



Comptroller of the Currency
Administrator of National Banks

LARGE BANK

Public Disclosure

March 30, 1998

Community Reinvestment Act Performance Evaluation

**Union Bank of California, N.A.
Charter Number: 21541**

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San Francisco, CA 94104**

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Large Bank Supervision
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NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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General Information

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

This document is an evaluation of the CRA performance of **Union Bank of California, N.A. (UBOC)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 31, 1997**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Census Tract (CT) - Small, locally defined statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

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

Low-Income - Income levels that are less than 50% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Low- and Moderate-Income (LMI) - Income levels that are less than 80% of the MFI.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Upper-Income - Income levels that are 120% or more of the MFI.

Home Mortgage Disclosure Act (HMDA) - A statute that requires certain mortgage lenders that do business or have banking offices in an MSA to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and its disposition (e.g., approved, denied, withdrawn).

Small Business Loans - Loans with an original amount of \$1 million or less for which the bank is required to collect and report certain monitoring data under the CRA regulation.

CRA Rating

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

The major factors supporting the institution's rating are:

- ▶ UBOC has a good geographic distribution of loans by income level of census tract and to borrowers of all income levels.
- ▶ UBOC demonstrates strong responsiveness, approximating 8.5% of adjusted capital, to community development loan needs, with particular emphasis on providing affordable housing.
- ▶ UBOC has an adequate dollar volume of investment and grant activity, representing 1.4% of adjusted capital, that is generally responsive to its community's needs.
- ▶ UBOC provides banking services which are reasonably accessible to essentially all portions of the bank's assessment area.
- ▶ UBOC demonstrates good participation in community development services.

The following table shows the performance level of **Union Bank of California, N.A.**, with respect to the lending, investment, and service tests.

Performance Levels	Union Bank of California, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High satisfactory	X		X
Low satisfactory		X	
Needs to improve			
Substantial noncompliance			

(*) Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Description of Union Bank of California

San Francisco-based Union Bank of California, N.A. is a wholly owned subsidiary of UnionBanCal Corporation. It is the third largest commercial bank in California and among the top twenty-five in the country. The current bank and holding company were formed on April 1, 1996 through the merger of Union Bank and The Bank of California, N.A. and its respective holding company. However, banking roots go back to 1864 and represent one of the oldest banking presences.

As of December 31, 1997, UBOC had total assets of \$30 billion. As of the same date, total deposits were \$24 billion, with \$21 billion in domestic deposits and \$3 billion in foreign deposits. Total loans were \$22 billion, with \$21 billion in loans from domestic offices, and \$1 billion from offshore offices. The bank's total adjusted capital (Tier 1 capital allocated to domestic lending) is \$2.2 billion.

As shown in the following table, the bank's loan portfolio includes significant volumes of commercial/business lending, reflective of the primary focus of both former banking entities. Lending is directed towards all sizes of businesses. Real estate and consumer lending represent smaller lines of business. While agricultural lending is only a small portion of UBOC's total lending, the bank is a major lender in California. From 1996 to 1997, the domestic loan portfolio showed modest growth of some 8%.

DOMESTIC LOAN PORTFOLIO COMPOSITION		
December 31, 1997		
Type	\$ Millions	% of Portfolio
Commercial and Industrial	8,964	43%
Secured by 1-4 Family Residential Property	4,402	21%
Commercial Real Estate (includes construction)	3,398	16%
Consumer	2,127	10%
Agriculture	256	1%
Other	1,883	9%
TOTAL	21,030	100%

Source: The bank's December 31, 1997 Report of Condition

UBOC is a full service commercial bank providing a full array of services within its thirty-one assessment areas. These areas are in the states of California, Oregon, and Washington and the territories of Guam and the U.S. Commonwealth of the Northern Mariana Islands (Saipan).

UBOC offers special loan products that respond to identified credit needs of small business owners and LMI mortgage consumers within its assessment areas. The bank continues to offer specialized small business loans through its Urban Enterprise Banking unit and four special real estate mortgage programs, one of which is new. Other lending/investment services are provided through its affiliate UnionBanCal Venture Corporation (UVC), a Small Business Investment Company (SBIC). This SBIC is a wholly owned subsidiary of Union BanCal Corporation and its performance is included under the Investment Test. Overall, UBOC continues to enhance its products to help meet the diverse credit needs of its assessment areas.

UBOC's CRA activities are managed through its Corporate Community Development Department. This unit is located in San Diego. In addition, Community Development Officers are strategically located throughout the bank's various assessment areas.

Conclusions with Respect to Performance Tests

LENDING TEST

This Performance Evaluation presents information on UBOC's small business, residential mortgage, small farm, and community development loan originations in 1996 and 1997. Residential mortgage loan data include purchased loans. Unless otherwise stated, references to loans means exclusively these four types of loans and not any other UBOC loan originations (e.g., large commercial loans and consumer loans). Due to the limited availability of information, aggregate lending data exclude activity in Guam and the Northern Mariana Islands. Appendix A contains additional details on the scope of this Performance Evaluation. UBOC's overall lending performance is largely predicated upon its performance in California, which accounted for 96% of the bank's lending activity.

