, with the exception of one limited-service location in Roseburg. The bank also operates several non-branch ATMs located in publicly available locations. The bank provides a toll-free 24-hour customer service line called Telebanc 24-Hour Banking. Customers can check balances, transfer funds, make loan payments, verify checks cleared, and obtain a variety of other account information. In addition, the bank maintains an Internet website that offers online banking services to allow customers to conduct personal banking activities. Customers may view account

balances, transfer funds, view check or statement images, make loan payments, and pay bills.

The bank offers language services to its customers, with over 30 different languages within its foreign language pool of employees who can offer interpreter services. The bank also offers a messenger service through a third-party that involves collecting customer deposits off-site.

**Reasonableness of Business Hours and Services in Meeting AA Needs**

UB’s services and business hours do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and individuals. Business hours vary by location; however, are generally 9:00AM to 5:00PM Monday through Thursday and 9:00AM to 6:00PM on Fridays at full-service locations. Drive-up banking is available at most full-service locations with hours of operation prior to and past regular branch hours. Saturday in-branch hours are offered at four of the full-service locations, and Saturday drive-up banking is available at nine full-service locations.

**Community Development Services**

The bank provided a relatively high level of community development services throughout the AAs, relative to the provision of financial expertise. The majority of community development services benefited the Oregon Non-MSA AA. A number of employees in the Oregon AAs participated in a variety of qualified community development services. Nearly half of these employees serve at the board or committee level of many community service organizations. Table OR-22 details the type of community development services by AA.

**Table OR-22 - Community Development Services**

Assessment Area	Total		Affordable Housing		Economic Development		Community Development Services		Revitalization or Stabilization	
	#	Hrs	#	Hrs	#	Hrs	#	Hrs	#	Hrs
<b>2008/2009</b>										
Eugene	19	377	1	2	3	52	15	323		
Medford	7	166	1	40	4	33	2	93		
Bend	5	2	1				4	2		
Corvallis	3	44	1	8			2	36		
Salem	4	15					4	15		
OR Non-MSA	71	399	4	46	18	60	49	293		
<b>OR GRAND TOTAL</b>	<b>109</b>	<b>1,003</b>	<b>8</b>	<b>96</b>	<b>25</b>	<b>145</b>	<b>76</b>	<b>762</b>		

*Source: Bank Records*

The following points outline an example of qualified community development services performed in the Oregon AAs:

- A bank employee participated on the Board of an organization that coordinates affordable housing initiatives for a four-county area centered in Portland. The primary purpose of the organization is to ensure consistent affordable housing opportunities in the area.
- A bank employee serves as loan committee chair of an organization dedicated to funding affordable rural loans. Loan committee members are responsible for approving funding to qualified small businesses in rural areas to promote economic development and job creation.

## **EUGENE-SPRINGFIELD FULL SCOPE EVALUATION**

### **DESCRIPTION OF OPERATIONS AND AA**

UB operates nine branches in the Eugene-Springfield AA, each providing the full range of services offered by the bank.

The Eugene-Springfield AA is divided into 78 CTs, with a population of 322,959 according to the 2000 U.S. Census. The AA consists of all CTs within Lane County, which comprises the Eugene-Springfield MSA #21660. The 2009 HUD-estimated median family income for the Eugene-Springfield, Oregon MSA was \$57,200. Table ES-1 details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Table ES-1 - CT Characteristics**

<b>Income Level</b>	<b>Number of Tracts</b>	<b>Percentage of Tracts</b>	<b>Percentage of Households</b>	<b>Percentage of Businesses</b>	<b>Percentage of OO Housing Units</b>
Low	2	2.6	3.3	4.6	0.5
Moderate	12	15.4	15.6	17.3	10.6
Middle	48	61.5	60.9	57.1	65.2
Upper	16	20.5	20.2	21.0	23.7
<b>Total</b>	78	100.0	100.0	100.0	100.0

*Source: 2000 U.S. Census, 2009 D&B*

The AA contains whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude any LMI areas.

## PERFORMANCE TEST CONCLUSIONS

### LENDING TEST

The Eugene-Springfield full scope evaluation represents a more in-depth review of the borrower profile and geographic distribution components of the lending test. Relevant loan products include small business loans and residential mortgages.

#### Borrower Profile

UB's distribution of loans in the Eugene-Springfield AA reflects a good penetration of loans to businesses of different revenue sizes and an adequate penetration of loans to mortgage borrowers of different income levels. The following sections detail the bank's performance by loan type.

#### Small Business Loans

Table ES-2 illustrates the bank's distribution of small business loans by gross annual revenues as compared to 2009 D&B data and the market performance for 2008.

**Table ES-2 - Small Business Gross Revenue Distribution**

Gross Annual Revenue Level	2009 D&B %	2008			2009	
		Market %	UB #	UB %	UB #	UB %
\$1M or Less	77.1	30.1	193	50.0	144	41.4
Over \$1M	4.0		172	44.6	159	45.7
Not Considered*	18.9		21	5.4	45	12.9
<b>Total</b>	100.0		386	100.0	348	100.0

*Source: 2009 D&B Data, 2008 CRA Aggregate, Bank Records  
 (\*) No response for D&B survey data, not considered for UB data*

UB's distribution of small business loans reflects a good penetration among businesses of different revenue sizes. In 2008, the bank's performance of lending to businesses with gross annual revenues of \$1 million or less, at 50.0 percent, exceeded the market data (30.1 percent) by a wide margin. While the bank's percentage of loans to small businesses decreased in 2009, this could be explained by overall economic conditions experienced during this timeframe.

#### Residential Mortgage Loans

Table ES-3 illustrates the bank's distribution of residential mortgages by borrower income level compared to the percentage of families at each income level and the market performance for 2008.

**Table ES-3 - Mortgage Loan Borrower Profile**

Borrower Income Level	% of Families	2008			2009	
		UB #	UB %	Market %	UB #	UB %
Low	19.0	2	1.0	2.9	12	3.4
Moderate	18.6	28	14.5	15.5	46	12.9
Middle	22.9	43	22.3	26.7	73	20.5
Upper	39.5	99	51.3	44.5	190	53.4
NA	0.0	21	10.9	10.5	35	9.8
<b>Total</b>	100.0	193	100.0	100.0	356	100.0

Source: 2000 U.S. Census, Bank Records, 2008 HMDA Aggregate Data

UB’s distribution of residential mortgage loans demonstrates adequate performance of lending to LMI borrowers over the review period compared to other lenders. In 2008, the bank’s rate of lending to LMI borrowers lagged each respective market rate, but not to a significant degree. The bank’s performance of lending to low-income borrowers increased in 2009, but decreased slightly with respect to moderate-income borrowers.

**Geographic Distribution**

UB’s overall distribution of small business and residential mortgage loans reflects good penetration throughout the Eugene-Springfield AA, particularly in LMI geographies. Tables ES-4 and ES-5 depict UB’s geographic distribution by loan product in the Eugene-Springfield AA.

**Small Business Loans**

**Table ES-4 - Small Business Loan Geographic Distribution**

CT Income Level	2009 D&B %	2008			2009	
		UB #	UB %	Market %	UB #	UB %
Low	4.6	26	6.7	3.6	19	5.4
Moderate	17.3	75	19.4	13.6	80	23.0
Middle	57.1	187	48.5	53.6	175	50.3
Upper	21.0	98	25.4	23.0	74	21.3
NA	0.0	0	0.0	6.2	0	0.0
<b>Total</b>	100.0	386	100.0	100.0	348	100.0

Source: 2009 D&B, Bank Records, 2008 CRA Aggregate

UB’s distribution of small business loans reflects good distribution throughout the AA due to a strong rate of lending in LMI geographies. UB’s rate of lending in LMI geographies exceeded the market rate in 2008 and exceeded the demographic estimate for 2009.

Residential Mortgage Loans

**Table ES-5 - Mortgage Loan Geographic Distribution**

CT Income Level	Owner Occupied Housing Units %	2008			2009	
		UB #	UB %	Market %	UB #	UB %
<b>Low</b>	0.5	1	0.5	0.6	8	2.2
<b>Moderate</b>	10.6	22	11.4	10.8	27	7.6
<b>Middle</b>	65.2	120	62.2	64.1	217	61.0
<b>Upper</b>	23.7	50	25.9	24.5	104	29.2
<b>Total</b>	100.0	193	100.0	100.0	356	100.0

*Source: 2000 U.S. Census, Bank Records, 2008 HMDA Aggregate*

UB's distribution of residential mortgage loans reflects a good penetration throughout the Eugene-Springfield AA. The bank's performance of lending in LMI geographies closely mirrors market data in 2008, and demonstrates an increasing trend in 2009 in terms of lending in low-income geographies.

**INVESTMENT TEST AND SERVICE TEST**

UB's investment test and service test performance for the Eugene-Springfield AA has been fully described above. Refer back to the Oregon Statewide Performance Test Conclusions for a complete discussion.

**OREGON LIMITED SCOPE AAs**

Please refer to Appendix D for demographic data and performance discussion regarding the Oregon limited scope AAs.

## PORTLAND-VANCOUVER-BEAVERTON MULTI-STATE MSA

### PVB CRA RATING: SATISFACTORY

*The Lending Test is rated: High Satisfactory*  
*The Investment Test is rated: Needs to Improve*  
*The Service Test is rated: Low Satisfactory*

### SCOPE OF EVALUATION

Examiners conducted a full scope, off-site evaluation of the bank’s performance in the PVB multi-state MSA AA. A review of FDIC records and the bank’s CRA public file did not reveal any complaints regarding UB’s CRA performance in the PVB AA since the prior evaluation.

### DESCRIPTION OF OPERATIONS AND AA

UB operates 25 branches in the PVB AA. Refer to the following service test discussion for details regarding bank operations and any changes over the review period.

The PVB AA is divided into 411 CTs with a population of 1,874,449 according to the 2000 U.S. Census. The AA consists of all CTs within Clackamas, Multnomah, Washington, and Yamhill Counties in Oregon, and Clark County in Washington. Table PVB-1 details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Table PVB-1 - CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Low	12	2.9	1.7	4.2	0.7
Moderate	94	22.9	22.1	21.3	15.7
Middle	206	50.1	51.9	47.6	54.5
Upper	99	24.1	24.3	26.9	29.1
<b>Total</b>	411	100.0	100.0	100.0	100.0

*Source: 2000 U.S. Census, 2009 D&B*

The AA contains whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude any LMI areas. The 2009 HUD-estimated median family income for the PVB MSA was \$70,000.

The PVB MSA covers both sides of the Columbia River in southwest Washington and northwest Oregon. The City of Portland represents the population and business center of the PVB AA. The

delayed housing market downturn could continue to negatively impact the AA. Mass layoffs by large employers have slowed. A strong recovery is expected due to technology manufacturers and health service providers. Top employers include Intel Corporation, Providence Health Systems and Safeway, Inc. Economic condition trends are similar to those observed in other northwest metropolitan areas.

**Community Contact Observations**

A recent community contact in the PVB AA was used for this evaluation. This contact is the director of a small business development center covering the State of Oregon (including the PVB MSA). Please refer back to the Oregon Statewide community contact for a complete discussion.

**PERFORMANCE TEST CONCLUSIONS**

**LENDING TEST**

UB is rated “High Satisfactory” for the lending test in the PVB AA.

**Lending Activity**

Overall, UB’s lending levels reflect a good responsiveness to AA credit needs. Examiners reviewed the number and dollar volume of loans originated over the review period as well as market share and market ranking figures for primary loan products to determine the bank’s level of lending relative to AA credit needs. To gain perspective of a bank’s presence in a community, examiners also reviewed deposit market share data. The following sections provide detail regarding UB’s deposit, small business, and residential mortgage market share in the PVB AA.

