

PUBLIC DISCLOSURE

September 9, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**United Business Bank
RSSD # 3281510**

**500 Ygnacio Valley Road, Suite 200
Walnut Creek, California, 94596**

**Federal Reserve Bank of San Francisco
101 Market Street
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 the 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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INSTITUTION RATING

Institution's Community Reinvestment Act (CRA) Rating

United Business Bank is rated "SATISFACTORY"

The following table shows the performance ratings for the lending and community development tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS	
	LENDING TEST	COMMUNITY DEVELOPMENT TEST
OUTSTANDING		
SATISFACTORY	X	X
NEEDS TO IMPROVE		
SUBSTANTIAL NONCOMPLIANCE		

The major factors supporting the institution's rating include:

- A reasonable loan-to-deposit ratio in relation to the demand for credit in the assessment areas;
- A majority of the institution's small business loans and Home Mortgage Disclosure Act loans were originated to borrowers within the bank's assessment areas;
- While geographic distribution performance varies within the full-scope assessment areas analyzed, the institution's performance is considered reasonable overall;
- The institution's lending to businesses of different sizes varies within the full-scope assessment areas reviewed, but the performance is considered reasonable overall; and
- Adequate responsiveness to the community development needs of its assessment areas, specifically addressing the need for affordable housing, and social services to low-and moderate-income individuals and families.

INSTITUTION

Description of Institution

United Business Bank (UBB), is headquartered in Walnut Creek, California, with total assets of \$1.48 billion as of March 31, 2019. UBB represents the wholly-owned, sole bank subsidiary of Baycom Corp., Walnut Creek, California. Since the previous CRA examination conducted as of April 18, 2016, UBB's total assets have increased 134 percent from \$633.0 million to \$1.48 billion over the three-year period, primarily as a result of acquisitions and mergers with the following institutions:

- April 2017 acquisition of United Business Bank, F.S.B. (total assets of \$473.1 million), Oakland, California and its eight underlying branch offices;
- November 2017 acquisition of Plaza Bank, Seattle, Washington (total assets of \$75.8 million) and its single branch office;
- November 2018 acquisition of MyBank, Belen, New Mexico (total assets of \$156.6 million) and its five branch offices in central New Mexico; and
- May 2019 acquisition of Uniti Bank, Buena Park, California (total assets of \$346.0 million) and its three branch offices.

UBB currently operates 25 full service branches, including 17 California offices, six New Mexico branches and two Washington offices. In addition, the bank operates one loan production office in Los Angeles, California. UBB primarily serves as a commercial lender with a focus on small-and middle-market businesses, real estate investors and unions and presently operates offices in California, New Mexico and Washington. Commercial products include term loans, equipment financing, commercial real estate, construction loans, lines of credit, letters of credit, and business credit cards. The bank also serves as a Preferred Lender under the Small Business Administration's Preferred Lender Program and offers consumer loans, including home equity, home improvement, mobile home, and vehicle credits primarily to accommodate the bank's business clientele. Deposits accounts include a range of checking, savings, money market, and certificate of deposits for business and personal use.

Exhibit 1 reflects the bank's loan portfolio, as stated in the March 31, 2019 Consolidated Reports of Condition and Income, and illustrates the bank's commercial lending focus.

EXHIBIT 1 LOANS AND LEASES AS OF MARCH 31, 2019		
Loan Type	\$ ('000s)	%
Commercial/Industrial & Non-Farm Non-Residential Real Estate	684,044	70.6
Multi-Family Residential Real Estate	114,968	11.9
Secured by 1-4 Family Residential Real Estate	100,468	10.4
Construction & Land Development	45,669	4.7
Farm Land & Agriculture	22,830	2.4
Consumer Loans & Credit Cards	1,175	0.1
All Other	378	0.0
Total (Gross)	969,532	100.0

Since the prior 2016 CRA examination, UBB has significantly expanded its footprint from four assessment areas to nine assessment areas as a result of the four noted bank acquisitions with United Business Bank, F.S.B., Oakland, California, Plaza Bank, Seattle, Washington, MyBank, Belen, New Mexico and Uniti Bank, Buena Park, California. Of the nine areas reflected below, assessment areas 1 through 4 were in place at the prior exam while the five new areas consist of assessment areas 5 through 9:

1. Oakland-Berkeley-Livermore, California Metropolitan Division (MD) in its entirety, consisting of Alameda and Contra Costa County;
2. San Jose-Sunnyvale-Santa Clara, California partial Metropolitan Statistical Area (MSA) consisting of Santa Clara County;
3. Napa, California MSA in its entirety, consisting of Napa County;
4. Stockton, California MSA in its entirety, consisting of San Joaquin County;
5. San Francisco-San Mateo-Redwood City, California partial MD, consisting of San Francisco County;
6. Sacramento-Roseville-Folsom, California partial MSA, consisting of Sacramento County;
7. Los Angeles-Long Beach-Anaheim, California whole MSA, consisting of the Counties of Los Angeles and Orange County;
8. Seattle-Tacoma-Bellevue, Washington partial MSA, consisting of King County; and
9. Albuquerque, New Mexico partial MSA, consisting of the Counties of Bernalillo, Tarrant, and Valencia.

There were no legal or financial impediments inhibiting the bank's ability to meet the credit needs of its assessment areas consistent with its business strategy, size, financial capability and local economic conditions. UBB received a satisfactory rating at its previous CRA examination conducted by the Federal Reserve Bank of San Francisco as of April 18, 2016, under the *Interagency Intermediate Small Institution Examination Procedures*.

Scope of Examination

UBB's performance was evaluated in accordance with the *Interagency Intermediate Small Institution Examination Procedures*. As such, performance was assessed under the lending and community development tests. Full scope reviews included the three assessment areas of Oakland-Berkeley-Livermore, California MD, the Albuquerque, New Mexico partial MSA and the Seattle-Tacoma-Bellevue Washington partial MSA. The Oakland-Berkeley-Livermore assessment area received the greatest weight as a significant percentage of the bank's activities reside in this area while the Albuquerque assessment area and the Seattle-Tacoma-Bellevue assessment area received lower respective weights as they represent new CRA assessment areas associated with bank acquisitions that transpired during the examination review period. The remaining six California assessment areas of San Jose-Sunnyvale-Santa Clara, Napa, Stockton, San Francisco-San Mateo-Redwood City, Sacramento-Roseville-Folsom, and Los Angeles-Long Beach-Anaheim received limited-scope reviews based upon UBB's limited activities in these markets. Of these limited scope markets, the three latter California assessment areas represent new markets that were acquired by UBB in connection with the four bank purchases noted since the prior examination.

LENDING TEST

UBB's lending test evaluation was based upon the following performance criteria:

- Loan volume compared to deposits (Loan-to-Deposit Ratio);
- Lending inside versus outside the assessment areas (Lending in the Assessment Areas);
- Dispersion of lending throughout the assessment areas (Lending Distribution by Geography); and
- Lending to businesses with different revenue sizes (Lending Distribution by Business Revenue).

Responsiveness to consumer complaints was not evaluated since the bank did not receive any CRA-related complaints during the review period.

The lending test evaluation was based on small business loans originated in amounts of \$1 million or less and loans reported under the Home Mortgage Disclosure Act (HMDA). The analysis for small business loans was based on a sample of 154 loans out of a universe of 641 loans originated from April 1, 2016 to March 31, 2019. Of the total sample, 113 small business loans were extended within the bank's nine assessment areas. The bank reported a universe of 59 HMDA loans during the review period, consisting of 17 home purchase loans, one home improvement credit, eight home refinance loans and 33 multifamily loans. Given these figures, there is insufficient loan volume to perform meaningful analysis. While HMDA loans were considered during the review, such lending did not influence the overall assessment due to the bank's limited loan volume. Since Uniti Bank was acquired after the foregoing lending test review period cutoff date of March 31, 2019, this institution was not included in the lending test evaluation due to the timing of the transaction and the unavailability of the underlying CRA data for this organization. However, UBB's assessment area expansion into Orange County since the prior review has been factored into the subject evaluation.

While data presented for 2017 and 2018 represent full years of lending, 2016 and 2019 data represent only nine months and three months, respectively, based on the scope of the previous examination; as such, lending for these time periods are of a lower volume.

COMMUNITY DEVELOPMENT TEST

The community development test included an evaluation of UBB's qualified community development loans, investments and services from April 19, 2016 through September 9, 2019. The community development test evaluates the bank's level of community development activities relative to assessment area credit needs and opportunities, and the bank's capacity to participate in such activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

This section of the performance evaluation contains conclusions regarding the bank's overall performance followed by specific conclusions regarding individual states and the assessment areas within each of the three states where the bank operates full-service branches. In accordance with the *Interagency CRA Intermediate Small Institution Examination Procedures*, the examination scope for UBB, an interstate institution, covered a minimum of one full scope assessment area from each state and each state earned a separate rating. However, with 89.5 percent of the bank's lending and 82 percent of the deposit activity within the California assessment area, conclusions for this state heavily influenced UBB's overall performance under each of the two performance tests. The overall state conclusions are based upon the performance within the respective assessment areas and relevant contextual information.

Lending Test

UBB's overall performance under the lending test is satisfactory. Lending levels are reasonable with a majority of small business and HMDA loans originated within the bank's nine assessment areas. The geographic distribution of small business loans compares reasonably to the percentage of business entities and aggregate lending levels. Furthermore, the distribution of loans to businesses of different sizes is also reasonable.

LOAN-TO-DEPOSIT RATIO

The loan-to-deposit ratio is reasonable, given the institution's size, financial condition and indicators of credit demand within the various assessment areas. The bank's 13-quarter average loan-to-deposit ratio of 81.6 percent falls slightly below the California state average of 85.6 percent and the national average of 84.4 percent.

LENDING IN ASSESSMENT AREAS

As shown in Exhibit 2 on the next page, a majority of the bank's small business loans and home mortgage loans were originated within the bank's assessment areas. These lending levels indicate that the bank's lending activities are focused within its assessment areas.

EXHIBIT 2 LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREAS								
Loan Type	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
Small Business	113	73.4	38,159	67.4	41	26.6	18,498	32.6
Total Business Related	113	73.4	38,159	67.4	41	26.6	18,498	32.6
HMDA Home Purchase	14	82.4	7,019	90.9	3	17.6	700	9.1
HMDA Home Improvement	1	100.0	500	100.0	0	0.0	0	0.0
HMDA Refinance	8	100.0	7,778	100.0	0	0.0	0	0.0
HMDA Multifamily	27	81.8	26,882	77.4	6	18.2	7,870	22.6
Total HMDA Related	50	84.7	42,179	83.1	9	15.3	8,570	16.9
Total Loans	163	76.5	80,338	74.8	50	23.5	27,068	25.2

GEOGRAPHIC AND BORROWER DISTRIBUTION

While UBB's performance varies within the full-scope assessment areas reviewed, the bank's overall geographic distribution of lending reflects a reasonable distribution among census tracts of different income levels while the overall borrower distribution reflects a reasonable penetration to businesses of different sizes.

RESPONSE TO COMPLAINTS

There were no complaints related to the bank's CRA performance during the review period. Consequently, the bank's performance in responding to complaints was not considered in evaluating its overall CRA performance.

Community Development Test

UBB's performance under the community development test is satisfactory. The bank's community development performance reflects adequate responsiveness to the community development needs of its assessment areas. UBB made sufficient levels of qualified loans, investments and services relative to the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas.

Community Development Lending

The bank extended over \$79.7 million in community development loans. Of this amount, \$46.3 million (58 percent) supported the critical need for affordable housing and provided funds to community development financial institutions with a housing focus as well as to borrowers to purchase or refinance multifamily properties, resulting in a total of 3,162 units of affordable housing in UBB's assessment areas. The bank also funded over \$20.3 million in credits to organizations that provide services to low and moderate-income individuals and families, thus addressing another identified need within the bank's markets.

Community Development Investments

UBB made over \$18.8 million in total community development investments, consisting of \$2.2 million in prior period investments that remain on its books and \$16.6 million in current period investments. Such investments specifically include 47 current period investments, totaling \$12.6 million that were made directly within individual assessment areas. Investments in broader statewide or regional areas that also benefitted the assessment areas include 11 prior and current period investments, totaling \$3.8 million and unfunded commitments of \$3.4 million. The majority of UBB's investments were made in the state of California where the majority of the bank's branches are situated. In addition to the foregoing investments, the bank made two current period investments, totaling \$2.2 million, in instruments that benefitted two or more states.

Of the bank's investments, a substantial majority were focused on helping address the urgent affordable housing needs in the communities that the bank operates in. Such investments include \$10.6 million in mortgage-backed instruments that are secured by multifamily housing loans which provided 1,080 affordable housing units in the states of California, New Mexico and Washington. An additional \$2.2 million was invested in mortgage-backed instruments that benefited two states and supported 181 affordable housing units. UBB also invested \$1.1 million in low-income housing tax credits (LIHTC) during the current review period that helped facilitate the development or rehabilitation of affordable housing structures in one of its assessment areas or a regional area that includes an assessment area. Such investment assisted in either the creation or improvement of 404 units of affordable housing. An additional \$3.4 million in unfunded LIHTC commitments is also outstanding.

Community Development Services

During the review period, UBB staff provided over 2,300 community development service hours to 47 organizations that were responsive to the community development needs in its assessment areas. The service hours were focused on providing community services to low-and moderate-income individuals and families. Employee activities included providing financial literacy training, and sharing leadership and financial expertise by serving on community organization boards and other committees. Individual assessment area service activities are covered under their respective sections of this evaluation.

The details associated with the bank's community development activities are discussed within each applicable assessment area.

Fair Lending or Other Illegal Practices Review

Concurrent with this CRA evaluation, a review of UBB's compliance with consumer protection laws and regulations was conducted. That review found no evidence of violations of the substantive provisions of anti-discrimination and fair lending laws and regulations, or of other credit practice rules, laws or regulations.

STATE OF CALIFORNIA

CRA Rating for California

Performance in California is rated "SATISFACTORY"

The lending test is rated: Satisfactory

The community lending test is rated: Satisfactory

The major factors supporting the institution's rating include:

- A reasonable geographic distribution of small business loans;
- A reasonable penetration among businesses of different revenue sizes; and
- An adequate level of qualified community development loans, investments and services that address certain critical needs for affordable housing and assistance to low- and moderate-income individuals and families within its assessment areas.

Scope of Examination

The scope of the examination for the state of California is consistent with the overall scope of the CRA examination. As previously discussed, UBB has the following seven assessment areas in California:

1. Oakland-Berkeley-Livermore, California MD in its entirety, consisting of Alameda and Contra Costa County;
2. San Jose-Sunnyvale-Santa Clara, California partial MSA consisting of Santa Clara County;
3. Napa, California MSA in its entirety, consisting of Napa County;
4. Stockton, California MSA in its entirety, consisting of San Joaquin County;
5. San Francisco-San Mateo-Redwood City, California partial MD, consisting of San Francisco County;
6. Sacramento-Roseville-Folsom, California partial MSA, consisting of Sacramento County; and
7. Los Angeles-Long Beach-Anaheim, California whole MSA, consisting of the Counties of Los Angeles and Orange County.

Of the above areas, only the Oakland-Berkeley-Livermore assessment area received a full-scope review because of its significant branch footprint and significant deposit and lending volume that constitute a majority of the bank's activities. As a result, this assessment area received the greatest weight in UBB's overall performance assessment due to the bank's largest presence in this geography. The remaining six other California geographies received limited-scope reviews due to the bank's limited presence, lower level of area activities and the fact that assessment areas 5 through 7 listed above are new since the prior exam due to completed bank acquisitions during the review period. The limited-scope assessment areas were analyzed for consistency with the overall rating and do not impact the ratings derived.

As noted previously, both small business loans and HMDA loans were considered as part of the lending test evaluation. However, in some instances, lending levels were insufficient to draw meaningful conclusions, and as a result, such lending did not influence the overall assessment. Consequently, California's lending test analysis focused solely on the full-scope scope assessment area of Oakland-

Berkeley-Livermore, and specifically on the evaluation of small business lending by geographic and business revenue distributions in this area. The community development test evaluation for California was also concentrated on this particular assessment area.

Description of Operations in California

California is the largest of UBB's three state market. UBB operated 17 of its 25 branches in the state.¹ California is a competitive market for financial services with over 199 Federal Deposit Insurance Corporation (FDIC)-insured depository institutions operating 6,733 branches with combined deposits of \$1.5 trillion, as of June 30, 2019.² UBB ranked 65th out of the 199 institutions with deposits of \$1.2 billion, which represented a small market share of 0.08 percent.³

In 2018, California outperformed the nation for the seventh consecutive year and the economy's late-cycle expansion remained strong in new jobs and income growth.⁴ Wage and salary income growth remained above the national average.⁵ Economic drivers in the state included technology, tourism, and agriculture.⁶ Technology was the state's leading asset anchored by Silicon Valley.⁷ Natural disasters, including wildfires, ravaged the state during the review period and devastated local economies and housing stock in Sonoma, Marin, Butte, Ventura, Santa Barbara, and Los Angeles counties in particular.⁸ Small businesses remained an important market sector in California. In the review period, small businesses accounted for 99.8 percent of all businesses in California and employed over seven million people, nearly half of the private workforce.⁹

Conclusions with Respect to Performance Tests in California

LENDING TEST

UBB's performance relative to the lending test in California is rated Satisfactory based upon the bank's lending performance in the full-scope assessment area of Oakland-Berkeley-Livermore. Please refer to the summary sections for the Oakland-Berkeley-Livermore assessment area and the limited scope area discussions, respectively, for further details.

COMMUNITY DEVELOPMENT TEST

The bank's performance relative to the community development test is Satisfactory in California based upon the bank's performance in the full scope assessment area noted. In addition to the bank's assessment area specific community development activities made in the Oakland-Berkeley-Livermore

¹ Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2019; available from: <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>.