- ▶ UBOC's has good loan dispersion throughout its assessment area census tracts, with more weight given to the dispersion of small loans to businesses.
- ▶ UBOC's lending demonstrates good responsiveness to borrowers of all income levels throughout its assessment areas, with more weight given to the responsiveness to small businesses.
- ▶ The bank's community development lending, approximating 8.5% of adjusted capital, is very strong, with special emphasis on providing affordable housing.
- ▶ UBOC regularly uses flexible lending practices to help meet the credit needs of LMI home buyers and small businesses within its assessment areas.

- ▶ UBOC's lending activity displays adequate responsiveness to the credit needs of its assessment areas, as evidenced by the volume of small business, residential mortgage, small farm, and community development loan originations.

Lending Activity

UBOC's lending, detailed in the accompanying tables, reflects adequate responsiveness to credit needs in its assessment areas. UBOC originated over twenty-six thousand loans totaling more than \$5 billion within its assessment areas, during the evaluation period. The majority of reportable loan originations (61% of the number and 58% of the dollars) were small loans to businesses, reflective of UBOC's historical focus on commercial business lending. Thus, in determining UBOC's overall performance under the Lending Test, more weight was given to the analysis of small business lending performance. Residential mortgage lending represents a secondary line of business for UBOC. While UBOC remains one of the largest originators of small farm loans within several of its California assessment areas, such loans represent a small portion of both the number and dollar amount of loans originated.

Based on 1996 Aggregate Small Business data, UBOC's 2.47% market share ranks it the fifth largest originator of the number of small loans to businesses within its assessment areas. UBOC's two largest commercial bank competitors, Bank of America, NT&SA and Wells Fargo Bank, N.A., and two credit card companies dominate UBOC's assessment areas, with a combined market share of the number of small loans to businesses of more than 65%. In terms of the dollar volume of business loans originated, UBOC's 5.88% market share ranks third behind the two largest commercial banks. During our validation of the bank's small business loan reporting several errors were identified, some for over-reporting and others for under-reporting. Where appropriate and available corrected data was used. In addition, none of the remaining errors were deemed to have material affect on the bank's overall small business lending performance.

Based on 1996 Aggregate HMDA Data, UBOC is a relatively small originator and purchaser of residential mortgage loans in its assessment areas, with a market rank of 42 and market share of .54%. Based on 1996 Aggregate Small Farm data, UBOC is the fifth largest originator of farm loans in its assessment areas, with an 8.07% market share. The market share for farm loans is more evenly spread among the top originators than are business loans.

Lending Activity: ALL LOANS State: All						
Loan Type	Total Originations				Overall Market Rank*	Overall Market Share*
	#	% of Total	\$ (000s)	% of Total		
Small Business Total	16,321	61%	\$2,914,625	58%	5	2.47%
Residential Mortgage Total	9,331	35%	\$1,746,866	35%	42	0.54%
Home Purchase	3,022	11%	\$590,096	12%	75	0.26%
Refinance	4,699	18%	\$815,924	16%	33	0.76%
Home Improvement	1,560	6%	\$50,554	1%	15	1.20%
Multifamily	50	< 1%	\$290,292	6%	37	0.31%
Small Farm Total	864	3%	\$153,088	3%	5	8.07%
Community Development Total	43	< 1%	\$190,397	4%	NA	NA
Total Lending	26,559	100%	\$5,004,976	100%	NA	NA

(*) Based on 1996 Aggregate HMDA, Small Business and Small Farm Data for the number of loans. NA = Not Available

Small business and small farm loan originations increased significantly while the overall volume of residential mortgage loans declined from 1996 through 1997. The number of small business loan originations increased 35%, while the dollars increased 92%. Conversely, the number of residential mortgage loans originated and purchased declined 51%, while the dollars declined 38%. This decline is centered in refinance and home improvement loan products, and is partly attributable to UBOC's decision to stop purchasing loans from the wholesale market. However, home purchase loans originated through UBOC's retail branch network actually increased 8% over the same period.

UBOC discontinued the wholesale purchase of real estate loans in early 1997. The decline in purchased loans accounted for 51% of the decline in the number and 74% of the decline in the dollar amount of residential mortgage loans. Additionally in 1997, UBOC decided to replace its home improvement loan product with its home equity credit line product and not to report these loans under HMDA, resulting in a significant decline in reported home improvement loans. Small farm loan originations reflect a trend similar to that of small loans to businesses, with the total number increasing 50% and total dollars increasing 71%.

Approximately 96% of the number and 94% of the dollar amount of loans were originated within UBOC's assessment areas in California. Further, 78% of the total number and 81% of total dollars originated were concentrated in the Los Angeles-Long Beach, Oakland, Orange County, Riverside-San Bernardino, Sacramento, San Francisco, San Diego, and San Jose MSA assessment areas. In addition, 91% of

UBOC's total deposits are derived from these assessment areas (as of June 30, 1997). As a result, performance in these eight assessment areas significantly influenced UBOC's overall performance under the Lending Test, as well as for the Investment and Service Tests.

Assessment Area Concentration

UBOC originated 95% of the number and 94% of the dollar amount of reportable loans during the evaluation period in its assessment areas. This includes small business loans at 96% of the number and dollar, residential mortgage loans at 94% of the number and dollar, and small farm loans at 76% of the number and 75% of the dollar amount of loans originated.