**Small Business Lending**

Table PVB-2 details UB’s small business loan market ranking and market share percentage during 2008 based on dollar volume of loans originated for the PVB AA. UB’s 2009 market share percentage is also provided.

**Table PVB-2 - Small Business Loan Market Shares**

AA	2008		2009
	UB Loan Rank (#)	UB Loan Market Share %	Deposit Market Share %
PVB	17	0.5	3.1

*Source: June 30, 2009 FDIC Deposit Market Share Report, 2008 CRA Aggregate Data*

**Residential Mortgage Lending**

Table PVB-3 details UB’s residential mortgage loan market ranking and market share percentage

during 2008 based on number of loans originated for the PVB AA.

**Table PVB-3 - Residential Mortgage Loan Market Shares**

AA	2008	
	Rank (#)	Market Share %
PVB	53	0.3

Source: 2008 HMDA Aggregate Data

**Borrower Profile**

Overall, UB’s borrower profile performance in the PVB AA is good. UB’s distribution of loans in the PVB AA reflects good penetration of loans to businesses of different revenue sizes and a good penetration of loans to mortgage borrowers of different income levels. The following sections detail the bank’s performance by loan type. Most weight is assigned to small business lending performance, as this is the primary loan type in this AA.

**Small Business Loans**

Table PVB-4 details UB’s small business loan borrower profile in the same manner as presented in previous analyses.

**Table PVB-4 - Small Business Loan Gross Revenue Distribution**

Borrower Gross Revenue	2009 D&B %	2008			2009	
		Market %	UB #	UB %	UB #	UB %
\$1M or Less	76.1	37.3	198	45.8	184	45.6
Over \$1M	4.4		220	50.9	192	47.5
Not Considered*	19.5		14	3.3	28	6.9
<b>Total</b>	100.0		432	100.0	404	100.0

Source: 2009 D&B, 2008 CRA Aggregate, Bank Records

(\*) No response for D&B survey data, not considered for UB data

UB’s distribution of loans reflects good penetration of loans to businesses of different revenue sizes over the review period, due to a more than reasonable rate of lending to businesses with gross annual revenues of \$1 million or less in 2008 and 2009. UB’s rate of lending to small businesses is lower than the D&B demographic estimates but is not unreasonable, especially considering that the bank exceeded the market performance in 2008.

**Residential Mortgage Loans**

Table PVB-5 details UB’s residential mortgage loan borrower profile in the same manner as presented in previous analyses.

**Table PVB-5 - Mortgage Loan Borrower Profile**

Borrower Income Level	% of Families	2008			2009	
		UB #	UB %	Market %	UB #	UB %
Low	18.3	13	4.8	3.4	56	6.4
Moderate	19.1	66	24.5	16.5	151	17.3
Middle	23.5	53	19.7	27.2	194	22.2
Upper	39.1	117	43.5	41.6	409	46.8
NA	0.0	20	7.5	11.3	64	7.3
<b>Total</b>	100.0	269	100.0	100.0	874	100.0

Source: 2000 U.S. Census, Bank Records, 2008 HMDA Aggregate Data

UB's distribution of mortgage borrowers reflects good penetration of loans to borrowers of different income levels. UB's rate of lending to LMI borrowers in 2008 exceeded the respective market rate. The bank's performance of lending to low-income borrowers increased in 2009, both by number of loans and by overall percentage. Although the percentage of loans to moderate-income borrowers decreased in 2009, it is noted that the number of loans made by UB to borrowers of this income level increased in line with the overall increase in lending volume.

**Geographic Distribution**

Overall, the distribution of small business and residential mortgage loans reflects good penetration throughout the PVB AA, particularly in LMI geographies. As previously indicated, small business lending performance is assigned the most weight in arriving at overall conclusions. The following sections detail the bank's performance by loan type.

**Small Business Loans**

Table PVB-6 details UB's small business loan geographic distribution in the same manner as presented in previous analyses.

**Table PVB-6 - Small Business Loan Geographic Distribution**

CT Income Level	2009 D&B	2008			2009	
		UB #	UB %	Market	UB #	UB %
Low	4.2	26	6.0	3.3	22	5.4
Moderate	21.3	95	22.0	17.5	90	22.3
Middle	47.6	170	39.4	44.3	166	41.1
Upper	26.9	141	32.6	30.2	126	31.2
NA	0.0	0	0.0	4.7	0	0.0
<b>Total</b>	100.0	432	100.0	100.0	404	100.0

Source: 2009 D&B, Bank Records, 2008 CRA Aggregate

UB’s distribution of small business loans reflects good penetration throughout the PVB AA, due to a good rate of lending in LMI geographies. UB’s rate of lending in LMI geographies in 2008 and 2009 exceeded the 2008 market rate and 2009 D&B demographic data, respectively.

**Residential Mortgage Loans**

Table PVB-7 details UB’s PVB AA residential mortgage loan geographic distribution in the same manner as presented in previous analyses.

**Table PVB-7 - Mortgage Loan Geographic Distribution**

CT Income Level	Owner Occupied Housing Units %	2008			2009	
		UB #	UB %	Market %	UB #	UB %
<b>Low</b>	0.7	2	0.7	0.9	14	1.6
<b>Moderate</b>	15.7	59	21.9	17.7	160	18.3
<b>Middle</b>	54.5	107	39.8	52.7	383	43.8
<b>Upper</b>	29.1	101	37.6	28.7	317	36.3
<b>Total</b>	100.0	269	100.0	100.0	874	100.0

*Source: 2000 U.S. Census, Bank Records, 2008 HMDA Aggregate*

UB’s distribution of residential mortgage loans reflects good penetration throughout the PVB AA. In 2008, the bank extended a small number of loans in low-income tracts; however, the bank’s performance is comparable to the percentage of owner-occupied housing units in the AA and to market performance. The bank’s performance of lending in moderate-income geographies exceeded market performance in 2008, and was relatively consistent in 2009.

**Serving the Credit Needs of the Highly Disadvantaged**

Overall, UB exhibited a good record of serving the credit needs of the most economically disadvantaged including very small businesses and low-income CTs and individuals. As described above, UB’s small business borrower profile is good. UB demonstrated a good rate of lending to low-income residential mortgage borrowers in the PVB AA. Furthermore, UB’s responsiveness to the credit needs of low-income geographies is good.

**Community Development Loans**

UB made a relatively high level of community development loans in the PVB AA. As indicated in Table PVB-8, the bank made 26 community development loans totaling \$19.5 million since the previous evaluation. As of the previous evaluation, UB had originated 10 loans totaling \$21.8 million. Of the total \$117 million in community development loans made during the current evaluation period, 16.7 percent were in the PVB AA, which is consistent with percentage of branches located in this AA.

Although the number of loans rose significantly from the previous evaluation, making a more broad impact to the AA, the dollar volume declined somewhat. Of the 26 loans, 22 related to affordable housing.

**Table PVB-8 - Community Development Loans**

AA / Year	Total		Affordable Housing		Economic Development		Community Development Services		Revitalization	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2008/2009	26	19,480	22	14,814	1	1,206	2	1,500	1	1,960
PVB										

Source: Bank Records

An example of one of the bank’s community development loans includes the refinance of a \$2.2 million line of credit to finance and purchase upgrades for a low-income mobile home park in Tualatin, Oregon, in 2008

**Innovative and Flexible Lending Practices**

UB uses flexible lending practices to serve credit needs within all of the bank’s AAs. Refer to innovative and flexible lending practices outlined under the bank-wide performance section for additional details.

**INVESTMENT TEST**

UB is rated “Needs to Improve” in the investment test for the PVB AA. UB made an poor level of qualified community development investment and grants during the evaluation period. UB exhibits poor responsiveness to credit and community development needs, and rarely uses innovative and/or complex investments to support community development initiatives. Qualified investments in the PVB AA totaled \$8.9 million, representing 27.8 percent of total qualified investments in all AAs. Donations totaled \$129,000. Furthermore, of the bank’s total qualified investments, only \$3.6 million was made during the current evaluation period. The majority of total qualified investments, or \$5.3 million, was made in prior periods, and represents the current book value of such investments as of December 31, 2009.

Since the prior evaluation, the total dollar amount of investments and donations in the PVB AA decreased by \$439,000. Tables PVB-9 and PVB-10 illustrate the bank’s qualified investments and donations, respectively, by community development purpose.

**Table PVB-9 - Community Development Investments**

AA	Total		Affordable Housing		Economic Development		Community Development Services		Revitalization or Stabilization	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2008/2009										
PVB	18	8,957	5	5,792			1	3	12	3,162

Source: Bank Records

**Table PVB-10 - Community Development Donations**

AA	Total		Affordable Housing		Economic Development		Community Development Services		Revitalization or Stabilization	
2008/2009	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
<b>PVB</b>	<b>31</b>	<b>129.1</b>	<b>9</b>	<b>66.5</b>			<b>19</b>	<b>51.6</b>	<b>3</b>	<b>11</b>

Source: Bank Records

The following points illustrate examples of the bank’s investments and donations benefiting the PVB AA:

- During the current examination period, the bank made an affordable housing investment of \$3.5 million into an equity fund that invests in partnerships and limited liability corporations that acquire, rehabilitate, and sell low-income housing developments.
- The bank donated \$25,000 to a land trust organization for use in providing funds for homebuyer education and counseling programs. The majority of the attendees are on the organization’s affordable housing waiting list.
- The bank donated \$22,500 to a housing authority that provides low-income first time home buyers with group classes and one-on-one counseling, and also provides financial support through a matched savings program and mortgage assistance.

**SERVICE TEST**

UB is rated “Low Satisfactory” in the service test for the PVB AA.

**Retail Banking Services**

Accessibility of Delivery Systems

UB’s delivery systems are reasonably accessible to essentially all portions of the PVB AA. Table PVB-11 details the number of branches, branch ranking, and branch market share in the AA.

**Table PVB-11 - Branch Ranking**

AA	# of Branches	Branch Ranking	Branch Share %
PVB	25	7	3.6

Source: FDIC website: [www.fdic.gov/sod](http://www.fdic.gov/sod)

Six competing financial institutions operate more comprehensive branch structures compared to UB in the PVB AA. Five of the competing institutions are large banks with a national focus. Of the bank’s 152 branches, 25 or 16.4 percent are located within the PVB AA. Of these 25

branches, 18 are full-service and 7 are limited-service branches. The limited-service branches are generally located within retirement community centers or commercial banking centers.

Examiners also reviewed the bank’s physical branch presence in LMI geographies as well as underserved or distressed middle-income geographies to determine the accessibility of services to LMI geographies and individuals. Table PVB-12 details the branch distribution in the AA by CT income level in the same manner as presented in previous analyses.

**Table PVB-12 - Branch Structure**

Branches	Income Level of CT				
	Low	Moderate	Middle	Upper	Total
Number of Branches as of December 31, 2009	2	9	8	6	25
Percent	8.0	36.0	32.0	24.0	100.0
Comparisons					
Percentage of Branches - All Banks Excluding UB	6.4	28.2	46.9	18.5	100.0
Percentage of Households	1.7	22.1	51.9	24.3	100.0
Percentage of Businesses	4.2	21.3	47.6	26.9	100.0

Source: Bank Records, 2008 Aggregate Data, 2000 U.S. Census, 2009 D&B

UB operates 2, or 8.0 percent, of its branches in low-income CTs, while other financial institutions operate 6.4 percent of their branches in this income level of geography. UB operates 9, or 36.0 percent, of its branches in moderate-income tracts, which is above the 28.2 percent of branches operated in this income level of geography by other financial institutions. When compared to household and business demographics, the bank’s presence in LMI CTs appears more favorable.

Alternative Delivery Systems

Review of branch maps and alternative delivery systems reveals that UB’s delivery systems are reasonably accessible to essentially all portions of the PVB AA.