² Ibid.

³ Ibid.

⁴ Moody's Precise Report, California, November 2018.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ U.S. Small Business Administration, 2019 Small Business Profile, California; available from: <https://cdn.advocacy.sba.gov/wp-content/uploads/2019/04/23142641/2019-Small-Business-Profiles-CA.pdf>.

area, UBB also engaged in community development activities that either benefitted a broader statewide or regional area that includes one or more of the California assessment areas. Specifically, the bank originated a \$3 million credit to a certified community development financial institution (CDFI) that provides capital to non-profits which helps low-income neighborhoods. Two loans, totaling \$20 million, were extended to another certified CDFI with an affordable housing mission within the state. UBB also made 11 investments totaling \$3.8 million, consisting of ten current period investments of \$1.6 million and one prior period investment of \$2.2 million. The majority of the current period investments was made in a low-income housing tax credit fund which helped support 404 affordable housing units. The bank also contributed 279 service hours to organizations, a significant portion of which involved providing financial literacy training to low-and-moderate-income individuals.

Exhibit 3 below provides a summary of the bank's community development activities by the full-scope and limited-scope areas. Please refer to the summary sections for the Oakland-Berkeley-Livermore assessment area and the limited scope area discussions, respectively.

EXHIBIT 3 COMMUNITY DEVELOPMENT ACTIVITIES								
Assessment Areas	Loans		Investments				Services	
			Prior Period		Current Period			
	#	\$ ('000s)	#	\$ ('000s)	#	\$ ('000s)	# ¹⁰	Hours
California								
Full scope assessment area:								
Oakland-Berkeley-Livermore	7	15,466	0	0	12	1,590	13	641
Limited scope assessment areas:								
San Jose-Sunnyvale-Santa Clara	3	10,892	0	0	2	1	4	35
Napa	0	0	0	0	1	3	3	112
Stockton	0	0	0	0	10	1206	4	184
San Francisco-San Mateo-Redwood City	3	14,056	0	0	3	1,504	0	0
Sacramento-Roseville-Folsom	1	480	0	0	2	2,403	4	158
Los Angeles-Long Beach-Anaheim	0	0	0	0	4	1,351	4	112
Broader Statewide and Regional Area	3	23,000	1	2,244	10	1,583	8	279
Total	17	63,894	1	2,244	44	9,641	40	1,521

¹⁰ Number of organizations.

Oakland-Berkeley-Livermore Assessment Area Conclusions

**Assessment area where a full-scope review was performed using the examination procedures.*

DESCRIPTION OF OPERATIONS IN OAKLAND-BERKELEY-LIVERMORE

The Oakland-Berkeley-Livermore assessment area consists of the Oakland-Berkeley-Livermore, California MSA, which is made up of Alameda and Contra Costa counties. The assessment area is bordered by Solano County to the north, San Joaquin County to the east, Santa Clara County to the south, and Marin, San Francisco, and San Mateo counties to the west. Alameda and Contra Costa counties together are commonly referred to as the “East Bay.” As of 2018, the assessment area had a combined population of 2.8 million people.¹¹

As of June 30, 2019, the assessment area had 51 FDIC-insured commercial institutions operating 494 offices with combined deposits of \$104.5 billion.¹² The bank’s five branches in the assessment area had total deposits of \$505.2 million that represented 0.48 percent of the market.¹³

Exhibit 4 on the following page presents key demographic and business information used to help develop a performance context for the assessment area.

¹¹ U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2018; available from: www.census.gov/quickfacts/.

¹² Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2019; available from: <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>.

¹³ Ibid.

EXHIBIT 4 ASSESSMENT AREA DEMOGRAPHICS OAKLAND-BERKELEY-LIVERMORE ASSESSMENT AREA 2018 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	75	13.2	70,654	11.0	18,641	26.4	156,090	24.3
Moderate-income	134	23.6	136,501	21.3	16,872	12.4	103,615	16.1
Middle-income	166	29.2	199,135	31.0	11,470	5.8	116,582	18.2
Upper-income	190	33.4	235,474	36.7	5,651	2.4	265,767	41.4
Unknown-income	4	0.7	290	0.0	105	36.2	0	0.0
Total AA	569	100.0	642,054	100.0	52,739	8.2	642,054	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	120,827	29,717	5.5	24.6	81,609	67.5	9,501	7.9
Moderate-income	232,705	99,406	18.3	42.7	119,155	51.2	14,144	6.1
Middle-income	307,330	174,396	32.1	56.7	117,718	38.3	15,216	5.0
Upper-income	333,220	239,687	44.1	71.9	81,157	24.4	12,376	3.7
Unknown-income	777	106	0.0	13.6	602	77.5	69	8.9
Total AA	994,859	543,312	100.0	54.6	400,241	40.2	51,306	5.2
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	11,485	9.0	10,378	8.9	1,017	10.0	90	10.9
Moderate-income	26,066	20.4	23,791	20.3	2,118	20.8	157	19.1
Middle-income	39,036	30.5	35,553	30.4	3,218	31.6	265	32.2
Upper-income	51,355	40.1	47,232	40.4	3,813	37.5	310	37.7
Unknown-income	93	0.1	81	0.1	12	0.1	0	0.0
Total AA	128,035	100.0	117,035	100.0	10,178	100.0	822	100.0
% of Total Businesses				91.4		7.9		0.6
2018 Median Family Income ¹⁴				December 2018 Median Housing Value ¹⁵				
Alameda County			\$93,822	Alameda County			\$850,000	
Contra Costa County			\$93,822	Contra Costa County			\$612,500	
2018 HUD Adjusted Median Family Income ¹⁶				2018 Unemployment Rate ¹⁷				
Alameda County			\$104,400	Alameda County			3.0%	
Contra Costa County			\$104,400	Contra Costa County			3.2%	

¹⁴ U.S. Department of Housing and Urban Development, Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il17/index/html>.

¹⁵ California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes as of December 2018; available from: <https://www.car.org/marketdata/data/housingdata/>.

¹⁶ U.S. Department of Housing and Urban Development, Adjusted Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il17/index/html>.

¹⁷ Annual Unemployment Rate, U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

Economic Conditions

During the review period, the East Bay benefited from its proximity to the abundant Silicon Valley and San Francisco County economies and grew at a faster rate than most parts of California and the nation. Alameda and Contra Costa counties experienced a 1.8 percent growth rate in jobs, which outpaced the statewide growth rate of 1.1 percent.¹⁸ Economic drivers for the area include high-tech, government, and healthcare that are supplemented by the presence of trade industries, as well as education and research laboratories.¹⁹ The assessment area received spill-over growth of high-tech companies relocating from the world's tech capital in neighboring Silicon Valley.²⁰ The East Bay was a lower-cost option for businesses than neighboring San Francisco and San Jose.²¹ Additionally, top-rated educational institutions including the University of California Berkeley, generated a highly skilled labor force.²² Wage growth in the area exceeded the national average and was driven by a tightening of the labor market.²³ However, job growth began to lag in 2019 and the unemployment rate had a slight uptick to 3.3 percent, up from 3.0 percent in 2018.²⁴ Some economic indicators, including a tight labor market, show signs of an economy at capacity that is in the early stage of deceleration.²⁵

The economic success of the San Francisco Bay Area (Bay Area) has strained the transportation and housing sectors in the assessment area. The East Bay's lower cost of living compared to neighboring counties enticed migration into the area. In 2018, 37 percent of in-migration to the East Bay was from San Francisco and San Jose residents²⁶, up from 34 percent in 2017.²⁷ The migration and commute patterns indicated that workers employed in San Francisco and Silicon Valley who earned higher wages were priced out of the communities where they work and into the relatively more affordable East Bay. The influx of higher wage earners from Silicon Valley has in turn priced out East Bay residents to more affordable areas such as northern San Joaquin County and Sacramento County.²⁸ Nearly 34 percent of East Bay residents commuted outside of the area for work, primarily to San Francisco or Santa Clara counties.²⁹ The heavy commute patterns placed a greater emphasis on more housing and development around transit in the assessment area.³⁰ A number of mixed-use, commercial, and large housing complexes were under construction next to Bay Area Rapid Transit stations – the primary public transportation system in the greater Bay Area.³¹

¹⁸ Beacon Economics, *Beaconomics: An Economic Forecast for the U.S. and California*, Summer 2019; available from: https://beaconecon.com/wp-content/uploads/2019/06/Beaconomics_Summer_2019FINAL.pdf.

¹⁹ Moody's Precise Report, Oakland-Hayward-Berkeley CA, May 2019.

²⁰ Moody's Precise Report, Oakland-Hayward-Berkeley CA, November 2017.

²¹ Moody's Precise Report, Oakland-Hayward-Berkeley CA, May 2019.

²² Ibid.

²³ Moody's Precise Report, Oakland-Hayward-Berkeley CA, November 2018.

²⁴ Ibid.

²⁵ Moody's Precise Report, Oakland-Hayward-Berkeley CA, May 2019.

²⁶ Moody's Precise Report, Oakland-Hayward-Berkeley CA, November 2018.

²⁷ Moody's Precise Report, Oakland-Hayward-Berkeley CA, November 2017.

²⁸ East Bay Economic Development Alliance, *East Bay Economic Outlook 2018-19*; available from: <http://www.eastbayeda.org/ebeda-assets/reports/2018/2018-19%20East%20Bay%20Economic%20Outlook%20Report.pdf>.

²⁹ Ibid.

³⁰ Bay Area Council Economic Institute, *Tri-Valley Rising 2018*; available from: <http://www.bayareaeconomy.org/report/tri-valley-rising-2018/>.

³¹ Moody's Precise Report, Oakland-Hayward-Berkeley CA, November 2018.

One of the fastest growing areas in the East Bay is the Tri-Valley area that consists of the cities of Danville, San Ramon, Dublin, Pleasanton, and Livermore. Between 2014 and 2018, the Tri-Valley population grew by 28,000 (eight percent) and the number of new jobs grew by 12 percent during the same period.³² Employment growth has outpaced Silicon Valley, San Francisco, the state of California, and the U.S. consistently since 2006.³³ Primary industries included research, healthcare and social services, and professional services.³⁴ Additionally, the Tri-Valley attracted biotechnology companies, software firms, and a number of new business endeavors with help from local accelerator and incubator programs.³⁵

Alameda County is home to the Port of Oakland and is supported by a multitude of logistics, distribution, warehousing, and trade sectors. The Port of Oakland is one of the busiest in the nation, and set a record in April 2019 for the number of containers handled.³⁶ Recent tariffs created uncertainty in future growth in trade and the supporting sectors of the Port's activities.³⁷ Tesla, which is headquartered in Alameda County, is the area's largest manufacturer and one of the largest employers.³⁸ However, Tesla faced difficulties, such as layoffs, a drop in the stock price, and higher cost of materials in the first half of 2019.³⁹

Contra Costa County is typically referred to as a bedroom community for commuters working in San Francisco and Silicon Valley. The County's economy grew from the influx of employers to relocate their businesses to the lower cost area.⁴⁰ Contra Costa County's primary employers include a number of healthcare and medical centers, oil refineries including Chevron and Shell Oil Products, county government, and professional services.⁴¹

As depicted in Exhibit 5 on the next page, loans to small businesses from banks subject to the CRA spiked in 2016 then leveled off in 2017 to a similar rate of lending reported in 2015. Lending to small businesses played a critical role in the economy given that small businesses accounted for 91.4 percent of all businesses in the assessment area, as noted in Exhibit 4.

³² Bay Area Council Economic Institute, Tri-Valley Rising 2018; available from: <http://www.bayareaeconomy.org/report/tri-valley-rising-2018/>.

³³ Ibid.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Moody's Precise Report, Oakland-Hayward-Berkeley CA, May 2019.

³⁷ Ibid.

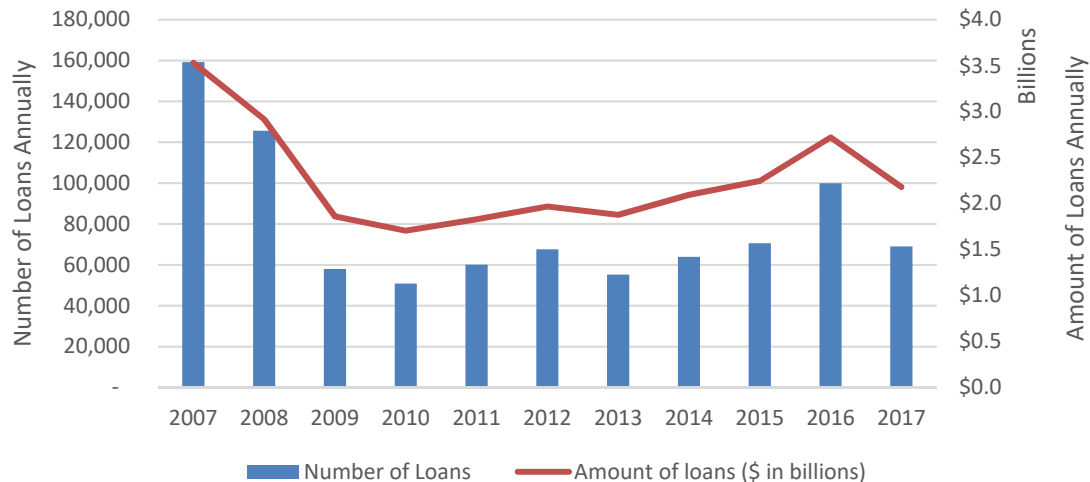
³⁸ Ibid.

³⁹ Ibid.

⁴⁰ East Bay Economic Development Alliance, East Bay Economic Outlook 2018-19; available from: <http://www.eastbayeda.org/ebeda-assets/reports/2018/2018-19%20East%20Bay%20Economic%20Outlook%20Report.pdf>.

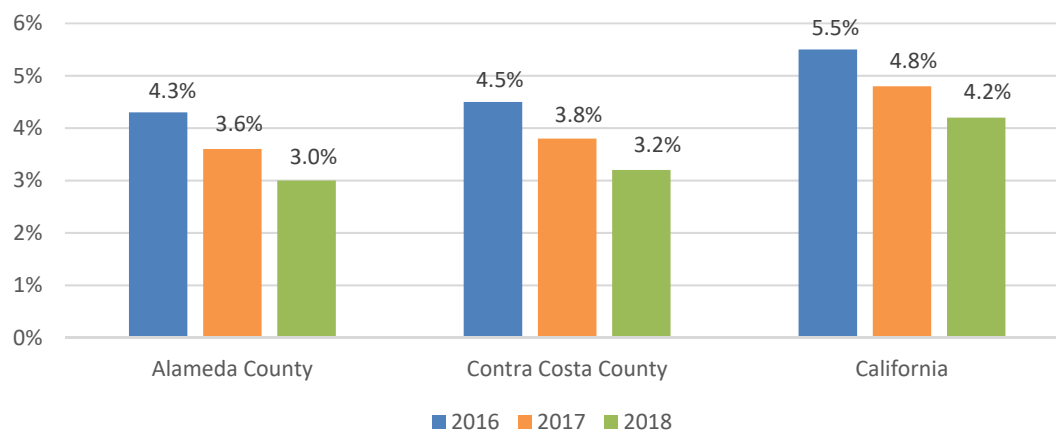
⁴¹ Contra Costa County, Largest Employers; available from: <http://www.co.contra-costa.ca.us/6971/Largest-Employers>.

Exhibit 5
Loans to Small Businesses in Assessment Area⁴²
2007-2017



As depicted in Exhibit 6 below, unemployment rates steadily decreased during the review period, signaling improvements in the economy. The unemployment rates in both counties decreased at the same pace over the course of the review period, and remained below the statewide rate.

Exhibit 6
Unemployment Rate⁴³
2016-2018

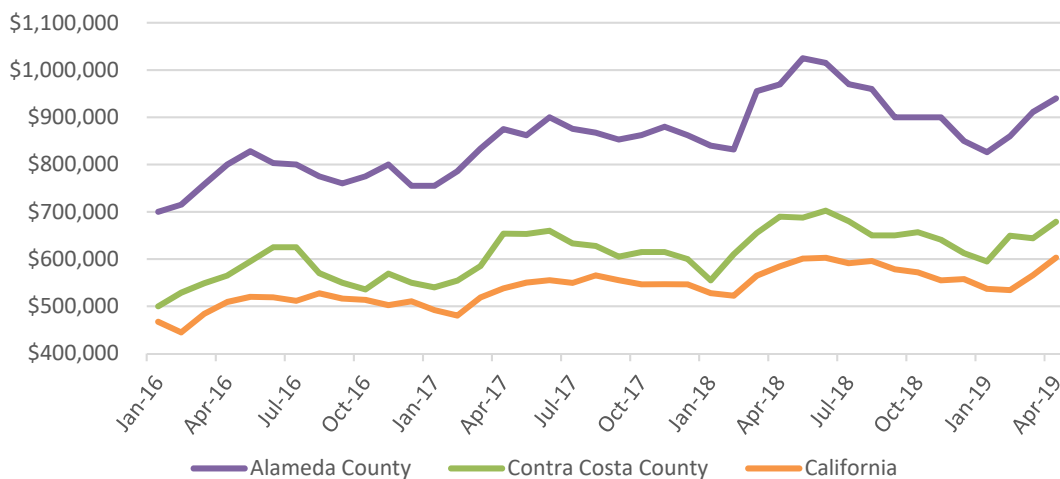


⁴² Aggregate CRA Small Business data reports, available from: <http://www.ffiec.gov/craadweb/national/asp>.

⁴³ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-big/dsrv?la>.