Lending Gaps

This evaluation included an analysis of lending gaps in UBOC's assessment areas. No lending gaps were noted.

Geographic Distribution of Loans

UBOC's overall geographic distribution of loans reflects good dispersion throughout its assessment areas, including LMI census tracts.

Small Business Loans

UBOC's geographic distribution of small business loans, detailed in the table below, reflects good dispersion throughout its assessment areas. The analysis focused on the distribution of small loans (less than or equal to \$1 million) to all businesses, regardless of revenue size, as small loans to businesses with revenues less than a \$1 million represent only 58% of UBOC's total originations. The bank's portion of small loans to businesses made in low-income census tracts exceeds the portion of businesses located in those tracts, while the portion of loans made in moderate-income census tracts is slightly below the portion of businesses located in those tracts. Performance in 1996 and 1997 was constant. Based on 1996 Peer Small Business data, UBOC generally equaled or outperformed the aggregate market in its assessment areas in both LMI census tracts. In addition, UBOC's market share of loans in LMI census tracts, 3.55 and 2.55 respectively, exceeded its overall (ALL column in the table) market share of 2.47%. This concept of market share applies to all tables in which market share is presented.

Geographic Distribution: SMALL BUSINESS							State: ALL				
State:	Low-Income Tracts			Moderate-Income Tracts			Market Share**			Total Loans	
	% of Businesses	% UBOC Loans	% Market Loans*	% of Businesses	% UBOC Loans	% Market Loans*	All	Low	Mod	#	% of Total
California	8%	9%	7%	23%	20%	20%	2.84	3.70	2.89	15,496	95%
Oregon	3%	4%	2%	24%	28%	22%	1.03	1.38	1.32	457	3%
Washington	4%	13%	4%	20%	27%	19%	.61	2.52	.83	368	2%
Total All	7%	9%	6%	22%	21%	20%	2.47	3.55	2.55	16,321	100%

(*) The market consists of all other CRA reporters in UBOC's assessment area and is based on 1996 Aggregate Small Business Data only.

(**) Based on 1996 Aggregate Small Business Data only.

Residential Mortgage Loans

UBOC's geographic distribution of residential mortgage loans, as detailed in the following table, reflects excellent dispersion throughout its assessment areas. The portion of residential mortgage loans made in LMI census tracts exceeds the portion of owner-occupied housing units that are within those tracts. From 1996 through 1997, UBOC's portion of loans originated in low-income census tracts declined slightly, but remained above the portion of owner-occupied housing units that are within those tracts. Based on 1996 Aggregate HMDA data, UBOC generally outperformed the aggregate market in its assessment area in both LMI census tracts. In addition, UBOC's market share of loans originated in LMI census tracts exceeded its overall market share.

Geographic Distribution: RESIDENTIAL MORTGAGE							State: ALL				
State:	Low-Income Tracts			Moderate-Income Tracts			Market Share**			Total Loans	
	% Owner Occ Units	% UBOC Loans	% Market Loans*	% Owner Occ Units	% UBOC Loans	% Market Loans*	All	Low	Mod	#	% of Total
California	1.7%	2.0%	2.1%	14.9%	15.9%	13.3%	.64	.63	.77	9,101	98%
Oregon	0.8%	4.3%	1.2%	13.9%	37.6%	14.3%	.13	.66	.41	141	2%
Washington	0.8%	3.4%	0.8%	11.2%	32.6%	11.0%	.06	.30	.20	89	< 1%
Total All	1.6%	2.0%	1.9%	14.5%	16.4%	13.1%	.54	.61	.69	9,331	100%

Occ = Occupied

(*) The market consists of all other HMDA reporters in UBOC's assessment area and is based on 1996 Aggregate HMDA Data only.

(**) Based on 1996 Aggregate HMDA Data only.

Small Farm Loans

UBOC's geographic distribution of small farm loans, as shown in the following table, reflects good dispersion throughout the assessment areas in which UBOC originates a significant number of such loans. UBOC's small farm originations are concentrated in the following five California MSAs, Bakersfield, Fresno, Modesto, Stockton-Lodi and Yuba City. The analysis focused on the distribution of small loans (less than or equal to \$500 thousand) to all farms, regardless of revenue size, as small loans to farms with revenues less than a \$1 million represent only 69% of UBOC's total originations. While UBOC did not originate any small farm loans in low-income census tracts, demographic data indicate that there are only 41 farms located in low-income census tracts within these five MSAs. The portion of loans made in moderate-income census tracts is generally equal to the portion of farms located in those tracts. Performance in 1996 through 1997 was relatively unchanged. Based on 1996 Aggregate Small Farm data, UBOC generally outperformed or equaled the market aggregate in its assessment areas in moderate-income census tracts. UBOC's market share of loans in moderate-income census tracts was slightly below its overall market share.