Deposit-taking ATMs are located at every full-service branch in the PVB AA, with the exception of one full-service location in Vancouver, Washington. The limited-service locations do not have ATMs. The bank also operates several non-branch ATMs located in publicly available locations. The bank’s alternative delivery systems, not unique to this AA, are fully described in the Oregon Statewide analysis.

Reasonableness of Business Hours and Services in Meeting AA Needs

UB’s services and business hours do not vary in a way that inconveniences certain portions of this AA, particularly LMI geographies and individuals. Business hours vary by location; however, are generally 9:00AM to 5:00PM Monday through Thursday and 9:00AM to 6:00PM on Fridays at full-service locations. Drive-up banking is available at five full-service locations with hours of operation prior to and past regular branch hours. Saturday in-branch hours are

offered at six of the full-service locations, and Saturday drive-up banking is not available at any of the bank’s locations. Hours vary at limited-service branch offices given that the limited-service locations are generally located within retirement community centers or commercial banking centers. The hours offered at these locations are limited; however, are not unreasonable given the timeframes of accessibility and customer base.

**Community Development Services**

The bank provides a limited level of community development services throughout the PVB AAs. While bank employees performed community development services in 2008, the bank did not maintain that data. For 2009 the bank’s hours of qualified services are shown below. Table PVB-13 details the type of community development services by AA.

**Table PVB-13 - Community Development Services**

Assessment Area	Total		Affordable Housing		Economic Development		Community Development Services		Revitalization	
	#	Hrs	#	Hrs	#	Hrs	#	Hrs	#	Hrs
<b>2008/2009</b>										
<b>PVB</b>	<b>36</b>	<b>152</b>	<b>17</b>	<b>105</b>	<b>1</b>	<b>-</b>	<b>18</b>	<b>47</b>		

Source: Bank Record

The following points illustrate an example of the qualified community development services performed in the PVB AA:

- A bank employee participates as a board member of a non-profit organization whose mission is to provide career-development skills and opportunities to low-income women.
- A bank employee is serving as board member of an affordable housing authority. The board members provide help to first time low-income home buyers to accomplish their goal of buying their first home through education and counseling.

## CALIFORNIA

### CALIFORNIA CRA RATING: SATISFACTORY

*The Lending Test is rated:* **High Satisfactory**  
*The Investment Test is rated:* **Needs to Improve**  
*The Service Test is rated:* **Low Satisfactory**

### SCOPE OF EVALUATION

Examiners conducted a full scope, off-site evaluation of the bank’s performance in the Sacramento-Arden-Arcade-Roseville AA and limited scope off-site evaluations of the bank’s performance in the other California AAs. A review of FDIC records and the bank’s CRA public file did not reveal any complaints regarding UB’s performance in California over the review period.

### DESCRIPTION OF OPERATIONS AND AAs

UB operates 71 branches in the California AAs. Refer to the following service test discussion for details regarding bank operations and any changes over the review period.

UB delineated 11 AAs in California as follows: Chico, CA MSA; Modesto, CA MSA; Napa, CA MSA; Oakland-Fremont-Hayward, CA MD (Contra Costa County only); Redding, CA MSA; Sacramento-Arden-Arcade-Roseville, CA MSA; Stockton, CA MSA; Vallejo-Fairfield, CA MSA; Yuba City, CA MSA; Seven County Non-MSA (Colusa, Glenn, Humboldt, Lake, Mendocino, Tehama, and Trinity Counties); and Three County Non-MSA (Amador, Calaveras, and Tuolumne Counties). Table CA-1 illustrates select demographic characteristics of the combined California AAs.

**Table CA-1 - CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Low	53	4.8	3.9	5.0	1.9
Moderate	251	22.8	21.2	20.0	15.7
Middle	504	45.7	47.4	43.9	48.8
Upper	292	26.5	27.4	31.1	33.6
NA	2	0.2	0.0	0.0	0.0
<b>Total</b>	<b>1,102</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2000 U.S. Census, 2009 D&B

The Chico MSA had an unemployment rate of 12.9 percent for 2009. Chico’s economy, like the rest of the state, experienced a deep recession, and reached a 13.9 percent unemployment rate in October 2009.

Top employers include Enloe Medical Center, California State University, TriCounties Bank, and Butte-Glenn.

The Modesto MSA has an unemployment rate of 16.5 percent for 2009, and is expected to reach 18.5 percent in 2010. Modesto's economy remains depressed. Credit conditions remain terrible, although delinquency rates on most types of credit have fallen from their highs reached the first half of the year. Residential real estate construction will remain at its current levels for the first half of 2010 moderating slowly the following year. Top employers include E&J Gallo Winery, Signature Fruit Company, Memorial Medical Center, and Modesto Junior College.

The Napa MSA had an unemployment rate of 8.9 percent for 2009. Construction and manufacturing are starting to rebound; however, residential construction has not begun to grow significantly. Leisure and hospitality are expected to be the leading source of growth for Napa's recovery. Top employers include Queen of the Valley Medical Center, St. Helena Hospital, Foster's Wine Estates, and Silverado Resort.

The Oakland-Fremont-Hayward MD had an unemployment rate of 10.8 percent for 2009. Oakland is slowly emerging from its deep recession, led by industrial production and transportation growth. International trade through Oakland may increase throughout 2010. The residential housing market could continue to decelerate in 2010 before it strengthens again in 2011. Top employers include University of California, Kaiser Permanente, Safeway, Chevron and AT&T.

The Redding MSA had an unemployment rate of 15.7 percent for 2009. Redding's economy remains in recession, although there have been some signs of recent improvement. Residential construction will increase modestly in 2010 due to the effect of the homebuyer tax credit. Leisure and hospitality may post modest growth through 2010. Top employers include Mercy Medical Center, Shasta Regional Medical Center, Holiday Markets, California Department of Transportation and Shasta College.

The Sacramento-Arden-Arcade MSA had an unemployment rate of 11.6 percent for 2009. Sacramento's economy has shown few signs of recovery as the rest of the state begins to stabilize. Total employment continues to fall at a steady pace, due to significant job losses in construction and retail trade as well as government. Demand for office space in Sacramento will begin to stabilize, but the increase in vacant space could limit construction. Consumer industries are still continuing to deteriorate faster in Sacramento than the rest of the state or nation. Top employers include UC Davis, Kaiser Permanente, Sutter Health Sacramento Sierra Region, Catholic Healthcare West, and Intel Corporation.

The Stockton MSA had an unemployment rate of 15.9 percent for 2009. Stockton's recession began earlier than the national recession, and has only recently begun to see a moderation in the downturn. While the labor market remains weak, some industries such as transportation and manufacturing have slowly added jobs. Credit conditions declined as mortgage delinquency rates,

as well as foreclosure rates, were more than double the national average. Top employers include St. Joseph Medical Center, Hedy Homes Staffing Services, San Joaquin General Hospital, Defense Distribution Depot San Joaquin, and Safeway.

The Vallejo-Fairfield MSA had an unemployment rate of 11.3 percent for 2009. Vallejo's economy remains in recession. One segment of the economy that has improved recently is housing. Manufacturing continues to be one of the weakest parts of the economy and job losses in this sector are expected to continue well into the end of 2010. Consumer spending could remain low into 2010 as high unemployment limits access to credit. Top employers include Travis Air Force Base, Kaiser Permanente, Alza Corporation, Six Flags Discovery Kingdom, and California Medical Facility.

The Yuba City MSA had an unemployment rate of 17.8 percent for 2009. Yuba City has not yet begun to recover from its severe recession. The local economy's focus on agriculture is providing some measure of stability, but has not countered the weaknesses elsewhere. Consumers are expected to face a steeper road to recovery than consumers elsewhere as job losses have negatively impacted wages. Top employers include Beale Air Force Base, Rideout Memorial Hospital, Fremont Medical Center, Wal-Mart Stores, Inc and Yuba Community College.

The Non-MSA AA contains ten counties which include Colusa, Glenn, Humboldt, Lake, Mendocino, Tehama, Trinity, Amador, Calaveras, and Tuolumne. Individual economic data and conditions were not available and would not provide any additional information given the diverse geographic differences of these counties.

### **Community Contact Observations**

Affordable housing was identified as a statewide need. A recent community contact expressed concern relating to limitations of refinancing and loan modification for LMI borrowers. The contact indicated a need for banks to support small business lending programs through sponsorships, donations, or referrals.

## **STATEWIDE PERFORMANCE TEST CONCLUSIONS**

### **LENDING TEST**

UB is rated "High Satisfactory" for the lending test in California.

### **Lending Activity**

Overall, UB's lending levels reflect good responsiveness to AA credit needs. Examiners reviewed the number and dollar volume of loans originated over the review period as well as market share and market ranking figures for primary loan products to determine the bank's level of lending relative to AA credit needs. To gain perspective of a bank's presence in a community,

examiners also reviewed deposit market share data. The following sections provide detail regarding UB’s deposit, small business, and residential mortgage market share throughout its California AAs.

**Small Business Loans**

Table CA-2 details UB’s small business loan market ranking and market shares during 2008 based on dollar volume of loans originated for the California AAs, combined, and for each individual AA.

**Table CA-2 - Small Business Loan Market Shares**

AA	2008		2009
	UB Loan Rank (#)	UB Loan Market Share %	Deposit Market Share %
CA Areas Combined	16	0.5	2.7
Chico	16	0.3	2.7
Modesto	25	0.1	0.6
Napa	11	0.8	10.3
Oakland-Fremont-Hayward	34	0.0	0.2
Redding	16	1.0	2.3
Sacramento-Arden-Arcade	19	0.4	1.9
Stockton	22	0.1	0.4
Vallejo-Fairfield	17	0.3	4.1
Yuba City	13	1.3	15.7
Non-MSA	11	1.8	15.0

*Source: 2008 & 2009 FDIC Summary of Deposits, 2008 CRA Aggregate*

**Residential Mortgage Loans**

Table CA-3 details UB’s residential mortgage loan market ranking and shares during 2008 based on number of loans originated in all California AAs, combined, and for each individual AA.

**Table CA-3 - Residential Mortgage Loan Market Shares**

AA	2008	
	UB Loan Rank (#)	UB Loan Market Share %
CA Areas Combined	72	0.2
Chico	66	0.1
Modesto	108	0.1
Napa	83	0.1
Oakland-Fremont-Hayward	0	0.0
Redding	45	0.3
Sacramento-Arden-Arcade	103	0.1
Stockton	48	0.3
Vallejo-Fairfield	104	0.1
Yuba City	60	0.2
Non-MSA	16	1.2

Source: 2008 HMDA Aggregate

**Borrower Profile**

UB’s distribution of loans in California reflects good penetration to businesses of different revenue sizes and mortgage borrowers of different income levels. Most weight is assigned to small business lending in arriving at the overall conclusions. The following sections describe the bank’s performance by loan type.

**Small Business Loans**

Table CA-4 details UB’s small business loan borrower profile for all California AAs combined in the same manner as presented in the Oregon statewide analysis. Table CA-5 depicts UB’s rate of lending to small businesses by AA in the same manner as presented in previous analyses.