Median home prices in the assessment area during the review period increased at similar rates as the statewide rate, as reflected in Exhibit 7. Most recently, median home prices leveled off in the fourth quarter of 2018 but rose again in early 2019. Both counties had median home prices above the statewide median, with Alameda County far above both Contra Costa County and statewide prices. Alameda County's median home price peaked in May 2018 at \$1.025 million, which was significantly higher than Contra Costa County's median home price peak of \$687,500 in June 2018.

Exhibit 7
Median Home Prices⁴⁴
January 2016 – April 2019



The lack of affordable housing in the East Bay was unprecedented and impacted home prices, rents, and homelessness. New housing construction in recent years did not adequately provide the supply needed to keep up with demand that increased housing costs at a faster rate than wage increases.⁴⁵ Alameda County had a shortage of more than 52,000 affordable rental units to meet demand;⁴⁶ whereas, Contra Costa County had a shortage of over 32,000 affordable rental units.⁴⁷

The assessment area had a large portion of households that were cost-burdened (households that spend more than 30 percent of their income on rent). Alameda and Contra Costa counties both had nearly the same percentage of cost-burdened households at 39.5 percent and 39.2 percent, respectively.⁴⁸ Renters in Alameda County needed to earn \$49.90 per hour, more than three times the local minimum wage

⁴⁴ California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached homes; available from: <https://www.car.org/marketdata/data/housingdata>.

⁴⁵ Bay Area Council Economic Institute, Tri-Valley Rising 2018; available from: <http://www.bayareaeconomy.org/report/tri-valley-rising-2018/>.

⁴⁶ California Housing Partnership, Contra Costa County's Housing Emergency Update, May 2019; available from: <https://1p08d91kd0c03rlxhmhtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2019/05/Contra-Costa-HNR-2019-Final.pdf>.

⁴⁷ California Housing Partnership, Alameda County's Housing Emergency Update, May 2019; available from: <https://1p08d91kd0c03rlxhmhtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2019/05/Alameda-HNR-2019-Final.pdf>.

⁴⁸ Bay Area Council Economic Institute, Bay Area Economic Profile, July 2018; available from: <http://www.bayareaeconomy.org/files/pdf/BayAreaEconomicProfile2018Web.pdf>.

rate, to afford the median monthly rent.⁴⁹ Similarly, Contra Costa County renters needed to earn \$43.96 per hour to afford the median monthly rent.⁵⁰

Although median home prices in the assessment area continued to increase over the review period, affordability indices showed easing in 2019. The California Association of Realtors Traditional Housing Affordability Index, which measures the percentage of households that could afford to purchase the median priced home, increased in the first quarter of 2019 then leveled off in the second quarter.⁵¹ Alameda County increased in affordability from 16 percent in the second quarter of 2018 to 23 percent in the second quarter of 2019.⁵² Likewise, affordability in Contra Costa County increased from 29 percent in the second quarter of 2018 to 35 percent in the second quarter of 2019.⁵³

Homelessness remained a crisis in the Bay Area. In 2017, the region had the third largest population of people experiencing homelessness in the nation.⁵⁴ Of the 28,200 people living without housing in the greater nine county Bay Area region, 20 percent were located in Alameda County and six percent were located in Contra Costa County.⁵⁵ Housing shortages across the assessment area and limited growth in wages coupled with insufficient temporary shelter and permanent supportive housing all factored into the current crisis.⁵⁶

Alameda and Contra Costa counties both experienced a slight decrease in the percentage of people living under the federal poverty limits and in the usage of food stamp assistance benefits in line with the rate of decreases statewide, as shown in Exhibit 8. The average liquid asset poverty rate in the East Bay was 30.3 percent, which represents the percentage of households without sufficient savings to live above the federal poverty level for three months.⁵⁷ However, the assessment area's proximity to services, top rated education, and one of the strongest job markets in the nation located nearby in Silicon Valley and San Francisco, generated opportunities for people to move out of poverty. Children in Contra Costa County who were born into low-income families had the fifth highest rates of likelihood in the nation to grow up and attain the highest income levels.⁵⁸

⁴⁹ California Housing Partnership, Alameda County's Housing Emergency Update, May 2019; available from: <https://1p08d91kd0c03rlxhmtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2019/05/Alameda-HNR-2019-Final.pdf>.

⁵⁰ California Housing Partnership, Contra Costa County's Housing Emergency Update, May 2019; available from: <https://1p08d91kd0c03rlxhmtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2019/05/Contra-Costa-HNR-2019-Final.pdf>.

⁵¹ California Association of Realtors, Housing Affordability Index-Traditional; available from: <https://www.car.org/marketdata/data/haitraditional/>.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Bay Area Council Economic Institute, Bay Area Homelessness: A Regional View of a Regional Crisis, April 2019; available from: http://www.bayareaeconomy.org/files/pdf/Homelessness_Report_2019_web.pdf.

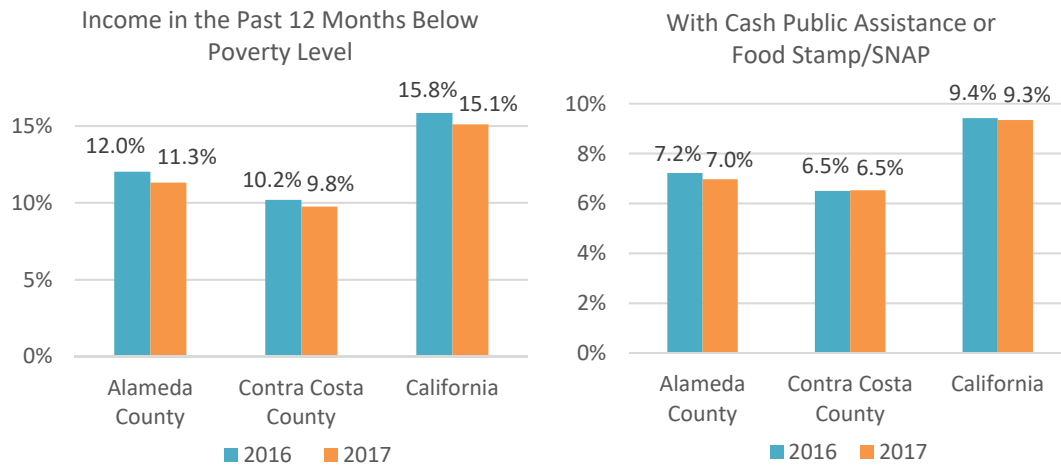
⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ Prosperity Now Scorecard, Contra Costa County and Alameda County Comparison; available from: <https://scorecard.prosperitynow.org/data-by-location#county/6013>.

⁵⁸ Bay Area Council Economic Institute, Bay Area Economic Profile, July 2018; available from: <http://www.bayareaeconomy.org/files/pdf/BayAreaEconomicProfile2018Web.pdf>.

Exhibit 8
Poverty and Food Stamp Usage Rates⁵⁹
2016-2017



Credit and Community Development Needs

The economic data and feedback from community contacts indicate that small businesses in the assessment area faced challenges in accessing credit. As shown in Exhibit 5 and previously discussed, small business lending levels generally improved, but remained below pre-Great Recession levels. The Small Business Credit Survey found that of the 43 percent of small businesses that applied for financing in the prior 12 month period, only 47 percent received all the credit they needed.⁶⁰ Most firms applied for less than \$100,000, primarily to expand their business or cover operating expenses.⁶¹ More than half of applicants who sought financing in this range did not obtain the amount of financing needed.⁶² The majority of applicants applied for loans or lines of credit from large banks.⁶³ However, applicants who applied for loans or lines of credit from online lenders grew from 19 percent in 2016 to 32 percent in 2018.⁶⁴ Firms who had financing shortfalls typically had higher credit risk, did not earn a profit, were located in urban areas, or were young start-up firms less than five years old.⁶⁵ The largest funding gap was most prevalent for businesses who sought between \$100,000 and \$250,000.⁶⁶ Overall, there are financing gaps for lending to small businesses and opportunities for smaller dollar credit products.

There is an opportunity for financial institutions to engage in more financial education and provide easier access to affordable credit for consumers. There are high levels of households who are underbanked (households who have a bank account but still use alternative cash services) in the

⁵⁹ Poverty and Food Stamp Usage Rates, U.S. Census Bureau, American Community Survey, 5-Year Estimates; available from: <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>.

⁶⁰ Small Business Credit Survey, Report on Employer Firms 2019, available from: <https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf>.

⁶¹ Ibid.

⁶² Ibid.

⁶³ Ibid.

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ Ibid.

assessment area.⁶⁷ In Alameda County, 20.3 percent of households were underbanked, while in Contra Costa County, 16.5 percent of households were underbanked.⁶⁸

The housing affordability crisis continues to be an area of pressing need. Community contacts noted the need for more donations from banks and financial institutions to invest in affordable housing and associated social services, including supportive services to help house people experiencing homelessness. In addition, more creative sources of financing for affordable housing is needed. As the assessment area continues to benefit from overflow growth of residents and businesses from the higher cost areas of Silicon Valley and San Francisco, more housing will be needed to sustain economic growth. Unless the number of new housing units match the number of new jobs in the area, the area will continue to struggle in affordability and price-out residents to move toward more affordable areas. Affordable housing investments, specialized loan products, and engagement with the community are needed from financial institutions.

There is a need for more investment and engagement from financial institutions to address the poverty, lack of affordable housing, and gaps in small business lending. Banks in the community have an opportunity to address the needs of residents who are most in need. Community development lending, as well as advocacy and service are the most impactful activities banks could participate in to better serve their communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OAKLAND-BERKELEY-LIVERMORE

LENDING TEST

The overall lending test performance in the Oakland-Berkeley-Livermore assessment area is reasonable.

Lending Distribution by Geography

The geographic distribution of small business loans during the review period is reasonable. As shown in Exhibit 9 on the next page, the distribution of lending by geography is adequate, with a particularly strong penetration in low-income census tracts. In the latter geographies, UBB's distribution of small business loans exceeded both the concentration of businesses and the aggregate lending levels during the review period.

⁶⁷ Prosperity Now Scorecard, Contra Costa County and Alameda County Comparison; available from: <https://scorecard.prosperitynow.org/data-by-location#county/6013>.

⁶⁸ Ibid.

EXHIBIT 9 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Oakland-Berkeley-Livermore Assessment Area 2016								
Bank Lending	4	36.4	2	18.2	2	18.2	3	27.3
Aggregate Lending	7,094	7.2	15,315	15.6	31,224	31.8	44,542	45.4
Business Concentration	12,111	10.2	20,773	17.5	38,350	32.2	47,719	40.1
Oakland-Berkeley-Livermore Assessment Area 2017								
Bank Lending	1	11.1	0	0.0	2	22.2	6	66.7
Aggregate Lending	5,250	7.7	13,063	19.2	21,002	30.8	28,833	42.3
Business Concentration	9,444	8.9	21,238	20.0	32,172	30.3	43,353	40.8
Oakland-Berkeley-Livermore Assessment Area 2018								
Bank Lending	2	18.2	2	18.2	4	36.4	3	27.3
Aggregate Lending	5,974	7.7	14,793	19.1	23,602	30.5	32,897	42.6
Business Concentration	11,485	9.0	26,066	20.4	39,036	30.5	51,355	40.1
Oakland-Berkeley-Livermore Assessment Area 2019								
Bank Lending	1	20.0	0	0.0	0	0.0	4	80.0
Aggregate Lending	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Business Concentration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Lending Distribution by Business Revenue

The distribution of loans among businesses of different sizes is excellent. As shown in Exhibit 10, the percentage of loans made to businesses with gross annual revenues of less than or equal to \$1 million was significantly above the aggregate lending levels. While the majority of the bank's lending was extended in loan amounts of between \$250 thousand and \$1 million, there were some loans during the review period that were originated in amounts of less than \$250 thousand which helped address the assessment area need for smaller denominated small business credits.

EXHIBIT 10 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS							
Year	Bank Lending #	Lending to Businesses with Revenue <=\$1 Million			Originations Regardless of Revenue Size by Loan Amount		
		Bank Lending (%)	Businesses <=\$1M in Revenue (%)	Aggregate Lending (%)	<=\$100K (%)	> \$100K & <=\$250K (%)	>250K & <=\$1M (%)
2016	11	90.9	91.1	39.1	0.0	27.3	72.7
2017	9	77.8	90.1	53.1	22.2	0.0	77.8
2018	11	63.6	91.4	47.0	0.0	45.5	54.5
2019	5	40.0	N/A	N/A	20.0	20.0	60.0

COMMUNITY DEVELOPMENT TEST

UBB's community development performance demonstrates adequate responsiveness to the needs of this assessment area. Community development activities were particularly responsive to the identified need for social services to low- and moderate-income families and affordable housing. Exhibit 3 includes details regarding the community development activities that the bank engaged in over the review period.

Community Development Lending

During the review period, UBB originated seven community development loans totaling \$15.5 million in this assessment area. This figure does not include two loans totaling approximately \$3.5 million which benefited the broader statewide or regional areas in California that also includes the bank's assessment areas. Notable credits included:

- Three loans totaling \$7.4 million to provide financing to non-profit organizations providing community services to low- and moderate-income individuals and families.
- Two loans totaling \$4.2 million which were renewed that helped provide 42 units of affordable housing.
- \$2.6 million to refinance a loan to make improvements to a commercial property that helped stabilize a low-income geography.

Community Development Investments

The bank made \$1.6 million in community development investments, grants and donations that directly benefited this assessment area. These investments consisted of twelve current period investments, including:

- A \$1.5 million investment secured by a multi-family housing complex that provides 49 units of affordable housing.
- Ten donations totaling \$14,545 to organizations promoting community services to low- and moderate-income individuals.

Community Development Services

UBB personnel provided 641 community development service hours to thirteen organizations. Notable activities include:

- Over 500 hours involved staff sharing their financial expertise through board and committee participations with organizations promoting economic development in the assessment area.
- Over 100 hours was dedicated to organizations that provide community services to low- and moderate-income individuals. These services primarily consisted of providing financial literacy training.

Limited-Scope Assessment Area Conclusions

As noted previously, UBB's performance in the following six California assessment areas received limited scope reviews due to the bank's limited presence, lower level of area activities and the fact that three of the six areas (i.e., San Francisco-San Mateo-Redwood City, Sacramento-Roseville-Folsom and Los Angeles-Long Beach-Anaheim) are new since the prior examination due to completed bank acquisitions during the review period. As discussed under the exam scope section, Uniti Bank was acquired after the lending test review period cutoff date of March 31, 2019. As a result, this institution was not included in the lending test evaluation due to the timing of the transaction and the unavailability of the underlying CRA data for this organization.

The limited-scope assessment areas were analyzed for consistency with the overall lending and community development test ratings and as such, did not materially impact the latter ratings. In addition to the individual limited-scope assessment area performance information set forth below, market profiles for each area can be found in Appendix B.

EXHIBIT 11 LIMITED-SCOPE ASSESSMENT AREA CONCLUSIONS		
Assessment Area(s)	Lending Test	Community Development Test
San Jose-Sunnyvale-Santa Clara AA	Below	Consistent
Napa AA	Below	Below
Stockton AA	Below	Below
San Francisco-San Mateo-Redwood City AA	Below	Consistent
Sacramento AA	Below	Consistent
Los Angeles-Long Beach-Anaheim AA	Below	Consistent

San Jose-Sunnyvale-Santa Clara

As noted above, the lending test performance in the San Jose-Sunnyvale-Santa Clara assessment area fell below the performance of the full-scope California assessment area of Oakland-Berkeley-Livermore. While the bank's small business lending distribution performance in moderate-income census tracts in 2016 through 2018 were above the aggregate lending levels and the percentage of business entities, no loans were extended in 2019. Furthermore, the bank extended no loans in low-income census tracts during the review period. The borrower distribution performance for small business loans also was weak with no loans extended to businesses with revenues of less than or equal to \$1 million in 2016, 2018 and 2019.

Community development performance in this assessment area was consistent with the performance of the Oakland-Berkeley-Livermore area. UBB extended three community development loans totaling approximately \$10.9 million. Two of these loans supported 300 affordable housing units in the area. The bank also made \$995 in donations to charitable organizations and provided 35 hours of community services.

Napa

The lending test performance in Napa fell below the performance of Oakland-Berkeley-Livermore full-scope area. The bank extended only four loans during the review period in this market which represents an insufficient volume to conduct a meaningful analysis of the distribution of loans by geography and business revenue.

Community development performance in Napa similarly fell below the performance of the full-scope assessment area in California. UBB made no assessment area specific community development loans in the Napa area. However, the bank extended a \$2,500 grant and contributed 112 service hours to organizations focused on providing financial literacy education to low- and moderate-income individuals.

Stockton

As reflected in Exhibit 11, the lending test performance in Stockton also fell below the performance of the Oakland-Berkeley-Livermore full-scope area. The bank extended a total of eight small business loans during the review period in this market. Of this amount, UBB extended no loans in low-income census tracts during the period. While the bank originated three loans in moderate-income census tracts in 2016, no other loans were made in this tract-income level from 2017 through the first quarter 2019. With the exception of 2016, the majority of the bank's small business lending distribution generally fell in upper-income geographies. The borrower distribution performance for small business loans was similarly weak with only two loans extended to businesses with revenues of less than or equal to \$1 million during the review period.

Community development performance in Stockton also fell below the performance of the full-scope California assessment area reviewed. The bank made no assessment area specific community development loans in this geography and made 10 investments totaling approximately \$1.2 million. Additionally, a total of 184 assessment area service hours were noted, a majority of which were donated to organizations providing services to low-and moderate-income individuals.

San Francisco-San Mateo-Redwood City

The lending test performance in San Francisco-San Mateo-Redwood City fell below the performance of the Oakland-Berkeley-Livermore full-scope area. The bank extended only four loans during the review period in this market which represents an insufficient volume to perform a meaningful analysis of the distribution of loans by geography and business revenue.