Geographic Distribution: SMALL FARM State: ALL											
State:	Low-Income Tracts			Moderate-Income Tracts			Market Share**			Total Loans	
	% of Farms	% UBOC Loans	% Market Loans*	% of Farms	% UBOC Loans	% Market Loans*	All	Low	Mod	#	% of Total
California	2%	0%	2%	18%	18%	18%	9.20	0	8.28	835	97%
Oregon	< 1%	0%	< 1%	12%	50%	2%	.25	0	9.09	4	1%
Washington	2%	0%	< 1%	12%	0%	11%	4.73	0	0	25	2%
TOTAL All	2%	0%	2%	17%	18%	16%	8.07	0	7.95	864	100%

(*) The market consists of all other CRA reporters in UBOC's assessment area and is based on 1996 Aggregate Small Farm Data only.

(**) Based on 1996 Aggregate Small Farm Data only.

Borrower Distribution

UBOC's overall borrower distribution of loans reflects good responsiveness to the credit needs of borrowers throughout its assessment areas.

Small Business Loans

UBOC's distribution of small loans to businesses, as shown in the following table, reflects good responsiveness to the credit needs of small businesses throughout its assessment areas. Approximately 58% of the small loans to businesses which UBOC originated were to businesses with revenues of less than \$1 million. The portion of UBOC's loans originated to such businesses is significantly lower than the portion of businesses with revenues of less than \$1 million in its assessment areas. However, based on 1996 Aggregate Small Business data, UBOC's performance was comparable

to the aggregate market. Finally, the portion of the bank's loans made in amounts of \$100 thousand or less was somewhat lower than the portion of loans the aggregate market made in such amounts. However, it is also recognized that due to data system limitations the bank was unable to report small business credit card loans which would have had the impact of reducing the average size small business loan size and increase the number of small business loans.

Borrower Distribution: SMALL BUSINESS						State: ALL				
State:	Businesses with Revenues of \$1 million or less			Loans w/Original Amount of \$100,000 or less		Market Share****			Total Loans	
	% of Businesses*	% UBOC Loans**	% Market Loans***	% of UBOC Loans	% Market Loans***	All	Rev \$1 million or less	Loan Amt \$100,000 or less	#	% of Total
California	89%	59%	54%	62%	90%	2.84	3.43	2.19	15,496	95%
Oregon	87%	35%	58%	26%	85%	1.03	.65	.37	457	3%
Washington	90%	43%	63%	41%	84%	.61	.39	.34	368	2%
Total All	89%	58%	55%	60%	89%	2.47	2.84	1.88	16,321	100%

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 6% of loans originated by UBOC.

(***) The market consists of all other Small Business reporters in UBOC's assessment area and is based on 1996 Aggregate Small Business Data only.

(****) Based on 1996 Aggregate Small Business Data only.

The 1996 Aggregate Small Business data also indicate that UBOC's average loan size is approximately \$143 thousand versus the market average of \$60 thousand. This comparison is skewed by the presence of several large credit card companies that are significant players in UBOC's markets. The average loan size originated by these companies is significantly smaller than that of commercial banks in the market. However, the \$93 thousand average loan size of the six other commercial banks that rank in the top ten in small business lending in UBOC's assessment areas is still significantly less than UBOC's average loan size.

Residential Mortgage Loans

UBOC's distribution of residential mortgage loans, as shown in the following table, reflects excellent dispersion among borrowers of different income levels throughout UBOC's assessment areas. UBOC's portion of loans made to low-income families is significantly below the portion of families within UBOC's assessment areas that are defined as low-income. However, this reflects the shortage of affordable housing in the high cost real estate markets in which UBOC operates and the significant number of families (approximately 10%) at or below poverty level. In addition, based on 1996 Aggregate HMDA data, UBOC significantly outperformed the aggregate market in its assessment areas in lending to low-income families. Conversely, UBOC's portion of loans made to moderate-income families exceeded the portion of families that are moderate-income. UBOC also significantly outperformed the aggregate

market in lending to moderate-income families. Overall, UBOC's market share of loans made to LMI families generally exceeded its overall market share.

Borrower Distribution: RESIDENTIAL MORTGAGE							State: ALL				
State:	Low-Income Families			Moderate-Income Families			Market Share***			Total Loans	
	% of Families	% UBOC Loans*	% Market Loans**	% of Families	% UBOC Loans*	% Market Loans**	All	Low	Mod	#	% of Total
California	20.9%	9.8%	4.5%	17.7%	22.0%	15.2%	.64	1.33	.87	9,101	98%
Oregon	17.6%	1.9%	3.9%	18.5%	11.5%	16.0%	.13	0	.03	141	2%
Washington	17.2%	5.6%	5.2%	18.8%	33.3%	20.1%	.06	0	.02	89	< 1%
Total All	20.4%	9.7%	4.6%	17.8%	21.9%	15.8%	.54	1.08	.69	9,331	100%

(*) As a percentage of loans with borrower income information available. No information was available for 21% of loans originated by UBOC.

(**) The market consists of all other HMDA reporters in UBOC's assessment area and is based on 1996 Aggregate HMDA Data only.

(***) Based on 1996 Aggregate HMDA Data only.

Small Farm Loans

UBOC's distribution of small loans to farms, as shown in the following table, reflects good responsiveness to the credit needs of small farms throughout its assessment areas where it originates a significant number of such loans. Approximately 69% of the small loans to farms UBOC originated were to farms with revenues of less than \$1 million. UBOC's portion of loans originated to such farms is significantly lower than the portion of farms with revenues of less than \$1 million in its assessment areas. However, based on 1996 Aggregate Small Farm data, UBOC's performance was comparable to the aggregate market in its comparable assessment areas, while its portion of loans made in amounts of \$100 thousand or less was somewhat lower than the portion of loans the aggregate market made in such amounts.