**Table CA-4 - Small Business Loan Gross Revenue Distribution**

Borrower Gross Revenue	2009 D&B %	2008			2009	
		Market %	UB #	UB %	UB #	UB %
\$1M or Less	77.0	33.2	461	45.4	400	41.9
Over \$1M	4.1		507	49.9	490	51.4
Not Considered*	18.9		48	4.7	64	6.7
<b>Total</b>	100.00		1,016	100.0	954	100.0

Source: 2009 D&B, 2008 CRA Aggregate, Bank Records

(\*) No response for D&B survey data, not considered for UB data

**Table CA-5 - Small Business Lending Rates**

AA	2008		2009
	UB %	Market %	UB %
Chico	40.0	24.0	45.2
Modesto	63.2	31.9	27.3
Napa	38.7	32.3	32.1
Oakland-Fremont-Hayward	55.0	32.5	28.0
Redding	49.4	31.1	42.6
Sacramento-Arden-Arcade	37.9	36.1	43.8
Stockton	44.4	32.8	28.9
Vallejo-Fairfield	42.5	30.8	27.1
Yuba City	55.8	38.4	35.2
Non-MSA	49.6	31.0	49.2

Source: Bank Records, 2008 CRA Aggregate

UB's borrower profile reflects good penetration of loans to businesses of different revenue sizes given the bank's rate of lending to businesses with gross annual revenues of \$1 million or less. The bank's statewide performance exceeds market performance and its performance in each individual AA was particularly strong in 2008. However, the bank's performance declined in 8 of the 10 individual AAs in 2009, with a particularly steep decline in the Modesto AA. Such declines may be explained by the overall economic conditions in California in 2009. The bank increased its performance in the Chico and Sacramento-Arden-Arcade AAs during 2009.

Residential Mortgage Loans

Table CA-6 details UB's residential mortgage loan borrower profile for all California AAs combined in the same manner as presented in the Oregon statewide analysis. Tables CA-7 and CA-8 depict UB's rate of lending to low-income and moderate-income borrowers, respectively, by AA in the same manner as presented in previous analyses.

**Table CA-6 - Mortgage Loan Borrower Profile**

Borrower Income Level	% of Families	2008			2009	
		UB #	UB %	Market %	UB #	UB %
<b>Low</b>	20.4	20	5.8	3.9	64	7.1
<b>Moderate</b>	17.8	56	16.2	14.3	155	17.3
<b>Middle</b>	21.2	78	22.5	22.2	193	21.5
<b>Upper</b>	40.6	159	46.0	43.4	450	50.1
<b>NA</b>	0.0	33	9.5	16.2	36	4.0
<b>Total</b>	100.0	346	100.0	100.0	898	100.0

Source: 2000 U.S. Census, Bank Records, 2008 HMDA Aggregate

**Table CA-7 - Mortgage Loans to Low-Income Borrowers by AA**

AA	2008		2009
	UB %	Market %	UB %
Chico	0.0	3.4	0.0
Modesto	12.5	3.2	10.0
Napa	25.0	2.5	3.2
Oakland-Fremont-Hayward	0.0	4.3	0.0
Redding	6.7	2.6	8.6
Sacramento-Arden-Arcade	3.5	4.6	9.7
Stockton	4.8	3.4	5.7
Vallejo-Fairfield	20.0	3.4	13.3
Yuba City	0.0	3.2	2.3
Non-MSA	5.8	2.4	6.4

Source: Bank Records, 2008 HMDA Aggregate

**Table CA-8 - Mortgage Loans to Moderate-Income Borrowers by AA**

AA	2008		2009
	UB %	Market %	UB %
Chico	14.3	12.6	11.8
Modesto	12.5	14.5	40.0
Napa	0.0	8.4	16.1
Oakland-Fremont-Hayward	0.0	13.7	33.3
Redding	13.3	11.8	8.6
Sacramento-Arden-Arcade	12.1	16.1	19.0
Stockton	19.4	13.6	24.5
Vallejo-Fairfield	20.0	14.7	13.3
Yuba City	25.0	12.5	14.0
Non-MSA	16.7	10.7	16.1

Source: Bank Records, 2008 HMDA Aggregate

UB's distribution of mortgage borrowers represents a good penetration of loans to borrowers of different income levels, particularly those who are LMI. In 2008, UB's rate of lending to LMI borrowers on a statewide basis exceeded the respective market rates. When viewed on an individual AA basis, UB's rate of lending to LMI borrowers exceeded market rates for most AAs; however, there are several AAs where the bank performed lower than market. The AAs where the bank performed lower than market are areas where the bank has a very low residential market share and generally less of a physical branch presence.

**Geographic Distribution**

UB's overall distribution of loans represents adequate penetration throughout the California AAs. The distribution of small business loans is good while the distribution of residential mortgage loans is adequate. The following sections discuss the bank's performance under this factor by loan type.

Small Business Loans

Table CA-9 depicts UB’s small business loan geographic distribution over the review period in the same manner as presented in previous analyses. Tables CA-10 and CA-11 detail UB’s performance of lending in low-income and moderate-income CTs, respectively, as compared to other lenders in 2008 and compared to the D&B demographic data in 2009.

**Table CA-9 - Small Business Loan Geographic Distribution**

CT Income Level	2009 D&B %	2008			2009	
		UB #	UB %	Market %	UB #	UB %
Low	5.1	19	1.8	3.1	17	1.8
Moderate	20.0	287	28.3	14.6	188	19.7
Middle	43.9	512	50.4	41.0	546	57.2
Upper	31.0	198	19.5	36.4	203	21.3
N/A	0.0	0	0.0	4.9	0	0.0
<b>Total</b>	100.0	1,016	100.0	100.0	954	100.0

Source: 2009 D&B, Bank Records, 2008 CRA Aggregate

**Table CA-10 - Small Business Loan Low-Income CT Penetration Rates**

AA	2008		2009	
	UB %	Market %	UB %	D&B %
Chico	0.0	0.6	0.0	0.5
Modesto	5.3	4.3	9.1	6.9
Napa	0.0	0.0	0.0	0.0
Oakland-Fremont-Hayward	30.0	3.0	16.0	4.7
Redding	0.0	0.0	0.0	0.0
Sacramento-Arden-Arcade	2.0	4.7	4.4	5.9
Stockton	22.2	5.1	2.6	7.6
Vallejo-Fairfield	5.0	1.4	0.0	2.7
Yuba City	0.0	0.0	0.0	0.0
Non-MSA	0.0	0.0	0.0	0.0

Source: Bank Records, 2008 CRA Aggregate, 2009 D&B

**Table CA-11 - Small Business Loan Moderate-Income CT Penetration Rates**

AA	2008		2009	
	UB	Market %	UB %	D&B %
Chico	32.5	16.0	25.8	26.8
Modesto	26.3	12.1	18.2	14.3
Napa	32.3	18.8	21.4	23.8
Oakland-Fremont-Hayward	25.0	10.5	16.0	13.9
Redding	24.1	17.7	14.7	23.3
Sacramento-Arden-Arcade	39.5	16.1	16.7	20.4
Stockton	27.8	16.4	63.2	18.8
Vallejo-Fairfield	10.0	16.5	20.3	22.5
Yuba City	30.8	20.7	25.9	27.4
Non-MSA	21.0	12.1	16.2	16.5

Source: Bank Records, 2008 CRA Aggregate, 2009 D&B

UB's distribution of small business loans reflects good penetration throughout the California AAs due to good rates of lending in LMI geographies, particularly moderate-income geographies. The bank's performance in low-income geographies was slightly below market performance and demographics; however performance in moderate-income geographies was strong for the review period. The bank's performance in individual AAs varied; however, the bank's rate of lending in the Oakland-Fremont-Hayward low-income CTs for 2008 and 2009 was excellent as was its performance in the Stockton low-income CTs for 2008. UB's rate of lending in moderate-income areas generally exceeded market data in 2008 and varied slightly to D&B demographic data in 2009, with strong performance in the Stockton AA for 2009. Overall, the bank's performance was good.

Residential Mortgage Loans

Table CA-12 illustrates UB's mortgage lending activity by income level of CT as compared to the percentage of owner-occupied housing units and the market performance. Tables CA-13 and CA-14 illustrate the bank's rate of lending in low-income and moderate-income CTs, respectively, by AA.

**Table CA-12 - Mortgage Loan Geographic Distribution**

CT Income Level	Owner Occupied Housing Units	2008			2009	
		UB #	UB %	Market %	UB #	UB %
Low	1.9	6	1.7	2.1	4	0.4
Moderate	15.7	45	13.0	14.6	105	11.7
Middle	48.7	225	65.0	45.0	535	59.6
Upper	33.7	70	20.3	38.3	254	28.3
Total	100.0	346	100.0	100.0	898	100.0

Source: 2000 U.S. Census, Bank Records, 2008 HMDA Aggregate

**Table CA-13 - Mortgage Loan Low-Income CT Penetration Rates**

AA	2008		2009
	UB	Market	UB
Chico	14.3	0.7	0.0
Modesto	25.0	0.9	0.0
Napa	0.0	0.0	0.0
Oakland-Fremont-Hayward	0.0	2.7	0.0
Redding	0.0	0.0	0.0
Sacramento-Arden-Arcade	1.7	3.4	1.5
Stockton	3.2	1.5	0.0
Vallejo-Fairfield	0.0	0.4	0.0
Yuba City	0.0	0.0	0.0
Non-MSA	0.0	0.0	0.0

Source: Bank Records, 2008 HMDA Aggregate

**Table CA-14 - Mortgage Loan Moderate-Income CT Penetration Rates**

AA	2008		2009
	UB	Market	UB
Chico	28.6	14.4	23.5
Modesto	0.0	14.0	30.0
Napa	0.0	21.6	6.5
Oakland-Fremont-Hayward	0.0	13.9	0.0
Redding	6.7	17.1	5.7
Sacramento-Arden-Arcade	10.3	15.8	9.0
Stockton	14.5	11.9	34.0
Vallejo-Fairfield	30.0	14.3	20.0
Yuba City	25.0	23.3	20.9
Non-MSA	12.6	9.7	9.5

Source: Bank Records, 2008 HMDA Aggregate

UB's distribution of mortgage loans reflects adequate penetration throughout the AA. The bank's statewide performance of lending in LMI geographies in 2008 and 2009 lagged market performance, but not to a significant degree. The bank's performance of lending in low-income tracts for 2008 exceeded market performance in three individual AAs, with the bank's performance in the Chico and Modesto AAs being particularly strong. The bank's performance of lending in low-income tracts for 2009 lagged market performance in all applicable individual AAs. The bank's performance of lending in LMI tracts for 2008 and 2009 was a mixture of exceeding market performance in several individual AAs while lagging performance in others. The bank's performance was particularly strong in the Chico, Stockton, and Vallejo-Fairfield AAs, but lagged market data in the Napa, Oakland-Fremont-Hayward, Redding, and Sacramento-Arden-Arcade AAs. Overall, the bank's performance is considered adequate; however, the bank's performance of lending in LMI CTs of the Napa, Oakland-Fremont-Hayward, and Redding AAs is less than satisfactory.

**Serving the Credit Needs of the Highly Disadvantaged**

Overall, UB exhibited a good record of serving the credit needs of the most economically disadvantaged, including very small businesses as well as low-income individuals and geographies. As described above, UB’s small business borrower profile is good and its responsiveness to the credit needs of low-income geographies is generally good. While the bank’s overall performance is generally good for the California AAs as a whole, there are several individual AAs in which the bank could improve its performance, such as its geographic distribution of loans in the Napa, Oakland-Fremont-Hayward, and Redding AAs.

**Community Development Lending**

UB made a relatively high level of community development loans in the California AAs. As illustrated in Table CA-15, the bank made 14 community development loans totaling \$34.8 million since the previous evaluation in these AAs. As of the previous evaluation, UB originated 18 loans totaling \$50.1 million. The bank’s community development loans in the California AAs represent 29.7 percent of total, which exceeds the percentage of branches the bank operates in California at 16.4 percent. Of the 14 loans, 5 loans totaling \$19.0 million were for economic development purposes.