Community development performance in this assessment area is consistent with the performance of the Oakland-Berkeley-Livermore full-scope area. The bank made three direct community development loans in the area, totaling \$14 million. Of these, two loans involved the refinance of multifamily properties that provides 146 units of affordable housing in the area. UBB also made three investments in the San Francisco-San Mateo-Redwood City area, primarily consisting of one multifamily mortgage-backed security instrument in the amount of \$1.5 million which supported 74 units of low-income senior housing. While no assessment area specific service hours are reflected, Bank staff contributed service hours to organizations that provides low-and-moderate-income services benefitting a broader statewide or regional area which included the San Francisco-San Mateo-Redwood City assessment area. Such hours are included in Exhibit 3.

Sacramento

The lending test performance in Napa fell below the performance of the Oakland-Berkeley-Livermore full-scope area. The bank extended only one loan during the review period in this market which represents an insufficient volume to conduct a meaningful analysis of the distribution of loans by geography and business revenue.

Community development performance in this assessment area is consistent with the performance of the Oakland-Berkeley-Livermore full-scope area. UBB extended one loan in the amount of \$480 thousand which financed the purchase of a multifamily property and supported ten units of affordable housing units in the area. In addition, two investments, totaling over \$2.4 million are noted. Most of the latter amount supported 92 units of low-income housing in the assessment area. Bank staff also contributed a total of 158 service hours to various organizations, with the majority supporting an organization whose mission is to revitalize high poverty communities in the assessment area.

Los Angeles-Long Beach-Anaheim

The assessment area's lending test performance fell below the performance of the Oakland-Berkeley-Livermore full-scope area. The bank extended only four loans during the review period in this market which represent an insufficient volume to perform a meaningful analysis of the distribution of loans by geography and business revenue.

Community development performance in this assessment area is consistent with the performance of the Oakland-Berkeley-Livermore full-scope area. While UBB made no dedicated loans solely targeted to this area, it is noted that two loans, totaling \$20 million, were extended to a certified CDFI based in Southern California, which benefitted the broader statewide and regional areas, including the Los Angeles-Long Beach-Anaheim assessment area. The latter loans are included in Exhibit 3 under the Conclusions with respect to Performance Tests in California. Four investments, totaling over \$1.3 million investments are also noted. Of these, \$1.1 million was invested in a multifamily housing security which supported 430 units of low-income housing in the assessment area. Bank staff also contributed a total of 112 service hours to several organizations, with the majority of hours dedicated to providing financial literacy education to low-and moderate-income individuals.

STATE OF NEW MEXICO

CRA Rating for New Mexico

Performance in New Mexico is rated "SATISFACTORY"

The lending test is rated: Satisfactory
The community development test is rated: Satisfactory

The major factors supporting the institution's rating include:

- While the geographic lending distribution varied by tract income levels, the overall performance was reasonable.
- The business revenue lending performance was reasonable.
- An adequate responsiveness to assessment area community development needs was demonstrated.

Scope of Examination

The scope of the examination for the state of New Mexico is consistent with the overall scope of the CRA examination. As noted previously, the Albuquerque assessment area received a full-scope review but received a lower weight in the overall assessment due to the bank's limited presence in this area.

On a combined bank-wide basis, the Albuquerque assessment area accounts for 4.7percent of the bank's lending (dollar volume), 10.5percent of deposit volume and 24.0 percent of branches. Additionally, during the review period, the bank expanded its assessment area footprint into New Mexico through bank acquisitions which now includes the Albuquerque assessment area. UBB acquired six branches in this area during the second quarter of 2017 and the fourth quarter of 2018, respectively.

Description of Operations in New Mexico

The bank's operations in New Mexico grew from one branch as of June 30, 2018 to six branches in November 2018 through the acquisition of a financial institution, MyBank.⁶⁹ As of August 2019, the bank's six branches out of 25 total branches made New Mexico the bank's second largest state market. As of June 30, 2019, there were 56 FDIC-insured depository institutions operating 455 branches with combined total deposits of \$32.2 billion.⁷⁰ As of June 30, 2019, UBB ranked 32nd in the state, with six branch offices with deposits of \$159.1 million that represented a market share of 0.49 percent.⁷¹

⁶⁹ BayCom Corp Press Release First Quarter 2019; available from: https://cms.bancvue.com/_/kcms-doc/826/45309/Q1-2019-BCML-Press-Release-v7.pdf.

⁷⁰ Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2019; available from: <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>.

⁷¹ Ibid.

UBB's one assessment area in New Mexico consists of Bernalillo, Tarrant, and Valencia counties that is a part of the Albuquerque, NM MSA. The tri-county assessment area is located in central New Mexico bordered by Sandoval, Santa Fe, and San Miguel counties to the north, Guadalupe County to the east, Lincoln and Socorro counties to the South, and Cibola County to the west. The area's combined population in 2018 was 770,748.⁷² Bernalillo County was the most populous county in New Mexico in 2018 with 678,701 people, which accounted for 88 percent of the assessment area's total population.⁷³ South of Bernalillo County and west of Tarrant County is Valencia County with a population of 76,456.⁷⁴ To the southeast of Bernalillo County and east of Valencia County is rural Tarrant County with a population of 15,591.⁷⁵ Native American tribal lands are also a part of the assessment area. Isleta Pueblo spans parts of southern Bernalillo County and northern Valencia County, Laguna Pueblo stretches into western Bernalillo County and northwestern Valencia County, and Canoncito Indian Reservation is located in western Bernalillo County.

As of June 30, 2019, the assessment area had 22 FDIC-insured depository institutions operating 133 offices.⁷⁶ UBB's six branches represented 1.14 percent of the deposit market share.⁷⁷ UBB later acquired the operations of MyBank that included five branches with \$136.3 million in deposits, representing 1.01 percent of the market share.⁷⁸

Exhibit 12 on the next page presents key demographic and business information used to help develop a performance context for the assessment area.

⁷² U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2018; available from: www.census.gov/quickfacts/.

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2019; available from: <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>.

⁷⁷ Ibid.

⁷⁸ Ibid.

EXHIBIT 12 ASSESSMENT AREA DEMOGRAPHICS ALBUQUERQUE ASSESSMENT AREA 2018 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	11	6.3	9,738	5.3	4,053	41.6	47,127	25.6
Moderate-income	56	32.0	59,623	32.4	14,074	23.6	29,267	15.9
Middle-income	53	30.3	54,451	29.6	6,799	12.5	33,264	18.1
Upper-income	53	30.3	60,123	32.6	3,593	6.0	74,549	40.5
Unknown-income	2	1.1	272	0.1	73	26.8	0	0.0
Total AA	175	100.0	184,207	100.0	28,592	15.5	184,207	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	22,395	5,566	2.9	24.9	14,288	63.8	2,541	11.3
Moderate-income	105,184	56,636	29.9	53.8	37,656	35.8	10,892	10.4
Middle-income	99,638	59,697	31.5	59.9	30,580	30.7	9,361	9.4
Upper-income	96,741	67,522	35.6	69.8	22,682	23.4	6,537	6.8
Unknown-income	1,027	285	0.2	27.8	591	57.5	151	14.7
Total AA	324,985	189,706	100.0	58.4	105,797	32.6	29,482	9.1
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	3,614	9.8	3,012	8.9	561	20.7	41	14.1
Moderate-income	9,691	26.2	8,661	25.5	968	35.7	62	21.3
Middle-income	11,645	31.5	10,879	32.0	668	24.6	98	33.7
Upper-income	11,759	31.8	11,174	32.9	497	18.3	88	30.2
Unknown-income	282	0.8	262	0.8	18	0.7	2	0.7
Total AA	36,991	100.0	33,988	100.0	2,712	100.0	291	100.0
% of Total Businesses				91.9		7.3		0.8
2018 Median Family Income ⁷⁹			December 2018 Median Housing Value ⁸⁰					
Bernalillo County			\$60,032		Bernalillo County			\$203,400
Torrance County			\$60,032		Torrance County			N/A ⁸¹
Valencia County			\$60,032		Valencia County			\$143,500

⁷⁹ U.S. Department of Housing and Urban Development, Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il17/index/html>.

⁸⁰ Zillow Research, Zillow Home Value Index, Single-Family Homes Time Series; available from: <https://www.zillow.com/research/data/>.

⁸¹ Median Home Price for Torrance County is not available due to insufficient data.

2018 HUD Adjusted Median Family Income ⁸²		2018 Unemployment Rate ⁸³	
Bernalillo County	\$65,000	Bernalillo County	4.5%
Torrance County	\$65,000	Torrance County	7.6%
Valencia County	\$65,000	Valencia County	5.5%

Economic Conditions

The Albuquerque assessment area experienced steady job growth during the review period, as the economy moved into an expansion mode. Positive net migration for the most recent three consecutive years reversed the net out-migration trend that reduced the labor supply in past years.⁸⁴ Although job growth was steady, household income remained well below the national average.⁸⁵ The economic drivers for the area included government, federal defense and research, as well as education.⁸⁶ There was also growth in the film production, high-tech, and renewable energy industries.⁸⁷ Although there was slow growth in the high-tech industry, New Mexico's overall lower-cost of living enticed Facebook and Netflix to open operations in the assessment area.⁸⁸ The renewable energy industry also grew during the review period with construction of new wind and solar farms.⁸⁹

Bernalillo County, home to the City of Albuquerque, is the central hub of New Mexico and leads the state in population, trade, business, and transportation. The county population nominally increased during the review period.⁹⁰ Primary employers included the University of New Mexico, Kirtland Air Force Base, Sandia National Laboratories, and healthcare service providers.⁹¹ Although the City of Albuquerque is not the capital, state government employment continued to expand from Santa Fe to Albuquerque.⁹² The film production industry in Bernalillo County grew during the review period, including film production by Netflix and its 2018 purchase of a local film studio in Albuquerque.⁹³ The city accounts for approximately one-third of the tourism in New Mexico and hosts the annual Albuquerque International Balloon Fiesta. In 2017, the event had an economic impact of \$172.98 million and was attended by nearly 900,000 attendees.⁹⁴

Valencia County is a bedroom community to Bernalillo County but saw its own economic and population growth during the review period. Valencia County's population grew by a rate of 1.02 percent between

⁸² U.S. Department of Housing and Urban Development, Adjusted Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il17/index/html>.

⁸³ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

⁸⁴ Moody's Precip Report, Albuquerque NM, March 2019.

⁸⁵ Ibid.

⁸⁶ Ibid.

⁸⁷ Ibid.

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2018; available from: www.census.gov/quickfacts/.

⁹¹ Moody's Precip Report, Albuquerque NM, March 2019.

⁹² Ibid.

⁹³ Albuquerque Journal, Netflix Decision: 'It's good for everybody', October 21, 2018; available from: <https://www.abqjournal.com/1235692/with-studio-buy-netflix-strengthens-ties-to-nm.html>.

⁹⁴ Albuquerque Journal, 2017 Balloon Fiesta – February 7, 2018; available from: <https://www.abqjournal.com/1130502/2017-balloon-fiesta-generates-nearly-173m-in-economic-impact.html>.

2016 and 2018, which outpaced the statewide growth rate of 0.13 percent during the same period.⁹⁵ Lower-costs, central location to transportation, and proximity to Albuquerque drew a number of employers to the county, including a new Facebook data center that created 1,100 construction jobs and was expected to employ up to 300 employees once completed.⁹⁶ Additionally, the county was home to a Walmart distribution center, satellite campuses of the University of New Mexico and New Mexico State University, as well as a community college.⁹⁷ The anchor employees diversified the county and increased demand for more housing and supportive businesses.⁹⁸

Torrance County is 98 percent rural and home to less than one percent of New Mexico's population.⁹⁹ The population nominally increased during the review period similar to Bernalillo County.¹⁰⁰ Industries in Torrance County include agriculture, ranching and renewable energy.¹⁰¹ Wind and solar power production in particular grew during the review period. Between 2017 and 2018, over 88,000 acres in Torrance County were leased for wind farm projects that are expected to generate revenue in lease payments to the state over the long-term and to generate enough energy to power over 60,000 homes.¹⁰² In 2017, the county lost one of its largest employers with the closure of the county jail. The jail was the largest source of revenue for the town of Estancia and the loss of jobs had a significant impact on the county as well as the local economy.¹⁰³

As depicted in Exhibit 13, loans to small businesses from banks subject to the CRA improved in the first year of the review period then leveled off in 2017. Lending to small business played a critical role in the economy given that small businesses accounted for 91.9 percent of all businesses in the assessment area, as noted in Exhibit 12.

⁹⁵ U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2018; available from: www.census.gov/quickfacts/.

⁹⁶ Albuquerque Journal, Facebook Data Center Opens; available from: <https://www.abqjournal.com/1277850/facebook-opens-data-center-in-los-lunas.html>.

⁹⁷ Mid-Region Council of Governments, Community Profiles Valencia County; available from: <https://www.mrcog-nm.gov/189/Valencia-County>.

⁹⁸ Albuquerque Journal, Valencia County: An economic development hotspot, December 11, 2017; available from: <https://www.abqjournal.com/1104804/valencia-county-an-economic-development-hotspot.html>.

⁹⁹ New Mexico Department of Workforce Solutions, New Mexico 2018 State of the Workforce; available from: https://www.dws.state.nm.us/Portals/0/DM/LMI/NM_2018_SOTW_Report.pdf.

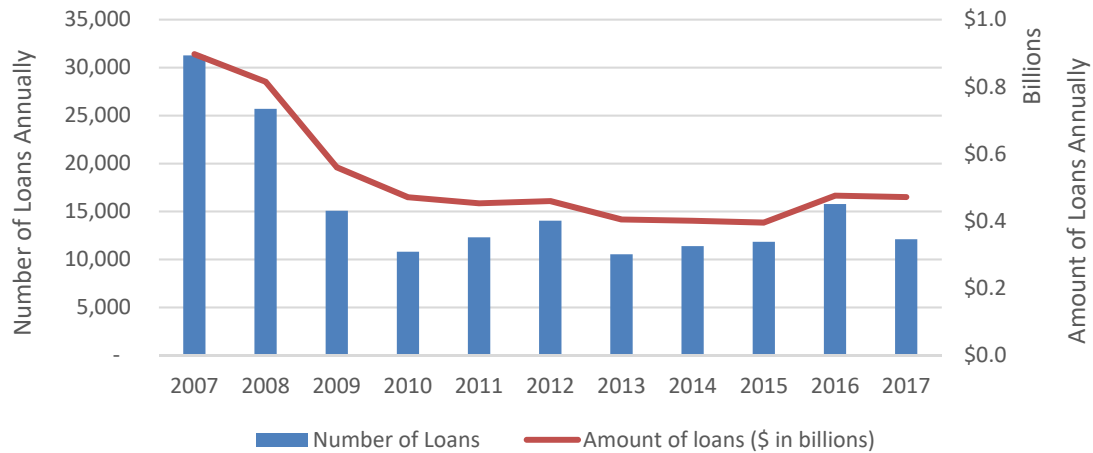
¹⁰⁰ U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2018; available from: www.census.gov/quickfacts/.

¹⁰¹ Mid-Region Council of Governments, Community Profiles Torrance County; available from: <https://www.mrcog-nm.gov/183/Torrance-County>.

¹⁰² Albuquerque Business First, NM leases more than a thousand acres to California company for massive project, December 26, 2017; available from: <https://www.bizjournals.com/albuquerque/news/2017/12/26/nm-leases-hundreds-of-acres-to-california-company.html>.

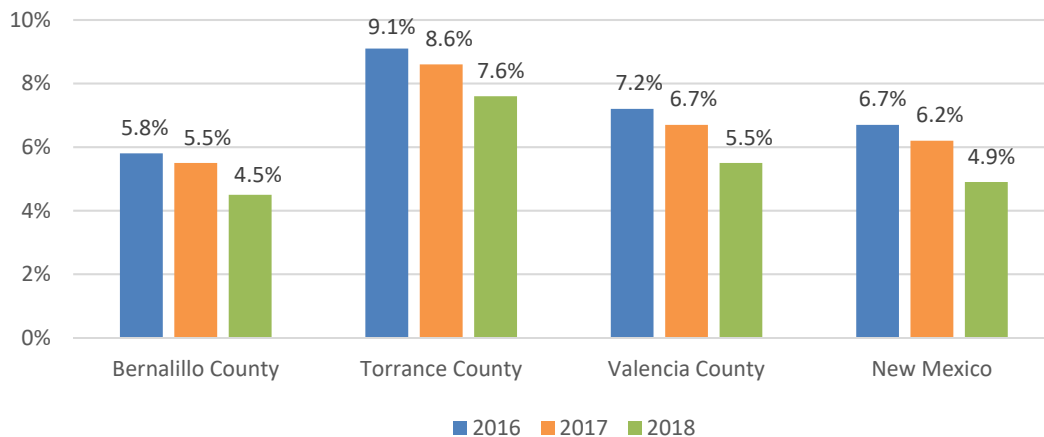
¹⁰³ Albuquerque Journal, Locking Down Revenue, July 6, 2019; available from: <https://www.abqjournal.com/1337114/locking-down-revenue.html>.

Exhibit 13
Loans to Small Businesses in Assessment Area¹⁰⁴
2007-2017



Unemployment rates in the assessment area decreased during the review period, as depicted in Exhibit 14. Bernalillo County's unemployment rate remained below the statewide rate between 2016 and 2018. As described above, Bernalillo County is the economic hub of New Mexico and is home to the largest employers in the region. Torrance and Valencia counties lack a diversified economy sufficient to support job growth and continued to have higher unemployment rates during the review period.