Borrower Distribution: SMALL FARM						State: ALL				
State:	Farms with Revenues of \$1 million or less			Loans w/Original Amount of \$100,000 or less		Market Share****			Total Loans	
	% of Farms*	% UBOC Loans**	% Market Loans***	% of UBOC Loans	% Market Loans***	All	Rev \$1 million or less	Loan Amt \$100,000 or less	#	% of Total
California	89%	69%	59%	41%	52%	9.20	10.87	8.31	835	97%
Oregon	95%	100%	79%	25%	63%	0.25	0.31	0	4	< 1%
Washington	97%	78%	67%	36%	67%	4.73	2.76	2.78	25	3%
Total All	91%	69%	62%	41%	54%	8.07	9.08	6.97	864	100%

(*) As a percentage of farms with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 2% of loans originated by UBOC.

(***) The market consists of all other Small Farm reporters in UBOC's assessment area and is based on 1996 Aggregate Small Farm Data only.

(****) Based on 1996 Aggregate Small Farm Data only.

Community Development Lending

UBOC's overall level of community development lending is good. During the evaluation period UBOC originated 43 community development loans totaling \$190 million. This level represents 8.5% of UBOC's adjusted capital. The majority of the loans were originated in California, with 40 loans totaling approximately \$187 million. In Oregon, UBOC originated two loans for approximately \$3 million and, in Washington, one loan for \$750 thousand. UBOC's community development lending activities have directly benefitted nearly half of its defined assessment areas, with activity centered in the larger MSA's. In addition, several of the larger loans support activities in multiple assessment areas. Positive consideration is also given to the fact that a portion of UBOC's loan originations, reported and considered as residential mortgage or small business loans, have community development characteristics.

The majority of UBOC's community development loans support affordable housing related initiatives, a primary credit need in many of its assessment areas. UBOC directly financed 16 projects that produced 1,246 affordable housing units for LMI families, helping to meet one of the critical needs within its assessment areas. UBOC continues to provide funding to numerous other community development efforts through credit lines to real estate developers, loan consortiums, and financial intermediaries that target affordable housing and small businesses in LMI areas. UBOC also facilitates small business lending through its small business investment company.

Several of UBOC's community development projects are complex and/or innovative. These are discussed in more detail in the California State Rating section of this Performance Evaluation.

Product Innovation and Flexibility

UBOC's performance under the lending test is enhanced by the offering of special loan products that help meet the credit needs of small businesses and LMI home buyers within its assessment areas. UBOC offers five programs targeted at small businesses and four special home mortgage-related loan products. Three of the small business products and two of the mortgage products are offered throughout UBOC's branch network. While only one of the products is considered innovative (CASA product in the Vallejo, California MSA), all of the products have flexible terms that help meet special identified credit needs. The distribution of all of the loans originated under these programs have been considered under the evaluation of small business and residential mortgage lending.

Small Business Special Loan Programs

Urban Enterprise Banking Program - This special purpose program authorized under Federal Reserve Board Regulation B (the equal Credit Opportunity Act), is targeted at small businesses that are at least two years old and 51% owned by minorities or women. The program features underwriting standards focused on a borrower's primary repayment source, with flexible secondary repayment sources, guarantor support and length of time in business. As part of this program, UBOC offers a number of loan products as well as other products and services to small businesses. Eligible businesses must have \$10 million or less in annual sales and borrowing needs from \$10 thousand to \$2.5 million. Since the inception of the program, UBOC has granted 559 loans totaling \$60 million in commitments, with \$36 million outstanding, as of January 31, 1998. Based on 1997 originations, 100% of the program loans are in amounts less than \$1 million, with 58% in amounts of less than \$100 thousand. Also, based on 1997 originations, approximately 50% of the program loans are to businesses with revenues of less than \$1 million.

"Fast Step" Business line of Credit - This program was initiated in May 1997 and provides businesses with lines of credit up to \$50 thousand. The benefits of the program are an abbreviated application form and a limited need for supporting financial documentation. In 1997, UBOC originated 926 loans totaling \$27.7 million in commitments, with \$11.5 million outstanding.

Small Business Administration (SBA)'s 7A Loan Guaranty Program - UBOC is a participant in this program which assists small businesses by financing leasehold improvements, machinery and equipment purchases, working capital and real estate acquisitions. While there are no minimum or maximum loan amounts, loans generally range from \$100 thousand to \$1 million. UBOC fully funds the loans with a 75% SBA guaranty. Over the evaluation period, UBOC originated 47 loans totaling \$9 million.

Residential Mortgage Special Loan Programs

UBOC's Residential Lending Division has traditionally focused the majority of affordable mortgage lending activity through the Community Banking group; housing partners such as Neighborhood Housing Services (NHS), Operation Hope, FNMA partnership offices and others; and, specialized real estate brokers. In 1997, the Division revitalized the position of Community Loan Representative (CLR). This position is responsible for specifically generating home mortgage loans to LMI borrowers or borrowers using collateral located in LMI geographies. The CLR is compensated differently from regular commission-only loan representatives, receiving a large base salary and small bonus based on loan originations. Combined, these form the network by which UBOC implements its flexible home mortgage programs.