**Table CA-15 - Community Development Loans**

AA	Total		Affordable Housing		Economic Development		Community Development Services		Revitalization or Stabilization	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
<b>2008/2009</b>										
Chico MSA										
Modesto MSA	1	3,767			1	3,767				
Napa MSA										
Oakland-Fremont-Hayward MSA										
Redding MSA	1	1,550			1	1,550				
Sacramento MSA	4	15,442	2	10,200	2	5,242				
Stockton MSA										
Vallejo-Fairfield MSA										
Yuba City MSA										
California Non-MSA	8	13,996	2	1,788	1	8,480	5	3,728		
<b>CA GRAND TOTAL</b>	<b>14</b>	<b>34,755</b>	<b>4</b>	<b>11,988</b>	<b>5</b>	<b>19,039</b>	<b>5</b>	<b>3,728</b>		

Source: Bank Records

An example of a community development loan made by the bank during the evaluation period includes an increase to an operating line of credit by \$2 million to a Eureka, California-based non-profit organization that operates an extensive network of free dental and medical clinics for low-income and indigent patients in Humboldt County (California Non-MSA AA). This network consists of three dental and seven medical clinics, which treated over 165,000 patients in 2008.

**Innovative and Flexible Lending Practices**

UB uses flexible lending practices to serve credit needs within all of the bank’s AAs. Refer to innovative and flexible lending practices outlined under the bank-wide performance section for additional details.

**INVESTMENT TEST**

UB is rated “Needs to Improve” in the investment test for California. UB made a poor level of qualified community development investment and grants during the evaluation period, exhibiting poor responsiveness to credit and community development needs, and rarely using innovative and/or complex investments to support community development initiatives. Qualified investments, including prior period and current period investments, in the California AAs total \$11.9 million, representing 36.9 percent of total qualified investments. UB made only 3 community development investments totaling \$3.4 million during the current review period, all of which were made on a statewide basis, including the AAs. The bank made qualified donations totaling \$181,000 during the evaluation period.

Since the prior evaluation, investments and donations in the California AAs increased by \$1.1 million. Tables CA-16 and CA-17 illustrate the bank’s qualified investments and donations, respectively, by year and by community development purpose.

**Table CA-16 - Community Development Investments**

Assessment Area	Total		Affordable Housing		Economic Development		Community Development Services		Revitalization or Stabilization	
	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)	#	\$ (000s)
<b>2008/2009</b>										
Chico										
Modesto										
Napa										
Oakland										
Redding										
Sacramento	2	1,075	1	431			1	644		
Stockton										
Vallejo										
Yuba										
CA Non-MSA	2	723	2	723						
Statewide CA	11	10,069	11	10,069						
<b>CA GRAND TOTAL</b>	<b>15</b>	<b>11,867</b>	<b>14</b>	<b>11,223</b>			<b>1</b>	<b>644</b>		

Source: Bank Records

**Table CA-17 - Community Development Donations**

Assessment Area	Total		Affordable Housing		Economic Development		Community Development Services		Revitalization or Stabilization	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
<b>2008/2009</b>										
Chico	3	18	1	5			2	13		
Modesto	1	5	1	5						
Napa	4	16	1	3			3	13		
Oakland	2	8					2	8		
Redding	1	3			1	3				
Sacramento	11	31	3	11.5	1	1	7	18.5		
Stockton	1	6	1	6						
Vallejo	9	28	4	7			4	19	1	2
Yuba	1	1.2	1	1.2						
CA Non-MSA	19	59.9	4	21.5	1	3	4	35.4		
Statewide CA	1	5	1	5						
<b>CA GRAND TOTAL</b>	<b>53</b>	<b>181.1</b>	<b>17</b>	<b>65.2</b>	<b>3</b>	<b>7</b>	<b>32</b>	<b>106.9</b>	<b>1</b>	<b>2</b>

Source: Bank Records

The following points illustrate examples of investments and donations benefiting the California AAs:

- A \$3.2 million mortgage-backed security collateralized by mortgages made to LMI borrowers throughout the State of California.
- A \$10,000 donation to assist an affordable housing organization to purchase a 4.5 acre foreclosed subdivision to renovate and provide affordable housing to LMI families.
- An \$8,000 donation to establish a financial education curriculum taught by an after-school program, which is anticipated to reach more than 810 low-income children.

**SERVICE TEST**

UB is rated “Low Satisfactory” for the service test in California.

**Retail Banking Services**

Accessibility of Delivery Systems

UB’s delivery systems are reasonably accessible to essentially all portions of the California AAs. Table CA-18 details the number of branches, branch ranking, and branch market share in the AAs.

**Table CA-18 - Branch Distribution**

Assessment Area	# of Branches	Branch Ranking	Branch Share %
CA Areas Combined	71	6	5.2
Chico	3	9	3.8
Modesto	2	17	1.9
Napa	7	1	13.5
Oakland-Fremont-Hayward	1	35	0.4
Redding	1	13	1.9
Sacramento-Arden-Arcade	21	5	4.9
Stockton	1	26	0.8
Vallejo-Fairfield	4	8	4.5
Yuba City	4	2	13.8
Non-MSA	27	1	17.2

Source: FDIC website: [www.fdic.gov/sod](http://www.fdic.gov/sod), and Bank Records

Five competing financial institutions operate more comprehensive branch structures compared to UB in the California AAs. The competing institutions are large banks with a national focus. Of the bank’s 152 banking offices for this review period, 71 banking offices (46.7 percent) are located within the California AAs, 70 of which are full-service and 1 of which is a limited-service branch located in a commercial banking center.

Examiners reviewed the bank’s physical branch presence in LMI geographies as well as underserved or distressed middle-income geographies to determine the accessibility of services to LMI geographies and individuals. Table CA-19 details the branch distribution in all California AAs by CT income level compared to other financial institutions and business and household demographics. As shown in Table CA-19, UB has 1 (or 1.4 percent) branch in a low-income geography within the California AAs, while 5.0 percent of the competing financial institutions’ branches are located in low-income CTs. On a statewide basis, UB operates 16.9 percent of its branches in moderate-income tracts, which is below the 21.6 percent of branches in this income level of CT operated by other financial institutions.

Tables CA-20 and CA-21 detail UB’s distribution of branches by AA in low-income and moderate-income CTs, respectively.

**Table CA-19 - Branch Structure**

Branches	CT Income Level				
	Low	Moderate	Middle	Upper	Total
Number of Branches as of December 31, 2009	1	12	40	18	71
Percent	1.4	16.9	56.3	25.4	100.0
Comparisons					
Percentage of Branches - All Banks Excluding UB	5.0	21.6	46.0	27.4	100.0
Percentage of Households	3.9	21.2	47.5	27.4	100.0
Percentage of Businesses	5.0	20.0	43.9	31.1	100.0

Source: Bank Records, 2008 Aggregate Data, 2000 U.S. Census, 2009 D&B

**Table CA-20 - Low-Income Tract Market Comparison**

AA	Low-Income	
	UB %	Market %
Chico	0.0	0.0
Modesto	0.0	9.5
Napa	0.0	0.0
Oakland-Fremont-Hayward	0.0	8.3
Redding	0.0	0.0
Sacramento-Arden-Arcade	4.8	4.2
Stockton	0.0	10.3
Vallejo-Fairfield	0.0	3.1
Yuba City	0.0	0.0
Non-MSA	0.0	0.0

Source: Bank Records, 2008 Aggregate Data

**Table CA-21 - Moderate-Income Tract Market Comparison**

AA	Moderate-Income	
	UB %	Market %
Chico	0.0	31.4
Modesto	0.0	9.5
Napa	14.3	35.6
Oakland-Fremont-Hayward	0.0	15.5
Redding	100.0	41.2
Sacramento-Arden-Arcade	9.5	20.8
Stockton	0.0	15.1
Vallejo-Fairfield	0.0	31.3
Yuba City	75.0	48.0
Non-MSA	18.5	26.2

Source: Bank Records, 2008 Aggregate Data

The bank operates a total of 13 full-service branch offices (or 18.3 percent) in the LMI areas of its California AAs. UB’s only presence in low-income areas is within the Sacramento-Arden-Arcade AA. There are several individual AAs that do not have market presence within low-income CTs. The bank has a strong presence in the Redding and Yuba City moderate-income CTs; however, other financial institutions have greater branch presence in moderate-income geographies of the other AAs.

Alternative Delivery Systems

Deposit-taking ATMs are located at every branch in the California AAs, with the exception of one full-service location in Placerville, and one limited-service location in Chico. The bank also operates one non-branch ATM located at the College of the Redwoods with limited-service hours.

Reasonableness of Business Hours and Services in Meeting AA Needs

UB’s services and business hours do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and individuals. Business hours vary by location; however, are generally 9:00AM to 5:00PM Monday through Thursday, and 9:00AM to 6:00PM on Fridays at full-service locations. Drive-up banking is available at 25 full-service locations with hours of operation prior to and past regular branch hours Monday through Friday. Saturday in-branch hours are offered at five of the full-service locations, and Saturday drive-up banking is available at four full-service locations. Saturday hours are limited for both in-branch and drive-up services.

Community Development Services

UB provides a relatively high level of community development services in the California AAs, considering its presence in the state. The bank provided a high level of community development services throughout the AAs, relative to the provision of financial expertise. The majority of community development services benefited the California Non-MSA AA. Although bank employees performed community development services on behalf of the bank in 2008, no data was collected for evaluation purposes. The bank’s activities for 2009 were collected and presented below. Table CA-22 details the type of community development services by AA.

**Table CA-22 - Community Development Services**

Assessment Area	Total		Affordable Housing		Economic Development		Community Development Services		Revitalization or Stabilization	
	#	Hours	#	Hours	#	Hours	#	Hours	#	Hours
<b>2008/2009</b>										
Chico	11	68			5	10	6	58		
Modesto	2	72					2	72		
Napa	13	308	1	11	4	20	8	277		
Oakland										
Redding	5	18			1	10	4	8		
Sacramento	15	150	2	20	2	6	11	124		
Stockton	7	54					7	54		
Vallejo	4	33			3	33	1			
Yuba	5	120			1	2	4	118		
CA Non-MSA	45	404	4	91	18	70	22	243	1	-
Statewide CA	2				2					
<b>CA GRAND TOTAL</b>	<b>109</b>	<b>1,227</b>	<b>7</b>	<b>122</b>	<b>36</b>	<b>151</b>	<b>65</b>	<b>954</b>	<b>1</b>	<b>-</b>

Source: Bank Records

The points on the following page illustrate an example of the qualified community development services provided by the bank in the California AAs during the evaluation period:

- A bank employee is a member of an economic development corporation located in a distressed county within the California AA. The corporation provides technical assistance and funding for small businesses in the area.
- A bank employee serves on a committee of a non-profit organization that provides free and low-cost social services to LMI individuals.

## **SACRAMENTO-ARDEN-ARCADE-ROSEVILLE FULL SCOPE EVALUATION**

### **DESCRIPTION OF OPERATIONS AND AA**

The Sacramento-Arden-Arcade-Roseville AA is divided into 403 contiguous CTs with a population of 1,796,857. The AA consists of all CTs within El Dorado, Placer, Sacramento, and Yolo Counties, which represent the Sacramento-Arden-Arcade-Roseville MSA #40900. Table S-1 details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Table S-1 - CT Characteristics**

<b>Income Level</b>	<b>Number of Tracts</b>	<b>Percentage of Tracts</b>	<b>Percentage of Households</b>	<b>Percentage of Businesses</b>	<b>Percentage of OO Housing Units</b>
Low	29	7.2	6.0	1.1	3.3
Moderate	99	24.6	24.8	21.6	18.3
Middle	160	39.7	40.2	37.6	42.2
Upper	115	28.5	29.0	33.7	36.2
<b>Total</b>	<b>403</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Source: 2000 U.S. Census, 2009 D&B*

The AA contains whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude any LMI areas. The 2009 HUD-estimated median family income for the Sacramento-Arden-Arcade-Roseville MSA was \$72,800.

### **PERFORMANCE TEST CONCLUSIONS**

UB's performance in the Sacramento-Arden-Arcade-Roseville AA is consistent with the overall California performance discussed above under the Statewide Performance Test Conclusions.