Exhibit 14
Unemployment Rate¹⁰⁵
2016-2018



Home prices in the assessment area increased during the review period, as shown in Exhibit 15. Median home prices in Valencia County remain below prices in Bernalillo County and the state. Prices in

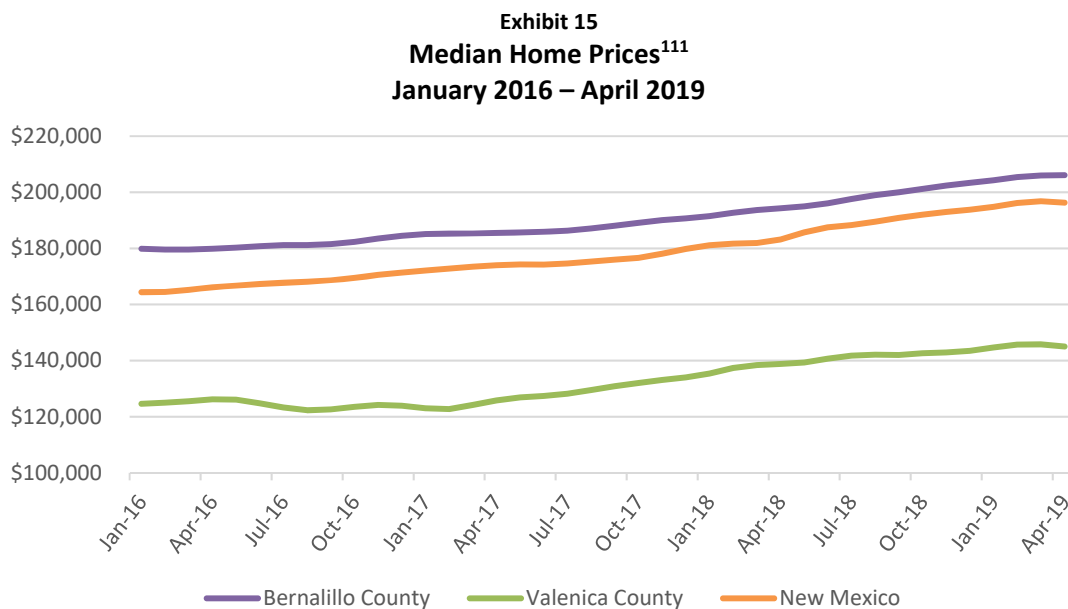
¹⁰⁴ Aggregate CRA Small Business data reports available from: <http://www.ffiec.gov/craadweb/national/asp>.

¹⁰⁵ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

Bernalillo County exceeded statewide prices and peaked in March of 2019 at \$206,100, as shown in Exhibit 15.

Overall, New Mexico typically had a higher rate of homeownership at 67.9 percent compared to the national average of 63.8 percent.¹⁰⁶ Bernalillo County had the lowest homeownership rate of the three counties in the assessment area at 62.8 percent, compared to Valencia and Torrance counties that both had homeownership rates over 80 percent.¹⁰⁷

Torrance County had a homeownership rate of 80.2 percent, well above the aforementioned state and national rates.¹⁰⁸ Although a high homeownership rate is typically a positive sign of wealth building for families, the high homeownership rate in rural Torrance County was inclusive of mobile home ownership which does not have equivalent wealth building attributes, as mobile homes do not appreciate in value. Nearly 40 percent of Torrance County's occupied housing stock was in mobile homes and less than a quarter of housing units in Torrance County were built after 2000.¹⁰⁹ This prevalence of mobile home ownership is indicative of a lack of investment in new affordable home construction and older housing stock in need of rehabilitation.¹¹⁰ Median home price statistical data is not available for Torrance County and is not included in Exhibit 15 below, because there were not enough sale transactions in the review period to provide statistically meaningful analysis.



¹⁰⁶ New Mexico Mortgage Finance Authority, 2018 New Mexico Affordable Housing Needs Assessment; available from: http://www.housingnm.org/assets/content/MFAHNA_Updated_April_2019__with_Apt._Data.pptx.

¹⁰⁷ Ibid.

¹⁰⁸ Ibid.

¹⁰⁹ Ibid.

¹¹⁰ Ibid.

¹¹¹ Zillow Research, Zillow Home Value Index Single-Family Home Time Series; available from: <https://www.zillow.com/research/data>.

The City of Albuquerque had the largest supply of rental units in the entire Albuquerque, NM MSA.¹¹² Bernalillo County had the highest number of renters in the state, which correlated to the location of the University of New Mexico, and the second highest average rent in the state.¹¹³ In Bernalillo and Valencia counties, 47 percent of renters could afford the average rent. In Torrance County, half of renters could afford the average rent.¹¹⁴ To meet rental demand in line with projected 5-year growth rates, Bernalillo County needed nine percent more rental units, Valencia County required an increase of 69 percent more rental units, and Torrance County's small rental housing stock of 1,310 units needed to double.¹¹⁵

New Mexico historically experienced higher levels of poverty than the national average. The three counties in the assessment area had unique trends in poverty and the usage of public assistance or food stamps/SNAP. As shown in Exhibit 16, all three counties had a decrease in the rate of people living in poverty. Bernalillo County's poverty level fell below the state's rate of poverty. However, Torrance County was one of the most impoverished counties in the state with a poverty level of 27.1 percent in 2017. Although the poverty level decreased during the review period for all three counties and the state, this did not correlate to a parallel decrease in the percentage of people utilizing cash assistance or food stamp/SNAP benefits for all three counties. Bernalillo and Torrance counties had a drop of less than one percent in cash assistance or food stamp/SNAP benefit usage. However, there was a slight increase in the usage of assistance benefits in Valencia County and the state, as depicted in Exhibit 16.

The assessment area had higher percentages of households without sufficient savings to live above the federal poverty level for three months (liquid asset poverty) than the nationwide rate of 40 percent. Bernalillo County had a liquid asset poverty rate of 41 percent that fell below the liquid asset poverty rates of Torrance and Valencia counties that both had rates of approximately 43 percent.¹¹⁶

¹¹² New Mexico Mortgage Finance Authority, 2018 New Mexico Affordable Housing Needs Assessment; available from: http://www.housingnm.org/assets/content/MFAHNA_Updated_April_2019__with_Apt._Data.pptx.

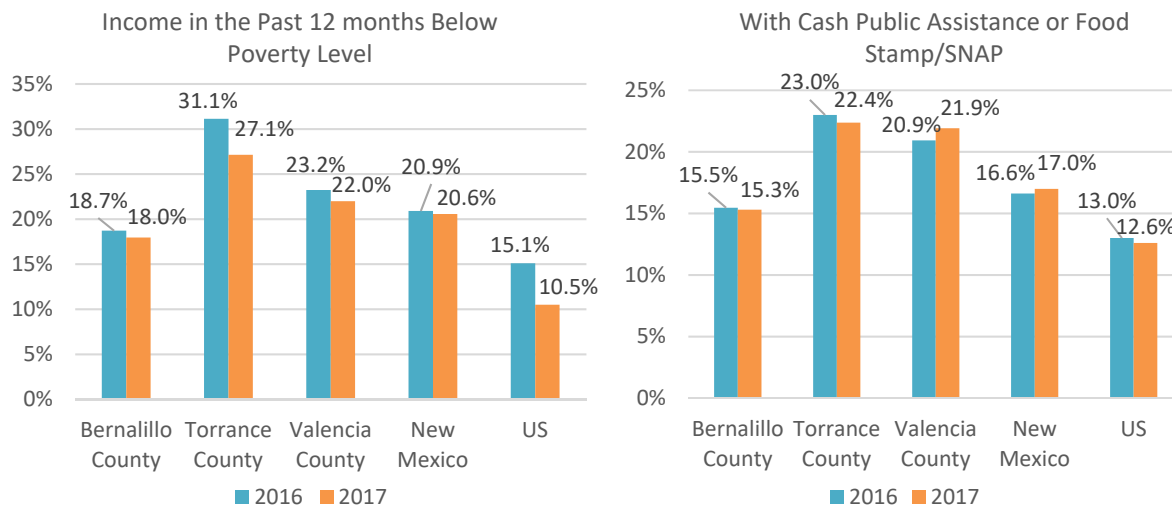
¹¹³ Ibid.

¹¹⁴ Ibid.

¹¹⁵ Ibid.

¹¹⁶ Prosperity Now Scorecard, Bernalillo County, Torrance County, and Valencia County Comparison; available from: <https://scorecard.prosperitynow.org/data-by-location#county/35001>.

Exhibit 16
Poverty and Food Stamp Usage Rates¹¹⁷
2016-2017



Credit and Community Development Needs

Small business lending levels showed nominal improvement but remained below pre-Great Recession levels, as shown previously in Exhibit 13. During the review period small businesses in New Mexico employed over half of the private workforce.¹¹⁸ Meeting the needs of the businesses employing the majority of the private labor force is necessary to sustain the region's economy. Similar to the discussion for the credit needs of the Oakland-Berkeley-Livermore assessment area, the Small Business Credit Survey results indicate that small businesses continue to experience obstacles in obtaining the amount of financing needed and accessing smaller dollar loans.¹¹⁹

Feedback from community contacts noted the importance of culturally appropriate outreach and financial services. New Mexico has a diverse population including a high percentage of tribal groups. Since culture shapes trust in banks and approaches to debt, there is a need for banks to do more to better understand how to serve different cultures. In particular, more outreach and engagement is needed from financial institutions in partnership with tribal organizations.

Although the assessment area had a relatively low rate of less than 10 percent of households who were unbanked, the area had high rates of underbanked households.¹²⁰ Of the three counties in the assessment area, Bernalillo County had the highest rate of underbanked households at over 26 percent. Torrance and Valencia counties had slightly lower rates of households who were underbanked at

¹¹⁷ Poverty and Food Stamp Usage Rates, U.S. Census Bureau, American Community Survey, 5-Year Estimates; available from: <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>.

¹¹⁸ US Small Business Administration, 2019 Small Business Profile New Mexico; available from: <https://cdn.advocacy.sba.gov/wp-content/uploads/2019/04/23142653/2019-Small-Business-Profiles-NM.pdf>

¹¹⁹ Small Business Credit Survey, Report on Employer Firms 2019, available from: <https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf>.

¹²⁰ Prosperity Now Scorecard, Bernalillo County, Torrance County, and Valencia County Comparison; available from; <https://scorecard.prosperitynow.org/data-by-location#county/35001>.

17.4 and 19.1 percent, respectively.¹²¹ Many households that are underbanked turn to alternative lenders to receive the financial services that are not offered by traditional financial institutions. Similar to the Oakland-Berkeley-Livermore assessment area, there is an opportunity for banks to engage in more financial education and other financial services to enhance financial management skills for households who are underbanked.

Since the Great Recession, housing starts in the assessment area have followed the same slow path to recovery that is seen in nationwide trends. Affordable starter homes are sparse and in high demand. Valencia and Torrance counties suffer from low levels of investment and development. There is a need for more senior apartments in Valencia and Torrance counties and more affordable units in Valencia County.¹²²

There is an opportunity for banks in the community to engage in more outreach, provide financial education, increase small business lending, and ensure investments are made in affordable housing in the assessment area. By engaging in community development services or making investments in partner organizations, banks can make an impact on the high level of poverty and support the range of community needs in the assessment area.

Conclusions with Respect to Performance Tests in New Mexico

The bank's overall state rating for each test is based upon the performance in the Albuquerque, New Mexico assessment area which is discussed in the following sections below.

LENDING TEST

Given the bank's new presence in the Albuquerque, New Mexico assessment area during the review period due to the acquisitions of the one branch from the United Business Bank, FSB, in April 2017 and five MyBank branches in November 2018, UBB's overall lending test performance is considered reasonable.

Lending Distribution by Geography

Overall small business lending distribution by geography within the Albuquerque assessment area is reasonable. As seen in Exhibit 17, while UBB's lending in low-income census tracts generally fell below the aggregate market and the percentage of businesses, the bank's performance in moderate-income geographies typically compared favorably to the foregoing comparative measures. As indicated previously, this assessment area was added during the review period in connection with two bank purchases. A substantial majority of these branches were associated with a bank acquired near the end of the review period that did not have a small business focus which contributed to the bank's lending performance.

¹²¹ Prosperity Now Scorecard, Bernalillo County, Torrance County, and Valencia County Comparison; available from: <https://scorecard.prosperitynow.org/data-by-location#county/35001>.

¹²² New Mexico Mortgage Finance Authority, 2018 New Mexico Affordable Housing Needs Assessment; available from: http://www.housingnm.org/assets/content/MFAHNA_Updated_April_2019__with_Apt._Data.pptx.

EXHIBIT 17 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Albuquerque Assessment Area 2016								
Bank Lending	1	16.7	3	50.0	2	33.3	0	0.0
Aggregate Lending	986	6.5	3,967	26.3	4,698	31.2	5,412	35.9
Business Concentration	2,348	6.9	9,625	28.4	11,541	34.1	10,367	30.6
Albuquerque Assessment Area 2017								
Bank Lending	0	0.0	2	33.3	3	50.0	1	16.7
Aggregate Lending	1,328	11.4	3,260	28.0	3,247	27.9	3,822	32.8
Business Concentration	3,063	9.9	8,086	26.2	9,864	31.9	9,892	32.0
Albuquerque Assessment Area 2018								
Bank Lending	1	6.7	3	20.0	5	33.3	6	40.0
Aggregate Lending	1,416	11.0	3,550	27.5	3,623	28.1	4,311	33.4
Business Concentration	3,614	9.8	9,691	26.4	11,645	31.7	11,759	32.0
Albuquerque Assessment Area 2019								
Bank Lending	0	0.0	2	100.0	0	0.0	0	0.0
Aggregate Lending	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Business Concentration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Lending Distribution by Business Revenue

Overall lending by business revenue within the Albuquerque assessment area is excellent. As shown in Exhibit 18 on the next page, the percentage of loans made to businesses with gross annual revenues less than or equal to \$1 million typically exceeded the aggregate lending levels. Furthermore, a majority of the bank's loans were extended in loan amounts of less than or equal to \$250 thousand which helped address the need for small business loans in smaller dollar amounts.

EXHIBIT 18 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS							
Year	Bank Lending #	Lending to Businesses with Revenue <=\$1 Million			Originations Regardless of Revenue Size by Loan Amount		
		Bank Lending (%)	Businesses <=\$1M in Revenue (%)	Aggregate Lending (%)	<=\$100K (%)	> \$100K & <=\$250K (%)	>250K & <=\$1M (%)
2016	6	66.7	91.3	43.8	33.3	50.0	16.7
2017	6	50.0	90.7	51.3	66.7	33.3	0.0
2018	15	46.7	91.9	45.1	46.7	26.7	26.7
2019	2	50.0	N/A	N/A	100.0	0.0	0.0

COMMUNITY DEVELOPMENT TEST

The bank's community development performance shows adequate responsiveness to the needs of the assessment area as shown in Exhibit 19.

Community Development Lending

The bank originated three community development loans totaling \$6.2 million in this assessment area. Two loans, totaling \$6 million, were extended to a housing-focused CDFI which supports affordable housing in the area. \$250 thousand was extended to another CDFI which promotes economic development by financing small businesses, including minority-owned and women-owned businesses, and creating or maintaining jobs within the communities.

Community Development Investments

UBB invested \$1.0 million in a mortgage-backed instrument which helped provide funding for the construction of a new 240-unit affordable housing complex where 100 percent of the units are dedicated to low-income individuals and families in the assessment area. In addition, the bank made seven donations, totaling \$8.8 thousand, the majority of which supports a CDFI that provides home ownership services to low-income individuals and families in the area.

Community Development Services

Bank personnel contributed 439 hours to twelve community development organizations within the assessment area. A substantial majority of the community service hours involved providing financial literacy training to low- and moderate-income individuals. Also, a bank employee contributed over 150 hours sharing their financial expertise as a board member of organization that provides support to individuals with disabilities.

EXHIBIT 19 COMMUNITY DEVELOPMENT ACTIVITIES NEW MEXICO ALBUQUERQUE ASSESSMENT AREA								
Assessment Area	Loans		Investments				Services	
			Prior Period		Current Period			
	#	\$ ('000s)	#	\$ ('000s)	#	\$ ('000s)	#	Hours
Albuquerque	3	6,250	0	0	8	1,009	12	439
Broader Statewide or Regional Area	0	0	0	0	0	0	0	0
Total	3	6,250	0	0	8	1,009	12	439

STATE OF WASHINGTON

CRA Rating for Washington

Performance in Washington is rated “NEEDS TO IMPROVE”

The lending test is rated: Needs to Improve
The community development test is rated: Satisfactory

The major factors supporting the institution’s rating include:

- A poor small business geographic lending distribution, particularly in low-and moderate-income census tracts.
- The bank’s business revenue lending distribution was generally reasonable.
- An adequate responsiveness to assessment area community development needs was demonstrated.

Scope of Examination

The scope of the examination for the state of Washington is consistent with the overall scope of the CRA examination. As noted previously, the Seattle-Tacoma-Bellevue assessment area received a full-scope review but received a lower weight in the overall assessment due to the bank’s limited presence in this area.

On a combined bank-wide basis, the Seattle-Tacoma-Bellevue assessment area accounts for 5.8percent of the bank’s lending (dollar volume), 7.8percent of deposit volume and 8.0 percent of branches. Additionally, during the review period, the bank expanded its assessment area footprint into Washington through two bank acquisitions which now includes the Seattle-Tacoma-Bellevue assessment area. UBB specifically acquired a total of two branches in this area during the second quarter of 2017 and the fourth quarter of 2017, respectively.

Description of Operations in Washington

Washington is UBB’s smallest state market. As of June 30, 2019, the bank operated two branches in the state out of its total 25 branches. UBB ranked 50th in the competitive financial services market in Washington.¹²³ As of June 30, 2019, there were 77 FDIC-insured depository institutions operating 1,669 branches with combined total deposits of \$164.5 billion in the state.¹²⁴ The bank’s total deposits of \$118.1 million represented 0.07 percent of the market.¹²⁵

The Seattle-Tacoma-Bellevue assessment area is UBB’s sole assessment area in Washington. The area encompasses King County in its entirety, which is a part of the Seattle-Tacoma-Bellevue, WA MSA.