The following is a description of the flexible home mortgage loan programs that are available on a bank-wide basis:

Economic Opportunity Mortgage (EOM) - An affordable mortgage loan product combining flexible underwriting criteria, a reduced down payment and interest rate, and no loan origination fees. The EOM is UBOC's primary affordable home mortgage product and is available bank-wide. The program allows nontraditional means for establishing credit history and a 90% loan-to-value ratio without private mortgage insurance. Applicants are eligible for the EOM if they are defined as LMI or the subject property is located in a LMI census tract. Over the evaluation period, UBOC originated 2,153 loans totaling more than \$197 million throughout its assessment areas.

Community Home Buyer Mortgage (CHBP) - A first time home buyer product offered by UBOC with G.E. Capital Mortgage Insurance Company and the Federal National Mortgage Association (FNMA). UBOC first offered the CHBP in 1994. CHBP covers home purchase and refinance transactions. To qualify, an applicant's gross income must not exceed 120% of the median county income in California and 100% in both Oregon and Washington; a 3% minimum down payment of an applicant's own funds with the remainder allowed from other sources; and, evidence that they have attended a Homebuyer's Education Session. Over the evaluation period, UBOC originated 57 loans totaling \$6.7 million throughout its assessment areas.

INVESTMENT TEST

- ▶ UBOC has an adequate dollar volume of investment and grant activity, representing 1.4% of its adjusted capital.

- ▶ Investment and grant transactions are generally responsive to the needs of its community's.
- ▶ UBOC occasionally uses innovative/complex investments to support community development initiatives.

UBOC's qualified investments and grants totaled \$30 million with \$19 million funded. This total dollar level represents 1.4% of the bank's adjusted capital and is centered in California where 87% of the dollars and 96% of the transactions were generated (refer to table below). This is generally consistent with UBOC's lending, branch, and total deposit representation within its assessment areas. Due to the significance of these activities in California, the bank's performance in California significantly influences the overall rating. In addition, of the overall investment and grant volume, \$10 million was originated during the evaluation period.

Aggregate Assessment Areas - INVESTMENT TEST						
States:	*AH&ED		Contributions & Grants		Total Investments	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)
California	12	\$23,155	264	\$2,981	276	\$26,136
Oregon	1	\$815	9	\$24	10	\$839
Washington	1	\$3,104	1	\$5	2	\$3,109
Total bank	14	\$27,074	274	\$3,010	288	\$30,084

(*) AH&ED - Affordable Housing & Economic Development

UBOC has invested significant sums in its UVC subsidiary. This SBIC lends or invests in companies throughout the nation, of which over half, both by dollar and number, have benefited businesses within the bank's general assessment areas. Its portfolio mainly consists of publicly traded companies, as opposed to smaller businesses. For evaluation purposes the total investment in UVC is \$15.9. The above table reflects the investment and capital portion, \$8,646 million, that is attributed to and benefits UBOC's assessment areas or broader regional area.

The bank's overall investment and grant transactions respond reasonably well to the various needs of its assessment areas. They target affordable housing, small business financing, and community services. In terms of grants, UBOC provided 274 grants that support entities focused on various community development services such as education, counseling, and social service assistance to LMI individuals. Grant activities represent some 30% of all committed investment activity during the evaluation period. In addition, UBOC's grants are responsive to the needs of the community in that they are not very attractive to private investors since they do not yield financial returns that investments normally do.

UBOC took an active, leadership role in forming the California Economic Development Lending Initiative (CEDLI). This process took several years of hard work and dedication by bank management and CEDLI's other founding members. CEDLI, established just prior to the evaluation period, promotes economic development by financing small businesses, including those in LMI areas.

SERVICE TEST

- ▶ UBOC's delivery systems are accessible to essentially all portions of its assessment areas, including LMI census tracts.
- ▶ The bank's services and business hours do not vary in a way that inconveniences portions of the assessment areas, particularly LMI census tracts or individuals.
- ▶ UBOC's record of opening and closing branches is satisfactory and generally has not adversely affected the accessibility of its delivery systems.
- ▶ UBOC provides a strong level of community development services that are responsive to the needs of its assessment areas.

UBOC has 247 branches, including instores and independent Cash and Save offices, 98% of which are in California. Twenty-nine percent of UBOC's branches are located in LMI tracts. This distribution slightly exceeds the percentage of LMI census tracts in its combined assessment areas (27%) while matching the percentage of the population located in LMI census tracts (29%). The bank's branch network is generally convenient to LMI customers and geographies. UBOC's traditional branch hours are reasonable (typically 9:00 am to 4:00 or 5:00 pm Monday-Thursday, till 6:00 pm Friday and 9:00 am to 1:00 or 2:00 pm Saturday). Instore branches provide longer hours and seven day a week banking opportunities.

UBOC offers a wide range of loan and deposit products through its branches. It also offers alternate systems and services including a network of full service automated teller machines (ATMs), telephone banking, electronic benefit transfer services, bilingual services, and its innovative "Cash and Save" program. These systems and services enhance access to both loan and deposit services and are provided to all individuals, including both LMI individuals and to those individuals located in LMI census tracts. The bank's "Cash and Save" program (see full in details in the California section of the PE) is particularly noteworthy in targeting such customers and introducing many of them to banking for the first time.