**LENDING TEST**

The Sacramento-Arden-Arcade-Roseville full scope evaluation represents a more in-depth review of the borrower profile and geographic distribution components of the lending test. Loan products analyzed include small business loans and residential mortgages.

**Borrower Profile**

UB’s distribution of loans in the Sacramento-Arden-Arcade-Roseville AA reflects an adequate penetration of loans to businesses of different revenue sizes and mortgage borrowers of different income levels. The following sections detail the bank’s performance by loan type.

**Small Business Loans**

Table S-2 depicts UB’s small business loan borrower profile in the same manner as presented in the states previously discussed.

**Table S-2 - Small Business Loan Gross Revenue Distribution**

Borrower Gross Revenues	2009 D&B %	2008			2009	
		Market %	UB #	UB %	UB #	UB %
\$1M or Less	76.1	36.1	114	37.9	110	43.8
Over \$1M	4.1		178	59.1	124	49.4
Not Considered*	19.8		9	3.0	17	6.8
<b>Total</b>	100.0		301	100.0	251	100.0

Source: 2009 D&B, 2008 CRA Aggregate, Bank Records

(\*) No response for D&B survey data, not considered for UB data

UB’s distribution of loans reflects adequate penetration of loans to businesses of different revenue sizes over the review period due to a moderate rate of lending to businesses with gross annual revenues of \$1 million or less. UB’s rate of lending to businesses with gross annual revenues of \$1 million or less is lower than the D&B demographic estimate but is comparable to the performance of other lenders in 2008. The bank demonstrates an increasing trend of lending to small businesses from 2008 to 2009.

**Residential Mortgage Loans**

Table S-3 illustrates the bank’s distribution of residential mortgages by borrower income level compared to the percentage of families at each income level and the market performance in 2008.

**Table S-3 - Mortgage Loan Borrower Profile**

Borrower Income Level	% of Families	2008			2009	
		UB #	UB %	Market %	UB #	UB %
Low	20.6	2	3.4	4.6	26	9.7
Moderate	18.3	7	12.1	16.1	51	19.0
Middle	21.0	16	27.6	23.8	69	25.8
Upper	40.1	29	50.0	41.5	111	41.4
NA	0.0	4	6.9	14.0	11	4.1
<b>Total</b>	100.0	58	100.0	100.0	268	100.0

Source: 2000 U.S. Census, Bank Records, 2008 HMDA Aggregate

The bank’s performance of lending to LMI borrowers in 2008 slightly lagged market performance, but not to an unreasonable degree. Furthermore, as the bank’s lending volume increased in 2009, the bank’s performance of lending to LMI borrowers, both by number and overall percentage, also increased that year as well.

**Geographic Distribution**

Overall, the distribution of loans reflects adequate penetration throughout the Sacramento-Arden-Arcade-Roseville AA, particularly in LMI geographies. UB’s geographic distribution of small business loans in the Sacramento-Arden-Arcade-Roseville AA reflects an adequate penetration throughout the AA, while the distribution of residential mortgage loans is poor. As previously indicated, small business lending performance is assigned the most weight in arriving at overall conclusions. The following sections detail the bank’s performance by loan type.

**Small Business Loans**

Table S-4 depicts UB’s small business loan geographic distribution over the review period in the same manner as presented in the states previously discussed.

**Table S-4 - Small Business Loan Geographic Distribution**

CT Income Level	2009 D&B %	2008			2009	
		UB #	UB %	Market %	UB #	UB %
Low	7.1	6	2.0	4.7	11	4.4
Moderate	21.6	119	39.5	16.1	42	16.7
Middle	37.6	99	32.9	34.6	108	43.0
Upper	33.7	77	25.6	40.2	90	35.9
N/A	0.0	0	0.0	4.4	0	0.0
<b>Total</b>	100.0	301	100.0	100.0	251	100.0

Source: 2009 D&B, Bank Records, 2008 CRA Aggregate

Overall, the distribution of loans reflects adequate dispersion throughout the Sacramento-Arden-Arcade-Roseville AA. While the bank’s lending in low-income geographies was slightly lower than the market performance in 2008, its performance of lending in moderate-income CTs at 39.5 percent significantly exceeded the market data of 16.1 percent. The bank increased its number and percentage of loans made in low-income geographies in 2009, while the performance of lending in moderate-income geographies decreased from 2008 to 2009.

Residential Mortgage Loans

Table S-5 depicts UB’s residential mortgage loan geographic distribution over the review period in the same manner as presented in the states previously discussed.

**Table S-5 - Mortgage Loan Geographic Distribution**

CT Income Level	OO Housing Units %	2008			2009	
		UB #	UB %	Market %	UB #	UB %
Low	3.3	1	1.7	3.4	4	1.4
Moderate	18.3	6	10.3	15.8	24	9.0
Middle	42.2	34	58.7	39.3	104	38.8
Upper	36.2	17	29.3	41.5	136	50.8
Total	100.0	58	100.0	100.0	268	100.0

*Source: 2000 U.S. Census, Bank Records, 2008 HMDA Aggregate*

UB’s distribution of residential mortgage loans reflects poor penetration throughout the Sacramento-Arden-Arcade-Roseville AA. UB’s LMI tract penetration rates lag market performance in 2008, and further decreased in 2009.

**INVESTMENT TEST AND SERVICE TEST**

UB’s investment test and service test performance for the Sacramento-Arden-Arcade-Roseville AA has been fully described above. Refer back to the California Statewide Performance Test Conclusions for a complete discussion.

**CALIFORNIA LIMITED SCOPE AAs**

Please refer to Appendix D for demographic data and performance discussion regarding the California limited scope AAs.

## WASHINGTON

### WASHINGTON CRA RATING: Needs to Improve

*The Lending Test is rated:*                      *Low Satisfactory*  
*The Investment Test is rated:*                *Needs to Improve*  
*The Service Test is rated:*                    *Needs to Improve*

### SCOPE OF EVALUATION

Examiners conducted a full scope evaluation of the bank’s performance in the State of Washington, which comprises the King County AA. A review of FDIC records and the bank’s CRA public file did not reveal any complaints regarding UB’s CRA performance in the State of Washington since the prior evaluation. The bank’s presence in Washington is limited, as only 1.3 percent of its branches are located here. Additionally, of all lending activity in 2008 and 2009, only 0.8 percent of small business loans and 0.5 percent of residential mortgages were made in the King County AA. Therefore, the impact of the bank’s performance in the State of Washington has limited impact on overall CRA conclusions.

### DESCRIPTION OF OPERATIONS AND AA

UB operates two branches in the King County AA. Refer to the following service test discussion below for details regarding bank operations and any changes over the review period. The King County AA is composed of King County, which is one of two counties that comprise the Seattle-Bellevue-Everett MD. The King County AA is divided into 373 CTs with a population of 1,737,034 according to the 2000 U.S. Census. Table WA-1 details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Table WA-1 - CT Characteristics**

<b>Income Level</b>	<b># of Tracts</b>	<b>% of Tracts</b>	<b>% of Households</b>	<b>% of OO Housing Units</b>	<b>% of Businesses</b>
Low-Income	9	2.5	1.8	1.8	2.8
Moderate-Income	74	19.8	21.7	21.7	23.0
Middle-Income	190	50.9	50.8	50.8	44.9
Upper-Income	100	26.8	25.7	25.7	29.3
Totals	373	100.0	100.0	100.0	100.0

*Source: 2000 U.S. Census, 2009 D&B*

The AA contains whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude any LMI areas. The 2009 HUD-estimated median family income for the King County AA was \$84,300.

King County is the Eastern land border to the Puget Sound, and Seattle is the county seat and also the largest operating seaport in Washington. King County has begun a slow recovery but housing construction and industrial job losses slow progress. Production delays at Boeing have been an important factor in the economy's performance. Boeing layoffs have been common over the last year. Top employers include Boeing Company, Microsoft Corporation, University of Washington, Wal-Mart Stores and Providence Health & Services.

### **Community Contact Observations**

A recent community contact was reviewed for the King County AA for this evaluation. This contact is the director of a community development center that specializes in providing capital and technical service to small business owners, low-income women and minority entrepreneurs, as well as small businesses in distressed and underserved communities. The contact described an increasingly challenging economic environment for the Puget Sound area of western Washington. The main concern was limited access to credit and capital for small business owners. The contact noted an increase in applications from small businesses in the area that had previously been declined. The decrease in public funds for these community development organizations provides an opportunity for financial institutions to become involved. The contact said that historically, local financial institutions had been adequately supporting the local community, while noting the difficult position that banks are in at the current time.

## **PERFORMANCE TEST CONCLUSIONS**

### **LENDING TEST**

UB is rated "Low Satisfactory" in the lending test for the State of Washington.

### **Lending Activity**

Overall, UB's lending levels reflect reasonable responsiveness to AA credit needs, considering the bank's limited presence in the area. Examiners reviewed the number and dollar volume of loans originated over the review period as well as market share and market ranking figures for primary loan products to determine the bank's level of lending relative to AA credit needs. To gain perspective of a bank's presence in a community, examiners also reviewed deposit market share data. The following sections provide detail regarding UB's small business, residential mortgage, and deposit market share in the King County AA.

### **Small Business Lending**

Table WA-2 details UB's small business loan market ranking and market shares during 2008, based on dollar volume of loans originated for the King County AA. Deposit market share data is also presented for 2008 and 2009.

**Table WA-2 - Small Business Loan Market Shares**

AA	2008			2009
	UB Loan Rank (\$)	UB Loan Market Share %	Deposit Market Share %	Deposit Market Share %
King County	42	0.03	0.1	0.1

Source: 2008 & 2009 FDIC Summary of Deposits, 2008 CRA Aggregate

Residential Mortgage Lending

Table WA-3 details UB’s residential mortgage loan market ranking and market shares during 2008 based on the number of loans originated for the King County AA.

**Table WA-3 - Residential Mortgage Loan Market Shares**

AA	2008	
	Rank (#)	Market Share %
King County	241	0.01

Source: 2008 HMDA Aggregate

Borrower Profile

Overall, UB’s borrower profile performance in the King County AA is adequate. UB’s distribution of loans in the King County AA reflects adequate penetration of loans to businesses of different revenue sizes and to mortgage borrowers of different income levels. The following sections detail the bank’s performance by loan type. Most weight is assigned to the small business lending performance as this is the primary loan type in this AA.

Small Business Loans

Table WA-4 details UB’s small business loan borrower profile in the same manner as presented in previous analyses.

**Table WA-4 - Small Business Loan Gross Revenue Distribution**

Borrower Gross Revenue	2009 D&B %	2008			2009	
		Market %	UB #	UB %	UB #	UB %
\$1M or Less	77.2	32.6	9	39.2	7	35.0
Over \$1M	5.5		13	56.5	12	60.0
Not Considered*	17.3		1	4.3	1	5.0
<b>Total</b>	100.0		23	100.0	20	100.0

Source: 2009 D&B, 2008 CRA Aggregate, Bank Records

(\*) No response for D&B survey data, not considered for SSB data

UB’s distribution of loans reflects adequate penetration of loans to businesses of different revenue sizes over the review period, due to a reasonable rate of lending to businesses with gross

annual revenues of \$1 million or less during the review period. In 2008, UB’s rate of lending to small businesses compares favorably to the market performance. The bank’s performance remained relatively consistent from 2008 to 2009.

Residential Mortgage Loans

Table WA-5 details UB’s residential mortgage loan borrower profile in the same manner as presented in previous analyses.