¹²³ Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2019; available from: <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>.

¹²⁴ Ibid.

¹²⁵ Ibid.

King County is bordered by Snohomish County to the north, Chelan and Kittitas counties to the east, Pierce County to the south, and Kitsap County to the west. King County is the most populous county in Washington with a population over two million people, accounting for nearly one-third of the state's residents.¹²⁶

As of June 30, 2019, the assessment area had 44 FDIC-insured commercial institutions operating 527 offices.¹²⁷ UBB operated two branches that captured 0.14 percent of the deposit market share.¹²⁸

Exhibit 20 on the next page presents key demographic and business information used to help develop a performance context for the assessment area.

¹²⁶ U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2019; available from: www.census.gov/quickfacts/.

¹²⁷ Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2018; available from: <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>.

¹²⁸ Ibid.

EXHIBIT 20 ASSESSMENT AREA DEMOGRAPHICS SEATTLE-TACOMA-BELLEVUE ASSESSMENT AREA 2018 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	20	5.0	22,442	4.6	6,030	26.9	102,466	21.0
Moderate-income	80	20.1	91,020	18.7	11,828	13.0	79,951	16.4
Middle-income	154	38.7	188,515	38.6	10,522	5.6	95,073	19.5
Upper-income	141	35.4	185,722	38.1	5,696	3.1	210,516	43.1
Unknown-income	3	0.8	307	0.1	50	16.3	0	0.0
Total AA	398	100.0	488,006	100.0	34,126	7.0	488,006	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	41,381	12,661	2.7	30.6	25,834	62.4	2,886	7.0
Moderate-income	172,710	71,663	15.2	41.5	89,399	51.8	11,648	6.7
Middle-income	333,689	190,001	40.4	56.9	124,794	37.4	18,894	5.7
Upper-income	322,057	196,227	41.7	60.9	107,212	33.3	18,618	5.8
Unknown-income	1,999	80	0.0	4.0	1,780	89.0	139	7.0
Total AA	871,836	470,632	100.0	54.0	349,019	40.0	52,185	6.0
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	6,099	5.0	5,204	4.7	839	8.9	56	5.7
Moderate-income	19,773	16.2	18,097	16.2	1,522	16.1	154	15.7
Middle-income	43,381	35.6	39,873	35.8	3,187	33.8	321	32.8
Upper-income	51,975	42.6	47,727	42.8	3,804	40.3	444	45.3
Unknown-income	667	0.5	582	0.5	80	0.8	5	0.5
Total AA	121,895	100.0	111,483	100.0	9,432	100.0	980	100.0
% of Total Businesses				91.5		7.7		0.8
2018 Median Family Income ¹²⁹			\$92,317	December 2018 Median Housing Value ¹³⁰			\$670,500	
2018 HUD Adjusted Median Family Income ¹³¹			\$103,400	2018 Unemployment Rate ¹³²			3.5%	

¹²⁹ U.S. Department of Housing and Urban Development, Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il17/index/html>.

¹³⁰ Zillow Research, Zillow Home Value Index, Single-Family Homes Time Series; available from: <https://www.zillow.com/research/data/>.

¹³¹ U.S. Department of Housing and Urban Development, Adjusted Median Family Income; available from: <http://www.huduser.org/portal/datasets/il/il17/index/html>.

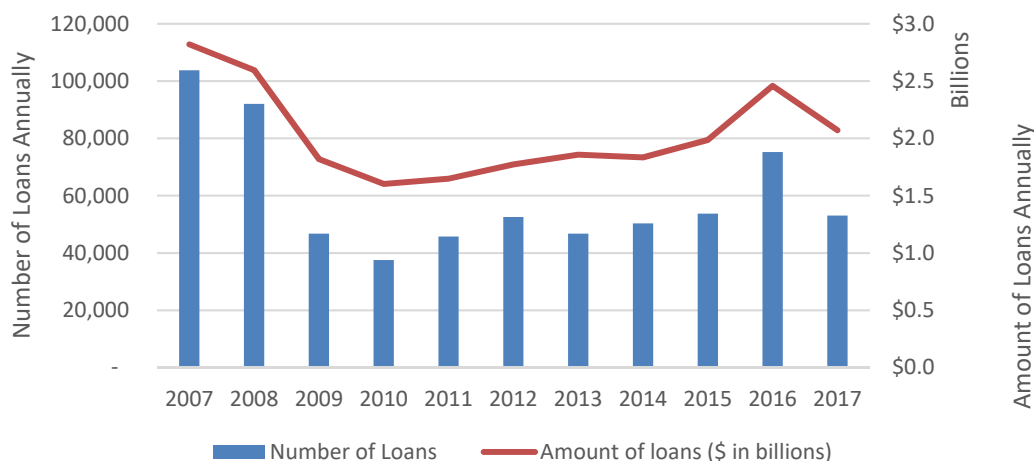
¹³² U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-bin/dsrv?la>.

Economic Conditions

The assessment area experienced robust growth in both diversified new jobs created and positive net migration during the review period. The key economic drivers in King County included aerospace, high-tech, defense, and education.¹³³ High-tech, especially in cloud computing, remained one of the area's strengths with the presence of Amazon and Microsoft as two of the top employers that continued to attract a highly educated workforce.¹³⁴ Manufacturing and trade were also predominate industries. However, recent events generated uncertainty in these industries due to the grounding of Boeing's 737-Max jet, which curtailed manufacturing, as well as trade tensions with China.¹³⁵ Population growth stimulated housing demand, but reduced housing affordability.¹³⁶ Additionally, limited mid-wage jobs left low- and moderate-income earning households out of reach of homeownership opportunities.¹³⁷ However, there were indicators that the job and housing markets were unsustainable and would level off or otherwise return to slower rates of growth.¹³⁸

As depicted in Exhibit 21, loans to small businesses from banks subject to the CRA improved in the first year of the review period then returned in 2017 to a similar rate of lending reported in 2015.¹³⁹ However, small business lending remained above the lowest levels of the tail-end of the Great Recession.¹⁴⁰ Lending to small business played a critical role in the economy given that small businesses accounted for 91.5 percent of all businesses in the assessment area, as noted in Exhibit 19.

Exhibit 21
Loans to Small Businesses in Assessment Area¹⁴¹
2007-2017



¹³³ Moody's Precise Report, Seattle-Bellevue-Everett WA, May 2019.

¹³⁴ Ibid.

¹³⁵ Ibid.

¹³⁶ Ibid.

¹³⁷ Ibid.

¹³⁸ Ibid.

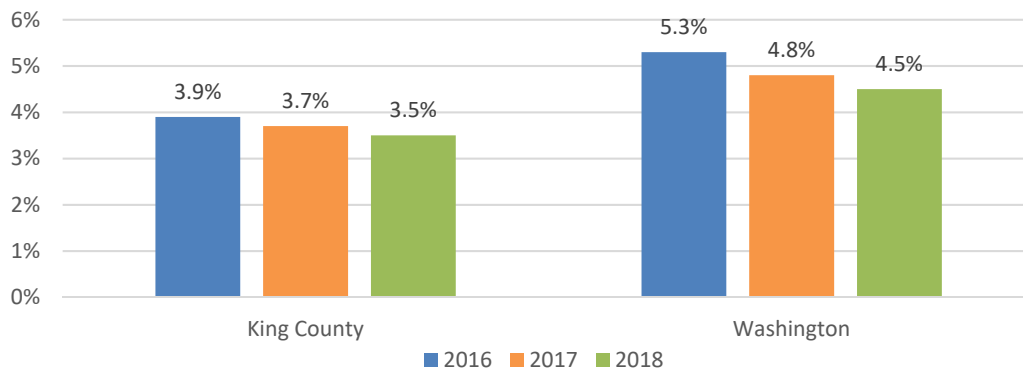
¹³⁹ Aggregate CRA Small Business data reports available from: <http://www.ffiec.gov/craadweb/national/asp>.

¹⁴⁰ Ibid.

¹⁴¹ Aggregate CRA Small Business data reports available from: <http://www.ffiec.gov/craadweb/national/asp>.

As depicted in Exhibit 22 below, the unemployment rate in the assessment area steadily decreased over the review period with a low of 3.5 percent in 2018. The area had a lower unemployment rate than the state of Washington overall.¹⁴²

Exhibit 22
Unemployment Rate¹⁴³
2016-2018



King County was the most expensive housing market in Washington and one of the priciest in the nation.¹⁴⁴ Housing prices were more than three times that of the nationwide median home price.¹⁴⁵ As of mid-2018, the median home price nationwide was \$217,300 compared to the median home price in King County that was \$673,400.¹⁴⁶ In late 2018 through early 2019, the median home price in the area leveled off, but remained higher than the median home price statewide.¹⁴⁷

Based on the University of Washington's Affordability Index that measures the ability of a family to afford a mortgage payment of a median home where an index value of 100 or more indicates increasingly affordable markets, King County had the lowest affordability index value of all Washington metro areas at 75.8 percent.¹⁴⁸ Inventory remained low in King County and did not adequately meet the demand from homebuyers. King County had less than one percent of the housing stock for sale, nearly half the nationwide rate.¹⁴⁹

¹⁴² U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <http://data.bls.gov/cgi-big/dsrv?la>.

¹⁴³ Ibid.

¹⁴⁴ University of Washington, Washington State's Housing Market, First Quarter 2019; available from: <http://realestate.washington.edu/wp-content/uploads/2019/05/2019Q1WSHMR.pdf>.

¹⁴⁵ Zillow Research, Zillow Home Value Index Single-Family Home Time Series; available from: <https://www.zillow.com/research/data>.

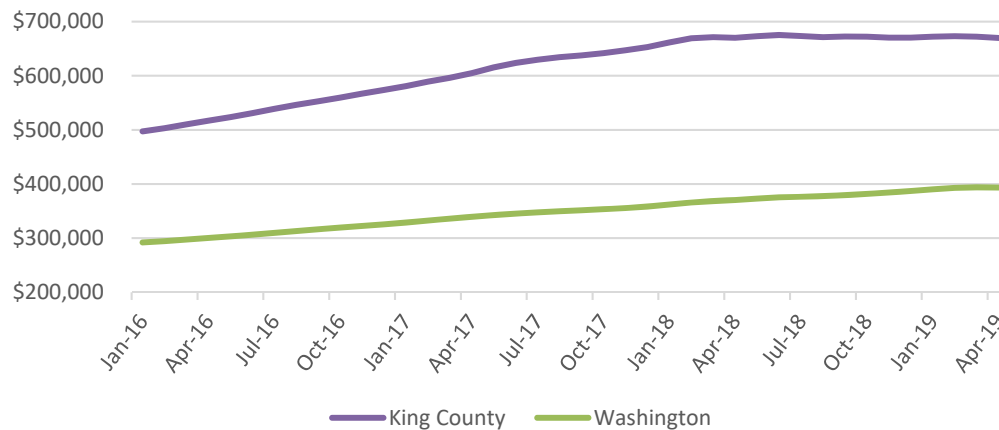
¹⁴⁶ Zillow Research, Zillow Home Value Index Single-Family Home Time Series; available from: <https://www.zillow.com/research/data>.

¹⁴⁷ Ibid.

¹⁴⁸ University of Washington, Washington State's Housing Market, First Quarter 2019; available from: <http://realestate.washington.edu/wp-content/uploads/2019/05/2019Q1WSHMR.pdf>.

¹⁴⁹ Moody's Precise Report, Seattle-Bellevue-Everett WA, May 2019.

Exhibit 23
Median Home Prices¹⁵⁰
January 2016 – April 2019



Rent levels in the assessment area increased rapidly and far outpaced growth in income levels. For the most recent data presented, between 2010 and 2017, average rent levels increased 60 percent to \$1,617.¹⁵¹ Limited inventory of rental units available continued to push rent prices higher. King County had a very low level of inventory for rent, below 3.5 percent in 2017, which was nearly half the percentage of the nationwide vacancy rate of rental units.¹⁵²

Exhibit 24 shows that both the rates of people living below the poverty level and usage of cash assistance or food stamp/SNAP benefit assistance slightly decreased during the review period. The area had lower poverty and public assistance usage rates than the statewide average.¹⁵³ In King County, 26.8 percent of households are liquid asset poor and do not have sufficient savings to subsist at the federal poverty level for three months.¹⁵⁴

¹⁵⁰ Zillow Research, Zillow Home Value Index Single-Family Home Time Series; available from: <https://www.zillow.com/research/data>.

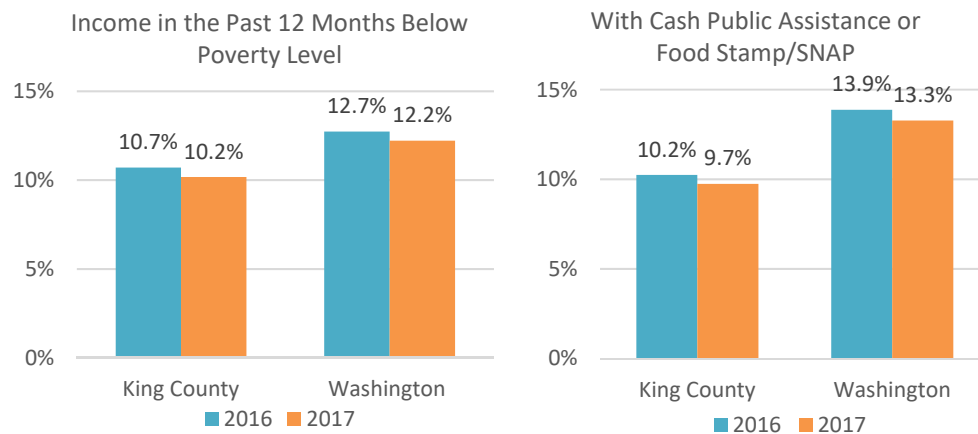
¹⁵¹ Puget Sound Regional Council, Regional Data Profile; available from: <https://www.psrc.org/regional-data-profile>.

¹⁵² Moody's Precip Report, Seattle-Bellevue-Everett WA, May 2019.

¹⁵³ Poverty and Food Stamp Usage Rates, U.S. Census Bureau, American Community Survey, 5-Year Estimates; available from: <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>.

¹⁵⁴ Prosperity Now Scorecard, King County; available from: <https://scorecard.prosperitynow.org/data-by-location#county/53033>.

Exhibit 24
Poverty and Food Stamp Usage Rates¹⁵⁵
2016-2017



Credit and Community Development Needs

The economic data presented here and feedback from community contacts indicate that small businesses in the assessment area face challenges in accessing credit. As previously discussed, small business lending levels generally improved in the assessment area, but remain below pre-Great Recession levels. Similar to the discussion above for the assessment areas in California and New Mexico, the Small Business Credit Survey results indicate that small businesses continue to experience obstacles in receiving the amount of credit needed.¹⁵⁶ In particular, the need for smaller dollar loans remain unmet.¹⁵⁷

Community contacts unanimously noted the cost of housing as the most significant issue in the area. King County in particular, which is home to Seattle, is becoming unaffordable and continues to see rising rents without an equivalent rise in salaries. In late 2018, rent levels began to drop but already returned to higher levels by the middle of 2019. There were a number of recent efforts at the local and state levels to mitigate the rising rent levels and keep people housed. However, the need for more affordable housing, including workforce housing, remains unmet. Small business owners struggle to keep their businesses open, particularly in the Seattle metro area where rent and taxes are higher than South King County.

King County has a diverse population with a number of small business owners who are people of color, immigrants, and refugees. According to community contacts, these small business owners have a need for more hands-on interaction with financial institutions that could better understand their unique credit needs. Community contacts described the challenge for some immigrant cultures that have a tendency to be debt averse and are inclined to pay off debt early or on a more frequent payment

¹⁵⁵ Poverty and Food Stamp Usage Rates, U.S. Census Bureau, American Community Survey, 5-Year Estimates; available from: <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>.

¹⁵⁶ Small Business Credit Survey, Report on Employer Firms 2019, available from: <https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf>.

¹⁵⁷ Ibid.

schedule than a traditional lender's typical loan terms may allow. Early payoffs or other payment irregularities lead to costly penalties for the small business owner. Lenders who have more flexibility and understanding of the business owner's culture are better positioned to service an alternative loan product for small business owners, particularly for low- and moderate-income neighborhoods.

There has been a general decrease in the number of community banks in the financial services sector in recent years. Bank mergers have eliminated a number of community banks that typically serve a mid-market need. Small businesses and startups who outgrow the products and services of micro-lenders or CDFIs are left only with the option of large banks in the area for their financing needs. However, community contacts emphasized that many small businesses do not meet the requirements of doing business with the large banks or otherwise do not receive the same hands-on service level as a community bank or CDFI may provide. There is an opportunity for mid-size and large banks to serve more local small businesses, or invest in CDFIs that could better serve small businesses in the assessment area.

Conclusions with Respect to Performance Tests in Washington

The bank's overall state rating for both the lending and community development tests is based upon the performance in the Seattle-Tacoma-Bellevue assessment area which is discussed in the following sections below.

LENDING TEST

UBB's overall lending test performance in the Seattle-Tacoma-Bellevue assessment area is rated needs to improve. While the bank's distribution of small business loans by business revenue is reasonable, loans were not made within census tracts of all income categories, particularly in low- and moderate-income census tracts consistently through the review period. As a result, the institution's geographic lending distribution is poor.