UBOC's record of opening and closing branches is reasonable. Five full service branches, fourteen instore branches, and four "Cash and Save" offices were opened during the evaluation period. Of those, three were in LMI census tracts. UBOC also

consolidated nine branches and closed one in LMI areas during the evaluation period. These consolidations/closures generally did not adversely affect the accessibility of UBOC's delivery systems.

UBOC has provided a relatively high level of community development services. Bank personnel provided financial related services to more than 82 qualified community development organizations during the evaluation period. These organizations provided assessment area benefit via affordable housing, small businesses, economic development, or services targeted to LMI individuals.

Compliance with Antidiscrimination Laws and Regulations

In conjunction with this CRA examination, we also performed a fair lending examination of UBOC. We used the OCC's fair lending examination procedures and focused on a sample of Hispanic and White applicants for residential home purchases that were processed between January 1, 1997 and December 31, 1997. In total, 400 loan files were reviewed. Our objective was to determine if UBOC provided consistent treatment to these home purchase loan applicants without regard to race; color; religion; national origin; sex; marital status; age; receipt of public assistance income; or the applicant's exercise in good faith of any right under the Consumer Credit Protection Act. These factors (prohibited basis) form the basis for illegal discrimination.

Conclusions:

- ▶ UBOC satisfactorily complies with fair lending laws.
- ▶ We found no evidence of disparate treatment being applied on a prohibited basis; no violations of fair lending laws were cited.
- ▶ UBOC has a satisfactory process in place, including training, to help ensure ongoing compliance with fair lending laws.

Description of Assessment Area

As previously mentioned, UBOC identified 31 assessment areas. These include the states of California, Oregon, and Washington. In addition, the bank has a limited presence in Guam and the U.S. Commonwealth of the Northern Mariana Islands (Saipan). UBOC defined the Merced MSA as part of its assessment area in late 1997. Due to the limited time this assessment area has been identified, activities in

that MSA were not considered in this evaluation.

Other demographic information about UBOC's assessment areas is located in the various sections of this Performance Evaluation.

CALIFORNIA STATE RATING

CRA Rating for California: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: High Satisfactory

Conclusion Highlights

- ▶ UBOC displays a good geographic distribution of loans by income level of census tract and to borrowers of all income levels.
- ▶ The bank has an adequate dollar volume of investment and grant activity that is generally responsive to its community's needs.
- ▶ The bank provides banking services which are reasonably accessible to essentially all portions of the bank's assessment area and a good level of community development services.

Description of Institution's Operations in California

UBOC is the third largest commercial bank in the state. It offers a variety of services including consumer banking, corporate and middle market banking, commercial real estate, and investment services to customers that span most of the geography and economy of California.

Major competitors include Bank of America and Wells Fargo Bank, the first and second largest commercial banks in California. Major competition in mortgage banking comes from Countrywide and Norwest mortgage companies and savings banks such as Great Western and Home Savings.

California, one of the largest states in the U.S., has a population of more than 29 million. It is also one of the most ethnically diverse states. The business sectors include manufacturing of both durable and nondurable goods, services, retail and government. The state's economic recovery has been slower in Southern California but all sectors are showing slow but steady growth. The Central Valley is also showing steady economic improvement. The Bay area is the region of greatest growth fueled primarily by high technology and its related products and services.

California presents opportunities for growth for consumers and businesses. State strengths include access to the Pacific Rim's economies and its position as the capital of the U.S. entertainment industry. The personal computer industry and related networking and software industries are expanding statewide. State

weaknesses include the high costs of doing business in the state and a lack of affordable housing. Local governments also have constraints on their taxing authority.

While home prices continued to decline in 1996, they have stabilized and are once again rising. Mortgage competition continues to be intense. Since 1990, competition for CRA-related loans has grown with savings banks and mortgage companies making aggressive entrances into the market. Countrywide Mortgage has become a major competitor in this market as have several savings banks that previously focused on upper-income lending.

Small business credit needs continue to climb throughout the state, both in large and small communities. There continues to be a need for very small loans and borrowers want a simplified application and approval process. The trend is toward demand notes without the need for borrowers to sign new documents each year.

UBOC offers a wide spectrum of loan products and services to most of the state. Various divisions and affiliates including UVC, offer products that are helping meet the credit needs of Californians. These include the Urban Enterprise Banking Program, the Equal Opportunity Mortgage and SBA loan program. Lending products are generally delivered through branches, Community Banking Offices, and via several loan by phone programs.

UBOC provides deposit and related services through a network of branches, instore branches, ATMs, telephone banking services, direct mail, and computer banking services. They offer these products and services in a variety of languages and often tailor them to meet the needs of special communities, such as the disabled. Many products and services are available around the clock, seven days a week. They have trained and provided incentives to sales staffs to promote customer service that is convenient and appropriate. Helping to bridge the gap with the unbanked, UBOC provides check cashing and basic banking services through its Cash & Save offices. Cash & Save is a hybrid delivery of check cashing and basic banking services that introduces "cash consumers" to basic banking services. Due to the nature of the product, it is directed toward LMI individuals.