**Table WA-5 - Mortgage Loan Borrower Profile**

Borrower Income Level	% of Families	2008			2009	
		UB #	UB %	Market %	UB #	UB %
Low	18.3	0	0.0	3.6	3	18.8
Moderate	18.0	2	28.6	15.6	0	0.0
Middle	23.5	2	28.6	24.9	5	31.3
Upper	40.2	3	42.8	42.4	6	37.4
NA	0.0	0	0.0	13.5	2	12.5
Total	100.0	7	100.0	100.0	16	100.0

*Source: 2000 U.S. Census, Bank Records, 2008 HMDA Aggregate Data*

Overall, UB’s distribution of mortgage borrowers reflects adequate penetration of loans to borrowers of different income levels. The bank did not make any residential mortgage loans to low-income borrowers in 2008, but performance in 2009 was strong. UB’s rate of lending to moderate-income borrowers in 2008 significantly exceeded market performance; however, was non-existent in 2009. The low volume of lending in this AA makes it difficult to indicate trending from year-to-year, and contributes to each loan having significant impact on overall percentages.

**Geographic Distribution**

Overall, the distribution of small business and residential mortgage loans reflects adequate penetration throughout the King County AA, especially considering the bank’s limited physical branch presence within the AA. As previously indicated, small business lending performance is assigned the most weight in arriving at overall conclusions. The following sections detail the bank’s performance by loan type.

Small Business Loans

Table WA-6 details UB’s small business loan geographic distribution in the same manner as presented in previous analyses.

**Table WA-6 - Small Business Loan Geographic Distribution**

CT Income Level	2009 D&B %	2008			2009	
		UB #	UB %	Market %	UB #	UB %
Low	2.8	0	0.0	2.2	0	0.0
Moderate	23.0	8	34.8	17.6	8	40.0
Middle	44.9	11	47.8	45.6	8	40.0
Upper	29.3	4	17.4	31.9	4	20.0
NA	0.0	0	0.0	2.7	0	0.0
Total	100.0	23	100.0	100.0	20	100.0

Source: 2009 D&B, Bank Records, 2008 CRA Aggregate

As shown in Table WA-6, the bank did not make any small business loans in low-income geographies in 2008 or 2009. Given that only 2.8 percent of businesses in the AA are located in this income level of CT and the market performance is also low at 2.2 percent, the bank’s lack of lending, considering its limited presence in the area, is not unreasonable. The bank demonstrated strong performance of lending to businesses in moderate-income CTs, as its performance exceeded market in 2008 and further increased in terms of overall percentage from 2008 to 2009. Overall, the bank’s geographic distribution of small business loans in the King County AA is adequate.

Residential Mortgage Loans

Table WA-7 details UB’s residential mortgage loan geographic distribution in the same manner as presented in previous analyses.

**Table WA-7 - Mortgage Loan Geographic Distribution**

CT Income Level	OO Housing Units %	2008			2009	
		UB #	UB %	Market %	UB #	UB %
Low	0.5	0	0.0	0.8	0	0.0
Moderate	14.3	1	14.3	15.3	5	31.3
Middle	53.6	3	42.9	53.5	7	43.7
Upper	31.6	3	42.9	30.3	4	25.0
Total	100.0	7	100.0	100.0	16	100.0

Source: 2000 U.S. Census, Bank Records, 2008 HMDA Aggregate

UB’s distribution of residential mortgage loans reflects adequate penetration throughout the AA. Over the review period, the bank did not extend any loans in low-income tracts; however, a nominal percentage of owner-occupied housing units and nominal lending by the market suggests very limited residential mortgage lending opportunity in this income level of CT in the AA. Additionally, a low volume of lending makes it difficult to indicate trending from year-to-year.

UB's rate of lending in moderate-income areas lagged the market in 2008 then increased by number and percentage of loans in 2009.

### **Serving the Credit Needs of the Highly Disadvantaged**

Considering the bank's limited presence and low lending volume in this AA, UB exhibited an adequate record of serving the credit needs of the most economically disadvantaged, including very small businesses, and low-income CTs and individuals. The bank's rate of lending to businesses with gross annual revenues of \$1 million or less indicates that the bank is responsive to the credit needs of very small businesses. UB demonstrated an adequate rate of making residential mortgages to low-income borrowers in the King County AA given the upward trend from 2008 to 2009. The bank did not make any loans in the low-income CTs of this AA in 2008 or 2009. Additionally, the bank's rate of lending in moderate-income CTs was strong compared to market and D&B data, as applicable.

### **Community Development Lending**

UB made an adequate level of community development loans in the State of Washington. The bank originated one community development loan totaling \$5.1 million in this AA during the review period. UB did not have any deposit taking branches within Washington until the latter half of the review period. The qualitative impact of this community development loan, targeted toward the creation of affordable housing, is adequate as it addresses one of the major needs of the area as identified by the institution.

### **Innovative and Flexible Lending Practices**

UB uses flexible lending practices to serve credit needs within all of the bank's AAs. Refer to innovative and flexible lending practices outlined under the bank-wide performance section for additional details.

## **INVESTMENT TEST**

UB is rated "Needs to Improve" for the investment test in Washington. The institution has a poor level of qualified community development investment and grants, as the bank did not make any community development investments, and only extended qualified donations in the King County AA throughout the review period. The bank made qualified donations totaling \$9,000 in the AA.

The following points illustrate an example of the bank's qualified donations benefiting the King County AA:

- The bank donated \$5,000 to a community service organization that provides tutorial services to low-income and at-risk youth.

- The bank donated \$4,000 to a non-profit organization targeted toward the purchase of computers for a resource center to be utilized by LMI and at-risk youth.

**SERVICE TEST**

UB is rated “Needs to Improve” for the service test in Washington. As previously noted, this analysis does not include the recent financial institution acquisitions made by UB in the State of Washington subsequent to December 31, 2009. Such acquisitions will be reflected in the next evaluation.

**Retail Banking Services**

Accessibility of Delivery Systems

UB’s branch network and alternative delivery systems are accessible to limited portions of the King County AA. Table WA-8 details the number of branches, the branch ranking, and branch market share within the AA.

**Table WA-8 - Branch Accessibility**

AA	# of Branches	Branch Ranking	Branch Share %
King County	2	62	0.2

Source: FDIC website: [www.fdic.gov/sod](http://www.fdic.gov/sod), and Bank Records

UB operates two full-service branches in the King County AA, which represents a branch ranking of 62nd in this AA. The top five competitors that operate the most comprehensive branch structure in the King County AA are all large nationally-focused institutions.

Examiners also reviewed the bank’s branch presence in LMI geographies as well as underserved or distressed middle-income geographies to determine the convenience of services to LMI geographies and individuals. Table WA-9 details the branch distribution in the AA by CT income level in the same manner as presented in previous analyses.

**Table WA-9 - Branch Structure**

Branches	Income Level of CT				
	Low	Moderate	Middle	Upper	Total
Number of Branches as of December 31, 2009	0	1	0	1	2
Percent	0.0	50.0	0.0	50.0	100.0
Comparisons					
Percentage of Branches – All Banks Excluding UB	4.5	28.0	40.3	27.2	100.0
Percentage of Households	1.8	21.6	50.9	25.7	100.0
Percentage of Businesses	2.8	23.0	44.9	29.3	100.0

Source: Bank Records

UB has limited penetration of LMI geographies within the King County AA, with one of the bank’s two branches located within a moderate-income geography. Considering the bank’s limited branch presence in Washington, this is not an unreasonable distribution.

Alternative Delivery Systems

Review of branch maps and alternative delivery systems reveals that UB’s delivery systems are accessible to limited portions of the King County AA, similar to its overall branch structure. Deposit-taking ATMs are located at both full-service branches within the AA, one of which is located in a moderate-income CT.

Reasonableness of Business Hours and Services in Meeting AA Needs

UB’s services and business hours do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and individuals. Business hours vary slightly at the two locations within the King County AA with hours from 9:00AM to 5:00PM Monday through Friday at the location in Kent and 9:00AM to 6:00PM Monday through Friday at the location in Bellevue. Drive-up banking and Saturday hours are not available at either location.

Community Development Services

The bank provided a low level of community development services throughout the King County AA. Although some employees performed services on behalf of the bank during 2008, the bank did not maintain the data for that year; therefore, such information is not included in the analysis. In 2009, a number of employees in the King County AA participated in a variety of qualified community development services. Table WA-10 details the type of community development services performed.

**Table WA-10 - Community Development Services**

AA	Total		Affordable Housing		Economic Development		Community Development Services		Revitalization or Stabilization	
	#	Hrs	#	Hrs	#	Hrs	#	Hrs	#	Hrs
King County	6	95			1	15	5	80		

*Source: Bank Records*

The following illustrates an example of a qualified community development service performed in the Washington AA:

- A bank employee serves on an advisory council of a non-profit organization that focuses on providing services to LMI youth; food and shelter to the homeless; and, mental health services to those in need.

## APPENDIX A

### SCOPE OF EVALUATION TABLE

<b>Umpqua Bank</b>
<b>SCOPE OF EVALUATION: Full Scope, Large Bank CRA Evaluation Procedures</b>
<b>TIME PERIOD REVIEWED: Loans: January 1, 2008 through December 31, 2009 Community Development Loans, Investments, and Services: January 1, 2008, through December 31, 2009</b>
<b>PRODUCTS REVIEWED: Small Business Loans and HMDA Reportable Residential Mortgage Loans</b>

LIST OF AAs AND TYPE OF EXAMINATION			
ASSESSMENT AREA:	TYPE OF EXAMINATION:	BRANCHES VISITED:	OTHER INFORMATION:
Bend	Limited Scope	0	N/A
Corvallis	Limited Scope	0	N/A
Eugene-Springfield	Full Scope	0	N/A
Medford	Limited Scope	0	N/A
Salem	Limited Scope	0	N/A
4 County Non-MSA	Limited Scope	0	N/A
Lincoln County Non-MSA	Limited Scope	0	N/A
Linn County Non-MSA	Limited Scope	0	N/A
Portland-Vancouver-Beaverton	Full Scope	1	N/A
Chico	Limited Scope	0	N/A
Modesto	Limited Scope	0	N/A
Napa	Limited Scope	0	N/A
Oakland-Fremont-Hayward	Limited Scope	0	N/A
Redding	Limited Scope	0	N/A
Sacramento-Arden-Arcade-Roseville	Full Scope	0	N/A
Stockton	Limited Scope	0	N/A
Vallejo-Fairfield	Limited Scope	0	N/A
Yuba City	Limited Scope	0	N/A
7 County Non-MSA	Limited Scope	0	N/A
3 County Non-MSA	Limited Scope	0	N/A
King County	Full Scope	0	N/A

## APPENDIX B

<b>SUMMARY OF STATE AND MULTI-STATE MSA RATINGS</b>				
<b>STATE OR MULTI- STATE MSA NAME:</b>	<b>LENDING TEST RATING:</b>	<b>INVESTMENT TEST RATING:</b>	<b>SERVICE TEST RATING:</b>	<b>OVERALL STATE/MULTI- STATE RATING:</b>
Oregon	High Satisfactory	Needs to Improve	High Satisfactory	Satisfactory
PVB	High Satisfactory	Needs to Improve	Low Satisfactory	Satisfactory
California	High Satisfactory	Needs to Improve	Low Satisfactory	Satisfactory
Washington	Low Satisfactory	Needs to Improve	Needs to Improve	Needs to Improve

## APPENDIX C

## GLOSSARY

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

**Census tract:** 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 statistical 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:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for 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.

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households

always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

**Full scope review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**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 scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, 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 metropolitan area/AA.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at

least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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.

**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.

## **APPENDIX D**

## LIMITED SCOPE AA ANALYSES

Each AA described below in Appendix D contains whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude any LMI areas.