Lending Distribution by Geography

Overall lending distribution by geography within the Seattle-Tacoma-Bellevue assessment area is poor. As previously noted, the bank did not originate loans in all tract income categories, with a majority of the bank's lending by geography generally extended in middle- and upper-income census tracts during the review period as shown in Exhibit 25 on the next page. UBB's performance is partially attributed to the non-small business focus of the two new branches established in this assessment area during the review period.

EXHIBIT 25 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Seattle-Tacoma-Bellevue County Assessment Area 2016								
Bank Lending	0	0.0	1	33.3	1	33.3	1	33.3
Aggregate Lending	3,304	4.5	10,121	13.8	32,167	43.9	27,656	37.8
Business Concentration	5,861	4.9	17,413	14.5	52,057	43.3	44,877	37.3
Seattle-Tacoma-Bellevue County Assessment Area 2017								
Bank Lending	3	60.0	0	0.0	2	40.0	0	0.0
Aggregate Lending	2,843	5.4	8,386	16.1	18,611	35.7	22,361	42.8
Business Concentration	4,946	4.9	16,195	15.9	36,138	35.5	44,641	43.8
Seattle-Tacoma-Bellevue County Assessment Area 2018								
Bank Lending	0	0.0	1	14.3	1	14.3	5	71.4
Aggregate Lending	3,082	5.3	9,216	15.8	20,896	35.8	25,221	43.2
Business Concentration	6,099	5.0	19,773	16.3	43,381	35.8	51,975	42.9
Seattle-Tacoma-Bellevue County Assessment Area 2019								
Bank Lending	0	0.0	0	0.0	0	0.0	0	0.0
Aggregate Lending	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Business Concentration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Lending Distribution by Business Revenue

The overall distribution of loans by businesses of different sizes is reasonable. The lending distributions exceeded the aggregate levels in 2016 and 2018 but fell below this measure in 2017. The bank's lower lending distribution in 2017 is attributed to UBB's new branch establishments in this market during the second and fourth quarter of 2017, respectively. While Exhibit 26 indicates that the bank did not extend any loans to businesses with revenues of less than or equal to \$1 million in 2019, it is noted that this timeframe only covers the first three months of this year.

EXHIBIT 26 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS							
Year	Bank Lending #	Lending to Businesses with Revenue ≤ \$1 Million			Originations Regardless of Revenue Size by Loan Amount		
		Bank Lending (%)	Businesses ≤ \$1M in Revenue (%)	Aggregate Lending (%)	≤ \$100K (%)	> \$100K & ≤ \$250K (%)	> \$250K & ≤ \$1M (%)
2016	3	66.7	91.6	39.5	66.7	0.0	33.3
2017	5	40.0	90.3	50.4	40.0	0.0	60.0
2018	8	62.5	91.5	44.7	25.0	25.0	50.0
2019	0	0.0	N/A	N/A	0.0	0.0	0.0

COMMUNITY DEVELOPMENT TEST

UBB's community development test rating in the Seattle-Tacoma-Bellevue assessment area is satisfactory. The bank's performance shows adequate responsiveness to the needs of the assessment area as reflected in Exhibit 27.

Community Development Lending

UBB originated three loans, totaling \$7.5 million, in the assessment area. Two loans, totaling \$7 million, promoted economic development and were extended to a CDFI which provides financing to small businesses, women and minority-owned entities and start-ups. The underlying organization helped create 288 jobs and financed thirteen businesses in high poverty areas. A \$570 thousand loan financed the purchase of a multifamily property that created eight units of affordable housing in the area.

Community Development Investments

UBB made two investments in mortgage-backed instruments, totaling over \$3 million, which helped support 195 affordable housing units dedicated to low-income individuals in the assessment area. In addition, the bank invested \$500 thousand in a minority-owned institution and also made two donations, totaling \$4 thousand, to organizations that promote economic development and provide community services for low-income seniors in the area.

Community Development Services

Bank personnel contributed 437 hours to three community development organizations within the assessment area. A substantial majority of the community service hours was provided by one bank employee that served as a volunteer executive director of an agency that provides services to low-income individuals in the area.

EXHIBIT 27 COMMUNITY DEVELOPMENT ACTIVITIES WASHINGTON SEATTLE-TACOMA-BELLEVUE ASSESSMENT AREA								
Assessment Area	Loans		Investments				Services	
			Prior Period		Current Period			
	#	\$ ('000s)	#	\$ ('000s)	#	\$ ('000s)	#	Hours
Seattle-Tacoma-Bellevue	1	571	0	0	5	3,549	3	437
Broader Statewide or Regional Area	2	7,000	0	0	0	0	0	0
Total	3	7,571	0	0	5	3,549	3	437

APPENDIX A

GLOSSARY OF TERMS

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/assessment area.

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

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

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

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 and community development 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, 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 and community development 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/assessment area.

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 B

LIMITED-SCOPE ASSESSMENT AREA

MARKET PROFILES

All demographic and economic information in this appendix is from one of the following sources:

Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2019; available from:
<https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>.

U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2018; available from
<http://www.census.gov/quickfacts/>.

U.S. Department of Housing and Urban Development, Median Family Income; available from:
<http://www.huduser.org/portal/datasets/il/il17/index.html>.

U.S. Department of Housing and Urban Development, Adjusted Median Family Income; available from:
<http://www.huduser.org/portal/datasets/il/il17/index.html>.

California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached homes;
available from: <https://www.car.org/marketdata/data/housingdata>.

U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from:
<http://data.bls.gov/cgi-bin/dsrv?la>.

Los Angeles-Long Beach-Anaheim Assessment Area

The Los Angeles-Long Beach-Anaheim assessment area consists of Los Angeles and Orange counties in their entirety, which together form the Los Angeles-Long Beach-Anaheim, CA MSA. Los Angeles and Orange counties are located in Southern California on the coast of the Pacific Ocean. Los Angeles County is bordered by Kern County to the north, San Bernardino County to the east, Orange County to the south and Ventura County and the Pacific Ocean to the west. Orange County is south of Los Angeles County and is bordered by Riverside County to the east, San Diego County to the south and the Pacific Ocean to the west. As of 2018, the assessment area had a combined population of 13.3 million people which accounted for one-third of California's total population.

As of June 30, 2019, there were 119 FDIC-insured depository institutions operating 2,354 offices. UBB had a small presence in the market, ranking 65th among competing institutions in the area. The bank operated five branches in the area and held \$349.3 million in deposits, which accounted for 0.06 percent of the deposit market share.

Deposits were primarily concentrated in three nationwide financial institutions that collectively held 44.5 percent of the market share. In 2018, there were 251 small business lenders operating within the assessment area that were subject to the reporting requirements of the CRA. These lenders extended 468,933 small business loans for \$13.5 billion. Reporting institutions represent only a portion of all institutions competing for small business lending in the assessment area.

On the following pages, Exhibit 28 presents key demographic and business information used to help develop a performance context for the Los-Angeles-Long Beach-Anaheim assessment area and is based on the 2018 FFIEC Census and 2018 Dun and Bradstreet data. Exhibits 29 and 30 reflect UBB's small business lending activity in the assessment area during the review period.

EXHIBIT 28 ASSESSMENT AREA DEMOGRAPHICS LOS ANGELES-LONG BEACH-ANAHEIM ASSESSMENT AREA 2018 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	266	9.1	221,796	7.6	78,727	35.5	709,610	24.4
Moderate-income	821	28.0	788,614	27.1	169,096	21.4	475,277	16.3
Middle-income	760	25.9	773,794	26.6	80,644	10.4	495,608	17.0
Upper-income	1,028	35.1	1,126,100	38.7	50,469	4.5	1,233,043	42.3
Unknown-income	54	1.8	3,234	0.1	609	18.8	0	0.0
Total AA	2,929	100.0	2,913,538	100.0	379,545	13.0	2,913,538	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	340,504	55,545	2.7	16.3	263,439	77.4	21,520	6.3
Moderate-income	1,171,395	366,014	17.6	31.2	739,185	63.1	66,196	5.7
Middle-income	1,187,608	572,472	27.5	48.2	549,469	46.3	65,667	5.5
Upper-income	1,822,595	1,086,537	52.2	59.6	622,692	34.2	113,366	6.2
Unknown-income	19,258	1,462	0.1	7.6	15,607	81.0	2,189	11.4
Total AA	4,541,360	2,082,030	100.0	45.8	2,190,392	48.2	268,938	5.9
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	35,237	5.0	31,472	4.9	3,551	6.2	214	4.5
Moderate-income	137,845	19.7	124,358	19.5	12,699	22.0	788	16.7
Middle-income	179,292	25.6	161,394	25.3	16,827	29.2	1,071	22.7
Upper-income	335,111	47.9	310,596	48.7	22,012	38.2	2,503	53.0
Unknown-income	12,239	1.7	9,526	1.5	2,569	4.5	144	3.1
Total AA	699,724	100.0	637,346	100.0	57,658	100.0	4,720	100.0
% of Total Businesses				91.1		8.2		0.7
2018 Median Family Income				December 2018 Median Housing Value				
Los Angeles County			\$62,703	Los Angeles County				\$588,140
Orange County			\$86,003	Orange County				\$785,000
2018 HUD Adjusted Median Family Income				2018 Unemployment Rate				
Los Angeles County			\$69,300	Los Angeles County				4.7%
Orange County			\$92,700	Orange County				2.9%

Geographic and Borrower Distribution

EXHIBIT 29 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Los Angeles-Long Beach-Anaheim Assessment Area 2016								
Bank Lending	0	0.0	1	33.3	1	33.3	1	33.3
Aggregate Lending	26,698	5.1	97,952	18.9	141,231	27.2	253,130	48.8
Business Concentration	37,243	6.0	128,670	20.6	174,104	27.9	283,290	45.4
Los Angeles-Long Beach-Anaheim Assessment Area 2017								
Bank Lending	0	0.0	1	100.0	0	0.0	0	0.0
Aggregate Lending	19,845	4.7	82,311	19.7	108,680	26.0	207,030	49.5
Business Concentration	28,678	5.2	110,641	19.9	146,167	26.3	270,878	48.7
Los Angeles-Long Beach-Anaheim Assessment Area 2018								
Bank Lending	0	0.0	0	0.0	0	0.0	0	0.0
Aggregate Lending	21,418	4.6	90,175	19.5	119,620	25.9	230,598	49.9
Business Concentration	35,237	5.1	137,845	20.1	179,292	26.1	335,111	48.7
Los Angeles-Long Beach-Anaheim Assessment Area 2019								
Bank Lending	0	0.0	0	0.0	0	0.0	0	0.0
Aggregate Lending	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Business Concentration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

EXHIBIT 30 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS							
Year	Bank Lending #	Lending to Businesses with Revenue <=\$1 Million			Originations Regardless of Revenue Size by Loan Amount		
		Bank Lending (%)	Businesses <=\$1M in Revenue (%)	Aggregate Lending (%)	<=\$100K (%)	> \$100K & <=\$250K (%)	>250K & <=\$1M (%)
2016	3	33.3	90.5	44.4	0.0	33.3	66.7
2017	1	0.0	89.5	53.0	0.0	0.0	100.0
2018	0	0.0	91.1	46.9	0.0	0.0	0.0
2019	0	0.0	N/A	N/A	0.0	0.0	0.0

Napa Assessment Area

The Napa assessment area consists of Napa County in its entirety. The assessment area is bordered by Lake County to the north, Yolo and Solano counties to the east, the San Pablo Bay to the south and Sonoma County to the west. As of 2018, the assessment area had a total population of 139,417.

UBB operated one branch in the assessment area and held a very small presence in the market, ranking 15th among competing institutions. As of June 30, 2019, the 16 FDIC-insured institutions operated 42 offices with combined deposits that totaled \$4.3 billion. The bank had \$16.5 million in deposits, which accounted for 0.4 percent of the deposit market share. Two nationwide financial institutions collectively held 34.1 percent of the deposit market share. In 2018, there were 80 small business lenders operating within the assessment area that were subject to the reporting requirements of the CRA. These lenders extended 4,327 small business loans for \$195.0 million. Reporting institutions represent only a portion of all institutions competing for small business lending in the assessment area.

On the following pages, Exhibit 31 presents key demographic and business information used to help develop a performance context for the Napa assessment area and is based on the 2018 FFIEC Census and 2018 Dun and Bradstreet data. Exhibits 32 and 33 reflect UBB's small business lending activity in the assessment area during the review period.

EXHIBIT 31 ASSESSMENT AREA DEMOGRAPHICS NAPA ASSESSMENT AREA 2018 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	7,022	20.5
Moderate-income	8	20.0	6,647	19.4	630	9.5	6,335	18.5
Middle-income	18	45.0	17,685	51.5	1,199	6.8	6,724	19.6
Upper-income	13	32.5	9,996	29.1	549	5.5	14,247	41.5
Unknown-income	1	2.5	0	0.0	0	0.0	0	0.0
Total AA	40	100.0	34,328	100.0	2,378	6.9	34,328	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	10,962	4,147	14.0	37.8	6,143	56.0	672	6.1
Middle-income	27,409	15,675	52.8	57.2	9,441	34.4	2,293	8.4
Upper-income	16,764	9,856	33.2	58.8	4,187	25.0	2,721	16.2
Unknown-income	45	0	0.0	0.0	45	100.0	0	0.0
Total AA	55,180	29,678	100.0	53.8	19,816	35.9	5,686	10.3
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	2,331	25.8	2,118	25.7	202	27.6	11	16.7
Middle-income	3,883	42.9	3,510	42.6	340	46.4	33	50.0
Upper-income	2,747	30.4	2,549	30.9	177	24.1	21	31.8
Unknown-income	84	0.9	69	0.8	14	1.9	1	1.5
Total AA	9,045	100.0	8,246	100.0	733	100.0	66	100.0
% of Total Businesses				91.2		8.1		0.7
2018 Median Family Income			\$80,921		December 2018 Median Housing Value			\$725,000
2018 HUD Adjusted Median Family Income			\$88,500		2018 Unemployment Rate			2.9%

Geographic and Borrower Distribution

EXHIBIT 32 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Napa Assessment Area 2016								
Bank Lending	0	0.0	1	50.0	1	50.0	0	0.0
Aggregate Lending	0	0.0	1,309	25.2	2,178	41.9	1,712	32.9
Business Concentration	0	0.0	2,445	29.7	3,397	41.2	2,404	29.2
Napa Assessment Area 2017								
Bank Lending	0	0.0	0	0.0	0	0.0	1	100.0
Aggregate Lending	0	0.0	915	23.6	1,641	42.4	1,318	34.0
Business Concentration	0	0.0	1,937	25.7	3,178	42.2	2,409	32.0
Napa Assessment Area 2018								
Bank Lending	0	0.0	1	100.0	0	0.0	0	0.0
Aggregate Lending	0	0.0	1,015	23.7	1,865	43.6	1,396	32.6
Business Concentration	0	0.0	2,331	26.0	3,883	43.3	2,747	30.7
Napa Assessment Area 2019								
Bank Lending	0	0.0	0	0.0	0	0.0	0	0.0
Aggregate Lending	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Business Concentration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

EXHIBIT 33 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS							
Year	Bank Lending #	Lending to Businesses with Revenue <=\$1 Million			Originations Regardless of Revenue Size by Loan Amount		
		Bank Lending (%)	Businesses <=\$1M in Revenue (%)	Aggregate Lending (%)	<=\$100K (%)	> \$100K & <=\$250K (%)	>250K & <=\$1M (%)
2016	2	0.0	90.8	41.2	0.0	50.0	50.0
2017	1	100.0	89.8	47.4	0.0	100.0	0.0
2018	1	100.0	91.2	43.1	100.0	0.0	0.0
2019	0	0.0	N/A	N/A	0.0	0.0	0.0

Sacramento-Roseville-Folsom Assessment Area

The Sacramento-Roseville-Folsom assessment area consists of Sacramento County in its entirety. The assessment area is bordered by Sutter and Placer counties to the north, El Dorado and Amador counties to the east, San Joaquin County to the south, and Solano and Yolo counties to the west. As of 2018, the population of the assessment area was 1.5 million people.

As of June 30, 2019, the assessment area had 32 FDIC-insured depository institutions operating 212 offices with total deposits of \$37.3 billion. UBB ranked 27th among competing institutions within the area. The bank operated one branch in the assessment area with total deposits of \$42.7 million, which represented 0.11 percent of the deposit market share. Deposits were primarily concentrated in three nationwide financial institutions that collectively held 61.6 percent of the market share. In 2018, there were 113 small business lenders operating within the assessment area that were subject to the reporting requirement of the CRA. These lenders extended 33,243 small business loans for \$981.1 million. Reporting institutions represent only a portion of all institutions competing for small business lending in the assessment area.

On the following pages, Exhibit 34 presents key demographic and business information used to help develop a performance context for the Sacramento-Roseville-Folsom assessment area and is based on the 2018 FFIEC Census and 2018 Dun and Bradstreet data. Exhibits 35 and 36 reflect UBB's small business lending activity in the assessment area during the review period.