### **OREGON**

UB's performance in the Oregon limited scope AAs is generally consistent with the bank's statewide performance as described above under the Oregon Statewide Performance Test Conclusions. The following discussions detail demographic information for each Oregon limited scope AA, including tables depicting the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

#### **Bend MSA**

The Bend AA is divided into 21 CTs with a population of 115,367 according to the 2000 U.S. Census. The AA consists of all CTs within Deschutes County, which comprises the Bend MSA #13460. The 2009 HUD-estimated median family income for the Bend, Oregon MSA was \$63,500. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Bend MSA AA CT Characteristics**

<b>Income Level</b>	<b>Number of Tracts</b>	<b>Percentage of Tracts</b>	<b>Percentage of Households</b>	<b>Percentage of Businesses</b>	<b>Percentage of OO Housing Units</b>
Moderate	5	23.8	22.1	23.2	18.7
Middle	9	42.9	48.5	44.0	48.9
Upper	7	33.3	29.4	32.8	32.4
<b>Total</b>	21	100.0	100.0	100.0	100.0

*Source: 2000 U.S. Census, 2009 D&B*

#### **Corvallis MSA**

The Corvallis AA is divided into 19 CTs with a population of 78,153 according to the 2000 U.S. Census. The AA consists of all CTs within Benton County, which comprises MSA #18700. The 2009 HUD-estimated median family income for the Corvallis MSA was \$70,800. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Corvallis MSA AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Moderate	9	47.4	43.2	45.3	26.6
Middle	5	26.3	23.0	22.9	28.4
Upper	5	26.3	33.8	31.8	45.0
<b>Total</b>	19	100.0	100.0	100.0	100.0

Source: 2000 U.S. Census, 2009 D&B

**Medford MSA**

The Medford AA is divided into 36 CTs with a population of 181,269 according to the 2000 U.S. Census. The AA consists of all CTs within Jackson County, which comprises the Medford MSA #32780. The 2009 HUD-estimated median family income for the Medford MSA was \$55,400. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Medford MSA AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Low	1	2.8	1.2	5.6	0.3
Moderate	9	25.0	22.1	23.9	15.6
Middle	16	44.4	52.4	49.2	56.8
Upper	10	27.8	24.3	21.3	27.3
<b>Total</b>	36	100.0	100.0	100.0	100.0

Source: 2000 U.S. Census, 2009 D&B

**Salem AA**

The Salem AA is divided into 63 CTs with a population of 347,214 according to the 2000 U.S. Census. The AA consists of all CTs within Marion and Polk Counties, which comprise the Salem MSA #41420. The 2009 HUD-estimated median family income for the Salem MSA was \$58,200. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Salem AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Low	1	1.6	0.2	0.3	0.1
Moderate	14	22.2	21.3	22.9	14.4
Middle	35	55.6	56.0	56.4	59.7
Upper	13	20.6	22.5	20.4	25.8
<b>Total</b>	63	100.0	100.0	100.0	100.0

Source: 2000 U.S. Census, 2009 D&B

**Four County Non-MSA**

The Four County Non-MSA AA is divided into 55 CTs with a population of 260,041 according to the 2000 U.S. Census. The AA consists of all CTs within Coos, Curry, Douglas, and Josephine Counties, which are part of a Non-MSA. The 2009 HUD-estimated median family income for the 4 County Non-MSA was \$50,000. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Four County Non-MSA AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Moderate	8	14.5	13.7	15.2	13.5
Middle	41	74.6	76.9	73.3	76.3
Upper	6	10.9	9.4	11.5	10.2
<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2000 U.S. Census, 2009 D&B

**Lincoln County Non-MSA**

The Lincoln County Non-MSA AA is divided into 15 CTs with a population of 44,479 according to the 2000 U.S. Census. The AA consists of all CTs within Lincoln County, which is part of a Non-MSA. The 2009 HUD-estimated median family income for the Lincoln County Non-MSA was \$50,000. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Lincoln County Non-MSA AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Moderate	2	13.3	14.1	20.2	8.1
Middle	11	73.4	76.7	68.6	82.2
Upper	2	13.3	9.2	11.2	9.7
<b>Total</b>	<b>15</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2000 U.S. Census, 2009 D&B

**Linn County Non-MSA**

The Linn County Non-MSA AA is divided into 20 CTs with a population of 103,069 according to the 2000 U.S. Census. The AA consists of all CTs within Linn County, which is part of a Non-MSA. The 2009 HUD-estimated median family income for the Linn County Non-MSA was \$50,000. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Linn County Non-MSA AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Middle	12	60.0	62.2	62.7	58.0
Upper	8	40.0	37.8	37.3	42.0
<b>Total</b>	20	100.0	100.0	100.0	100.0

Source: 2000 U.S. Census, 2009 D&B

**CALIFORNIA**

UB’s performance in the California limited scope AAs is generally consistent with the bank’s statewide performance as described above under the California Statewide Performance Test Conclusions. The following discussions detail demographic information for each California AA, including tables depicting the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Chico MSA**

The Chico AA is divided into 42 contiguous CTs with a population of 203,171 according to the 2000 U.S. Census. The AA consists of all CTs within Butte County, which comprise the Chico MSA #17020. The 2009 HUD-estimated median family income for the Chico MSA was \$55,700. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Chico MSA AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Low	1	2.4	2.1	0.5	0.4
Moderate	10	23.8	21.8	26.8	14.8
Middle	23	54.8	54.5	47.0	60.5
Upper	8	19.0	21.6	25.7	24.3
<b>Total</b>	42	100.0	100.0	100.0	100.0

Source: 2000 U.S. Census, 2009 D&B

**Modesto MSA**

The Modesto AA is divided into 89 contiguous CTs with a population of 446,997 according to the 2000 U.S. Census. The AA consists of all CTs within Stanislaus County, which comprises the Modesto MSA #33700. The 2009 HUD-estimated median family income for the Modesto MSA was \$59,600. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Modesto MSA AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Low	3	3.3	2.3	8.3	1.1
Moderate	20	22.5	19.2	15.1	14.6
Middle	45	50.6	53.3	50.2	53.9
Upper	21	23.6	25.2	26.4	30.4
<b>Total</b>	<b>89</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2000 U.S. Census, 2009 D&B

**Napa MSA**

The Napa AA is divided into 27 contiguous CTs with a population of 124,279 according to the 2000 U.S. Census. The AA consists of all CTs within Napa County, which comprises the Napa MSA #34900. The 2009 HUD-estimated median family income for the Napa MSA was \$81,800. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Napa MSA AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Low	0	0.0	0.0	0.0	0.0
Moderate	6	22.2	17.3	25.4	13.8
Middle	14	51.9	62.5	57.2	60.9
Upper	7	25.9	20.2	17.4	25.3
<b>Total</b>	<b>27</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2000 U.S. Census, 2009 D&B

**Oakland-Fremont-Hayward MD**

The Oakland-Fremont-Hayward AA is divided into 168 contiguous CTs with a population of 948,816 according to the 2000 U.S. Census. The AA consists of all CTs within Contra Costa County. Contra Costa County is part of the Oakland-Fremont Hayward MD #36084. The 2009 HUD-estimated median family income for the Oakland-Fremont-Hayward MD was \$89,300. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Oakland-Fremont-Hayward MD AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Low	10	5.9	4.5	4.7	2.4
Moderate	32	19.1	16.9	13.9	12.6
Middle	65	38.7	42.7	39.1	41.9
Upper	61	36.3	35.9	42.3	43.1
<b>Total</b>	168	100.0	100.0	100.0	100.0

Source: 2000 U.S. Census, 2009 D&B

**Redding MSA**

The Redding AA is divided into 33 contiguous CTs with a population of 163,256 according to the 2000 U.S. Census. The AA consists of all CTs within Shasta County, which comprises the Redding MSA #39820. The 2009 HUD-estimated median family income for the Redding MSA was \$55,700. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Redding MSA AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Low	0	0.0	0.0	0.0	0.0
Moderate	7	21.2	19.0	24.9	12.8
Middle	22	66.7	66.8	62.6	70.9
Upper	4	12.1	14.2	12.5	16.3
<b>Total</b>	33	100.0	100.0	100.0	100.0

Source: 2000 U.S. Census, 2009 D&B

**Stockton MSA**

The Stockton AA is divided into 121 contiguous CTs with a population of 563,598 according to the 2000 U.S. Census. The AA consists of all CTs within San Joaquin County, which comprises the Stockton MSA #44700. The 2009 HUD-estimated median family income for the Stockton MSA was \$63,600. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Stockton MSA AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Low	8	6.6	6.1	8.7	1.8
Moderate	31	25.6	23.8	21.1	19.5
Middle	48	39.7	39.6	36.2	39.3
Upper	34	28.1	30.5	34.0	39.4
<b>Total</b>	121	100.0	100.0	100.0	100.0

Source: 2000 U.S. Census, 2009 D&B

**Vallejo-Fairfield MSA**

The Vallejo-Fairfield AA is divided into 80 contiguous CTs with a population of 394,542 according to the 2000 U.S. Census. The AA consists of all CTs within Solano County, which comprises the Vallejo-Fairfield MSA #46700. The 2009 HUD-estimated median family income for the Vallejo-Fairfield MSA was \$79,400. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Vallejo-Fairfield MSA AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Low	2	2.5	1.9	2.8	0.5
Moderate	23	28.8	23.1	24.4	15.7
Middle	35	43.8	47.4	45.1	50.3
Upper	19	23.7	27.6	27.7	33.5
NA	1	1.2	0.0	0.0	0.0
<b>Total</b>	80	100.0	100.0	100.0	100.0

Source: 2000 U.S. Census, 2009 D&B

**Yuba City MSA**

The Yuba City AA is divided into 30 contiguous CTs with a population of 139,149 according to the 2000 U.S. Census. The AA consists of all CTs within Sutter and Yuba Counties, which comprise the Yuba City MSA #49700. The 2009 HUD-estimated median family income for the Yuba City MSA was \$55,400. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Yuba City MSA AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Low	0	0.0	0.0	0.0	0.0
Moderate	7	23.3	25.4	31.8	17.5
Middle	16	53.4	51.7	44.4	52.6
Upper	7	23.3	22.9	23.8	29.9
<b>Total</b>	<b>30</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2000 U.S. Census, 2009 D&B

**Seven County Non-MSA (Colusa, Glenn, Humboldt, Lake, Mendocino, Tehama, and Trinity Counties)**

The Seven County AA is divided into 84 contiguous CTs with a population of 385,410 according to the 2000 U.S. Census. The AA consists of all non-MSA CTs within Colusa, Glenn, Humboldt, Lake, Mendocino, Tehama, and Trinity Counties. The 2009 HUD-estimated median family income for the 7 County non-MSA is \$55,800. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Seven County Non-MSA AA CT Characteristics**

Income Level	Number of Tracts	Percentage of Tracts	Percentage of Households	Percentage of Businesses	Percentage of OO Housing Units
Low	0	0.0	0.0	0.0	0.0
Moderate	16	19.1	20.2	23.0	17.1
Middle	61	72.6	71.4	69.8	73.1
Upper	7	8.3	8.4	7.2	9.8
<b>Total</b>	<b>84</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: 2000 U.S. Census, 2009 D&B

**Three County Non-MSA (Amador, Calaveras, and Tuolumne Counties)**

The Three County AA is divided into 25 contiguous CTs with a population of 130,155 according to the 2000 U.S. Census. The AA consists of all non-MSA CTs within Amador, Calaveras, and Tuolumne Counties. The 2009 HUD-estimated median family income for the 3 County non-MSA is \$55,800. The following table details the percentage of CTs, households, businesses, and owner occupied housing units by CT income level.

**Three County Non-MSA AA CT Characteristics**

<b>Income Level</b>	<b>Number of Tracts</b>	<b>Percentage of Tracts</b>	<b>Percentage of Households</b>	<b>Percentage of Businesses</b>	<b>Percentage of OO Housing Units</b>
Low	0	0.0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0.0	0.0
Middle	15	60.0	63.4	60.6	62.1
Upper	9	36.0	36.6	39.4	37.9
NA	1	4.0	0.0	0.0	0.0
<b>Total</b>	25	100.0	100.0	100.0	100.0

Source: 2000 U.S. Census, 2009 D&B