EXHIBIT 34 ASSESSMENT AREA DEMOGRAPHICS SACRAMENTO ASSESSMENT AREA 2018 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	42	13.2	40,741	11.9	13,946	34.2	91,759	26.7
Moderate-income	94	29.7	94,782	27.6	17,455	18.4	59,254	17.3
Middle-income	103	32.5	117,572	34.3	11,747	10.0	63,858	18.6
Upper-income	77	24.3	89,856	26.2	3,810	4.2	128,338	37.4
Unknown-income	1	0.3	258	0.1	91	35.3	0	0.0
Total AA	317	100.0	343,209	100.0	47,049	13.7	343,209	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	70,180	20,114	6.9	28.7	43,376	61.8	6,690	9.5
Moderate-income	159,284	70,538	24.4	44.3	77,347	48.6	11,399	7.2
Middle-income	193,250	104,165	36.0	53.9	76,753	39.7	12,332	6.4
Upper-income	135,494	94,601	32.7	69.8	34,102	25.2	6,791	5.0
Unknown-income	2,063	188	0.1	9.1	1,412	68.4	463	22.4
Total AA	560,271	289,606	100.0	51.7	232,990	41.6	37,675	6.7
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	7,788	11.9	6,846	11.2	872	21.5	70	13.3
Moderate-income	17,067	26.0	15,814	25.9	1,109	27.4	144	27.4
Middle-income	20,423	31.2	19,499	32.0	815	20.1	109	20.7
Upper-income	18,596	28.4	17,468	28.7	1,021	25.2	107	20.3
Unknown-income	1,651	2.5	1,321	2.2	234	5.8	96	18.3
Total AA	65,525	100.0	60,948	100.0	4,051	100.0	526	100.0
% of Total Businesses				93.0		6.2		0.8
2018 Median Family Income			\$71,829		December 2018 Median Housing Value			\$364,500
2018 HUD Adjusted Median Family Income			\$80,400		2018 Unemployment Rate			3.8%

Geographic and Borrower Distribution

EXHIBIT 35 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Sacramento Assessment Area 2016								
Bank Lending	0	0.0	0	0.0	0	0.0	0	0.0
Aggregate Lending	3,494	8.5	8,898	21.7	15,459	37.7	13,204	32.2
Business Concentration	5,759	9.3	15,736	25.5	23,740	38.5	16,368	26.6
Sacramento Assessment Area 2017								
Bank Lending	0	0.0	0	0.0	0	0.0	0	0.0
Aggregate Lending	3,617	12.1	7,626	25.5	9,021	30.1	9,657	32.3
Business Concentration	6,399	11.9	14,437	26.9	17,286	32.2	15,568	29.0
Sacramento Assessment Area 2018								
Bank Lending	0	0.0	0	0.0	1	100.0	0	0.0
Aggregate Lending	3,824	11.7	8,249	25.2	9,827	30.1	10,775	33.0
Business Concentration	7,788	12.2	17,067	26.7	20,423	32.0	18,596	29.1
Sacramento Assessment Area 2019								
Bank Lending	0	0.0	0	0.0	0	0.0	0	0.0
Aggregate Lending	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Business Concentration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

EXHIBIT 36 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS							
Year	Bank Lending #	Lending to Businesses with Revenue <=\$1 Million			Originations Regardless of Revenue Size by Loan Amount		
		Bank Lending (%)	Businesses <=\$1M in Revenue (%)	Aggregate Lending (%)	<=\$100K (%)	> \$100K & <=\$250K (%)	>250K & <=\$1M (%)
2016	0	0.0	92.6	41.1	0.0	0.0	0.0
2017	0	0.0	91.9	51.0	0.0	0.0	0.0
2018	1	0.0	93.0	47.1	0.0	0.0	100.0
2019	0	0.0	N/A	N/A	0.0	0.0	0.0

San Francisco-San Mateo-Redwood City Assessment Area

The San Francisco-San Mateo-Redwood City assessment area consists of San Francisco County. The County is bordered by Marin County to the north, Alameda County to the east, San Mateo County to the south, and the Pacific Ocean to the west. San Francisco County's population in 2018 was over 883,000 people.

As of June 30, 2019, the assessment area had 46 FDIC-insured depository institutions operating 271 offices with combined deposits of \$225.8 billion. UBB maintained a small presence in the assessment area, operating one branch with total deposits of \$75.9 million, representing 0.03 percent of the market. Deposits were primarily concentrated in two nationwide financial institutions that collectively held 62.6 percent of the market share. In 2018, there were 120 small business lenders operating within the assessment area that were subject to the reporting requirements of the CRA. These lenders extended 43,015 small business loans for \$1.3 billion. Reporting institutions represent only a portion of all institutions competing for small business lending in the assessment area.

On the following pages, Exhibit 37 presents key demographic and business information used to help develop a performance context for the San Francisco-San Mateo-Redwood City assessment area and is based on the 2018 FFIEC Census and 2018 Dun and Bradstreet data. Exhibits 38 and 39 reflect UBB's small business lending activity in the assessment area during the review period.

EXHIBIT 37 ASSESSMENT AREA DEMOGRAPHICS SAN FRANCISCO-SAN MATEO-REDWOOD CITY ASSESSMENT AREA 2018 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	30	15.2	19,751	12.2	4,307	21.8	46,490	28.7
Moderate-income	39	19.8	36,242	22.4	3,244	9.0	24,926	15.4
Middle-income	55	27.9	53,032	32.8	3,196	6.0	27,108	16.7
Upper-income	64	32.5	50,848	31.4	1,631	3.2	63,363	39.1
Unknown-income	9	4.6	2,014	1.2	178	8.8	0	0.0
Total AA	197	100.0	161,887	100.0	12,556	7.8	161,887	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	57,335	6,708	5.2	11.7	44,336	77.3	6,291	11.0
Moderate-income	68,355	26,216	20.4	38.4	37,914	55.5	4,225	6.2
Middle-income	113,750	43,163	33.5	37.9	63,298	55.6	7,289	6.4
Upper-income	134,502	51,399	39.9	38.2	71,644	53.3	11,459	8.5
Unknown-income	9,734	1,212	0.9	12.5	7,397	76.0	1,125	11.6
Total AA	383,676	128,698	100.0	33.5	224,589	58.5	30,389	7.9
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	13,791	22.7	11,651	21.4	2,025	35.2	115	25.6
Moderate-income	8,071	13.3	7,455	13.7	566	9.8	50	11.1
Middle-income	12,411	20.5	11,902	21.9	436	7.6	73	16.3
Upper-income	24,682	40.7	22,000	40.4	2,516	43.7	166	37.0
Unknown-income	1,713	2.8	1,454	2.7	214	3.7	45	10.0
Total AA	60,668	100.0	54,462	100.0	5,757	100.0	449	100.0
% of Total Businesses				89.8		9.5		0.7
2018 Median Family Income			\$103,742		December 2018 Median Housing Value			\$1,500,000
2018 HUD Adjusted Median Family Income			\$116,400		2018 Unemployment Rate			2.4%

Geographic and Borrower Distribution

EXHIBIT 38 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
San Francisco-San Mateo-Redwood City Assessment Area 2016								
Bank Lending	0	0.0	0	0.0	0	0.0	0	0.0
Aggregate Lending	9,948	21.6	7,501	16.3	13,293	28.9	15,236	33.1
Business Concentration	15,108	26.8	7,044	12.5	12,725	22.6	21,550	38.2
San Francisco-San Mateo-Redwood City Assessment Area 2017								
Bank Lending	2	66.7	0	0.0	0	0.0	1	33.3
Aggregate Lending	7,455	20.6	6,112	16.9	8,708	24.1	13,930	38.5
Business Concentration	11,434	22.9	6,921	13.9	10,729	21.5	20,739	41.6
San Francisco-San Mateo-Redwood City Assessment Area 2018								
Bank Lending	0	0.0	0	0.0	0	0.0	1	100.0
Aggregate Lending	7,990	19.0	7,735	18.4	10,425	24.8	15,876	37.8
Business Concentration	13,791	23.4	8,071	13.7	12,411	21.1	24,682	41.9
San Francisco-San Mateo-Redwood City Assessment Area 2019								
Bank Lending	0	0.0	0	0.0	0	0.0	0	0.0
Aggregate Lending	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Business Concentration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

EXHIBIT 39 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS							
Year	Bank Lending #	Lending to Businesses with Revenue <=\$1 Million			Originations Regardless of Revenue Size by Loan Amount		
		Bank Lending (%)	Businesses <=\$1M in Revenue (%)	Aggregate Lending (%)	<=\$100K (%)	> \$100K & <=\$250K (%)	>250K & <=\$1M (%)
2016	0	0.0	89.1	38.2	0.0	0.0	0.0
2017	3	33.3	88.1	54.7	0.0	33.3	66.7
2018	1	100.0	89.8	46.9	0.0	0.0	100.0
2019	0	0.0	N/A	N/A	0.0	0.0	0.0

San Jose-Sunnyvale-Santa Clara Assessment Area

The San Jose-Sunnyvale-Santa Clara assessment area consists of Santa Clara County in its entirety which encompasses a portion of the San Jose-Sunnyvale-Santa Clara MSA. The assessment area is bordered by Alameda County to the north, Stanislaus and Merced counties to the east, San Benito County to the south, and San Mateo and Santa Cruz counties to the west. As of 2018, the assessment area was home to 1.9 million people.

The assessment area is highly competitive with over 48 FDIC-insured depository institutions operating 363 offices with total deposits of \$146.8 billion. UBB ranked 25th in the market. As of June 30, 2019, the bank operated two branches in the area with total deposits of \$166.4 million, which represented 0.11 percent of the deposit market share. Deposits were primarily concentrated in three financial institutions that collectively held 63 percent of the market share. In 2018, there were 123 small business lenders operating within the assessment area that were subject to the reporting requirements of the CRA. These lenders extended 57,953 small business loans for \$1.7 billion. Reporting institutions represent only a portion of all institutions competing for small business lending in the assessment area.

On the following pages, Exhibit 40 presents key demographic and business information used to help develop a performance context for the San Jose-Sunnyvale-Santa Clara assessment area and is based on the 2018 FFIEC Census and 2018 Dun and Bradstreet data. Exhibits 41 and 42 reflect UBB's small business lending activity in the assessment area during the review period.

EXHIBIT 40 ASSESSMENT AREA DEMOGRAPHICS SAN JOSE-SUNNYVALE-SANTA CLARA ASSESSMENT AREA 2018 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	34	9.1	34,983	7.8	7,016	20.1	106,442	23.8
Moderate-income	77	20.7	83,269	18.6	8,913	10.7	69,255	15.5
Middle-income	136	36.6	164,673	36.9	8,107	4.9	82,649	18.5
Upper-income	124	33.3	163,795	36.7	4,746	2.9	188,388	42.2
Unknown-income	1	0.3	14	0.0	4	28.6	0	0.0
Total AA	372	100.0	446,734	100.0	28,786	6.4	446,734	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	50,462	15,496	4.4	30.7	33,260	65.9	1,706	3.4
Moderate-income	124,428	54,515	15.5	43.8	65,318	52.5	4,595	3.7
Middle-income	243,890	129,315	36.7	53.0	105,120	43.1	9,455	3.9
Upper-income	227,325	153,510	43.5	67.5	64,849	28.5	8,966	3.9
Unknown-income	85	0	0.0	0.0	80	94.1	5	5.9
Total AA	646,190	352,836	100.0	54.6	268,627	41.6	24,727	3.8
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	5,694	5.9	5,203	5.9	470	5.7	21	3.7
Moderate-income	17,801	18.4	15,631	17.7	2,069	24.9	101	18.0
Middle-income	34,910	36.0	31,598	35.8	3,141	37.9	171	30.5
Upper-income	38,431	39.6	35,552	40.3	2,611	31.5	268	47.8
Unknown-income	165	0.2	159	0.2	6	0.1	0	0.0
Total AA	97,001	100.0	88,143	100.0	8,297	100.0	561	100.0
% of Total Businesses				90.9		8.6		0.6
2018 Median Family Income			\$107,126		December 2018 Median Housing Value			\$1,150,000
2018 HUD Adjusted Median Family Income			\$123,400		2018 Unemployment Rate			2.6%

Geographic and Borrower Distribution

EXHIBIT 41 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
San Jose-Sunnyvale-Santa Clara Assessment Area 2016								
Bank Lending	0	0.0	1	50.0	0	0.0	1	50.0
Aggregate Lending	3,938	5.5	15,468	21.6	26,272	36.7	25,965	36.2
Business Concentration	5,588	6.1	19,758	21.5	32,207	35.1	34,332	37.4
San Jose-Sunnyvale-Santa Clara Assessment Area 2017								
Bank Lending	0	0.0	1	25.0	0	0.0	3	75.0
Aggregate Lending	2,933	5.7	9,660	18.7	19,376	37.6	19,595	38.0
Business Concentration	4,659	5.7	14,719	17.9	29,686	36.1	33,256	40.4
San Jose-Sunnyvale-Santa Clara Assessment Area 2018								
Bank Lending	0	0.0	2	50.0	0	0.0	2	50.0
Aggregate Lending	3,296	5.7	10,686	18.4	21,824	37.7	22,142	38.2
Business Concentration	5,694	5.9	17,801	18.4	34,910	36.1	38,431	39.7
San Jose-Sunnyvale-Santa Clara Assessment Area 2019								
Bank Lending	0	0.0	0	0.0	1	100.0	0	0.0
Aggregate Lending	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Business Concentration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

EXHIBIT 42 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS							
Year	Bank Lending #	Lending to Businesses with Revenue <=\$1 Million			Originations Regardless of Revenue Size by Loan Amount		
		Bank Lending (%)	Businesses <=\$1M in Revenue (%)	Aggregate Lending (%)	<=\$100K (%)	> \$100K & <=\$250K (%)	>250K & <=\$1M (%)
2016	2	0.0	90.5	39.7	50.0	0.0	50.0
2017	4	50.0	89.5	54.0	0.0	25.0	75.0
2018	4	0.0	90.9	47.0	25.0	0.0	75.0
2019	1	0.0	N/A	N/A	0.0	100.0	0.0

Stockton Assessment Area

The Stockton assessment area consists of San Joaquin County in its entirety and accounts for the entire Stockton MSA. The assessment area in Central California is bordered by Sacramento County to the north, Calaveras County to the east, Stanislaus County to the south, and Alameda and Contra Costa counties to the west. As of 2018, the population of the assessment area was 752,660.

As of June 30, 2019, the assessment area was home to 19 FDIC-insured depository institutions operating 101 offices with total deposits of \$10.9 billion. UBB operated two branches in the assessment area, ranking 15th among competing institutions within the area. The bank held \$76.2 million in deposits, which represented 0.7 percent of the total deposit market share. Two nationwide financial institutions collectively held 34 percent of the deposit market share. In 2018, there were 99 small business lenders operating within the assessment area that were subject to the reporting requirements of the CRA. These lenders extended 12,986 small business loans for \$495.9 million. Reporting institutions represent only a portion of all institutions competing for small business lending in the assessment area.

On the following pages, Exhibit 43 presents key demographic and business information used to help develop a performance context for the Stockton assessment area and is based on the 2018 FFIEC Census and 2018 Dun and Bradstreet data. Exhibits 44 and 45 reflect UBB's small business lending activity in the assessment area during the review period.

EXHIBIT 43 ASSESSMENT AREA DEMOGRAPHICS STOCKTON ASSESSMENT AREA 2018 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	16	11.5	12,354	7.5	4,981	40.3	38,463	23.5
Moderate-income	36	25.9	34,484	21.0	8,276	24.0	26,864	16.4
Middle-income	50	36.0	56,867	34.7	7,306	12.8	30,425	18.6
Upper-income	37	26.6	60,140	36.7	3,946	6.6	68,093	41.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	139	100.0	163,845	100.0	24,509	15.0	163,845	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	21,105	4,716	3.8	22.3	13,375	63.4	3,014	14.3
Moderate-income	53,114	20,628	16.6	38.8	27,983	52.7	4,503	8.5
Middle-income	81,990	45,041	36.3	54.9	31,127	38.0	5,822	7.1
Upper-income	80,353	53,702	43.3	66.8	22,501	28.0	4,150	5.2
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	236,562	124,087	100.0	52.5	94,986	40.2	17,489	7.4
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	1,938	8.4	1,672	7.9	239	14.7	27	15.9
Moderate-income	4,386	19.1	4,012	19.0	354	21.8	20	11.8
Middle-income	7,997	34.8	7,377	34.9	555	34.2	65	38.2
Upper-income	8,640	37.6	8,106	38.3	476	29.3	58	34.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	22,961	100.0	21,167	100.0	1,624	100.0	170	100.0
% of Total Businesses				92.2		7.1		0.7
2018 Median Family Income			\$59,946		December 2018 Median Housing Value			\$365,000
2018 HUD Adjusted Median Family Income			\$63,700		2018 Unemployment Rate			6.0%

Geographic and Borrower Distribution

EXHIBIT 44 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Stockton Assessment Area 2016								
Bank Lending	0	0.0	3	75.0	1	25.0	0	0.0
Aggregate Lending	856	5.3	2,782	17.3	4,813	30.0	7,593	47.3
Business Concentration	1,585	7.6	4,715	22.7	6,418	30.9	8,043	38.7
Stockton Assessment Area 2017								
Bank Lending	0	0.0	0	0.0	1	33.3	2	66.7
Aggregate Lending	827	6.9	1,944	16.3	4,060	34.1	5,072	42.6
Business Concentration	1,619	8.8	3,625	19.7	6,391	34.7	6,800	36.9
Stockton Assessment Area 2018								
Bank Lending	0	0.0	0	0.0	0	0.0	1	100.0
Aggregate Lending	857	6.6	1,916	14.8	4,424	34.1	5,789	44.6
Business Concentration	1,938	8.4	4,386	19.1	7,997	34.8	8,640	37.6
Stockton Assessment Area 2019								
Bank Lending	0	0.0	0	0.0	0	0.0	0	0.0
Aggregate Lending	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Business Concentration	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

EXHIBIT 45 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS							
Year	Bank Lending #	Lending to Businesses with Revenue <=\$1 Million			Originations Regardless of Revenue Size by Loan Amount		
		Bank Lending (%)	Businesses <=\$1M in Revenue (%)	Aggregate Lending (%)	<=\$100 K (%)	> \$100K & <=\$250K (%)	>250K & <=\$1M (%)
2016	4	25.0	91.6	44.1	25.0	25.0	50.0
2017	3	33.3	90.8	50.3	66.7	0.0	33.3
2018	1	0.0	92.2	44.7	0.0	0.0	100.0
2019	0	0.0	N/A	N/A	0.0	0.0	0.0