UBOC has divided California (see table below for detailed demographic information on the bank's aggregate California assessment area) into twenty-five assessment areas. These areas include twenty of the state's twenty-five MSAs, several of which have populations of one million or more. The bank also includes several rural areas in its assessment area including the following counties: Imperial, Inyo, Kings, Mono and San Benito. UBOC captures most of California within its definition of its service area.

UBOC has 242 branches throughout its California assessment area, representing 98% of all its branches. See accompanying table at the end of this section detailing

service distribution. These include full service traditional branches, instore branches, and independent Cash and Save offices that also offer full service branching opportunities. As of June 30, 1997, these areas held almost \$20.3 billion in deposits, representing 98% of its total assessment area deposits.

Branch and/or deposit distribution is centered within several MSAs. For branches, 70% of UBOC's California branches are located in the (in order of size) San Diego, Los Angeles, Orange County, Riverside-San Bernardino, and Fresno MSAs. Just three MSAs contain 74% of the bank's total deposits in California. These are Los Angeles, San Francisco, and San Diego. However, due to branch allocation methods, a portion of these deposits originate from other areas. In addition, lending activity is very concentrated. Eight MSAs account for 81% of all lending.

We made several community contact calls and used data collected on previous contacts to gain insight to the needs of the assessment areas. We also used the information to learn how UBOC is perceived in meeting those needs. In general, community groups and the bank have identified affordable housing and small business lending as the most pressing needs in California.

Major areas where the OCC performed detailed exam analyses were the San Francisco, Los Angeles-Long Beach, Orange County, Sacramento, Riverside-San Bernardino, Oakland, and San Diego MSAs. These areas were selected for in-depth analysis due to the significance of the bank's presence based on a combination of lending, branch, and deposit activity.

We evaluated UBOC's performance in the MSAs of Bakersfield, Fresno, Modesto, Redding, Salinas, San Luis Obsipo, Stockton-Lodi, Vallejo-Fairfield, Visalia-Tulare-Porterville, Yolo, and Yuba City and the assessment areas of Imperial, Inyo, Kings, Mono, and San Benito Counties, for consistency with the bank's overall performance in California. The five counties were analyzed on an aggregate basis and are referred to as the nonmetropolitan statewide area. However, demographic information as well as performance data is presented separately in tables and in the written commentary in the nonmetropolitan statewide area section of this Performance Evaluation.

**Demographic Information
State of California Aggregate Assessment Area**

Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	327	6%	1,594,963	6%	77,929	8%	89,969	2%	1,386,105	21%
Moderate	1,180	22%	6,641,850	24%	230,114	22%	782,047	15%	1,169,036	18%
Middle	2,122	40%	11,648,642	43%	418,493	41%	2,378,456	45%	1,441,355	22%
Upper	1,488	28%	7,457,703	27%	292,718	28%	1,989,037	38%	2,623,678	39%
NA	221	4%	83,771	< 1%	7,079	1%	59	< 1%	NA	NA
Totals	5,338	100%	27,426,929	100%	1,026,333	100%	5,239,568	100%	6,620,174	100%
Median Family Income			= \$41,391			Median Housing Value			= \$210,075	
HUD Adjusted MFI for 1997			= \$51,328			Unemployment Rate (December 31, 1997)			= 6.6%*	

Source: 1990 U.S. Census and 1997 HUD updated MFI. Lower table values for median family and adjusted median family incomes and median housing value are based on State of California total and not assessment area totals. Such numbers are not available for the bank's specific assessment area.

(*) Unemployment rate is for the entire State of California.

Aggregate Assessment Areas - SERVICE TEST													
State: CALIFORNIA Assessment Areas:	#				% # of Branches				# ATMs	% # of ATMs			
	Branch Offices	Instore Offices	Total Offices	Offices % ST	Low CT	Mod CT	Middle CT	Upper CT		Low CT	Moderate CT	Middle CT	Upper CT
Los Angeles MSA	35*	4	39	16%	5%	8%	36%	51%	60	5%	5%	38%	52%
Oakland MSA	9	1	10	4%	10%	40%	30%	20%	13	23%	38%	23%	15%
Orange MSA	23**	9	32	13%	3%	16%	44%	34%	46*	2%	20%	43%	33%
Riverside MSA	15	7	22	9%	0%	23%	41%	36%	40	0%	27%	35%	38%
Sacramento MSA	6	1	7	3%	0%	14%	86%	0%	8	0%	12%	88%	0%
San Diego MSA	49	8	57	24%	2%	35%	44%	19%	98	4%	37%	44%	15%
San Francisco MSA	10	0	10	4%	20%	20%	30%	30%	15	20%	20%	27%	27%
San Jose MSA	11	0	11	5%	0%	36%	64%	0%	12	0%	25%	75%	0%
Bakersfield MSA	6	2	8	3%	0%	25%	0%	75%	10	0%	20%	0%	80%
Fresno MSA	11	5	16	7%	0%	36%	36%	27%	20	0%	20%	45%	35%
Modesto MSA	1	2	3	1%	0%	67%	33%	0%	3	0%	67%	33%	0%
Redding MSA	1	0	1	0%	0%	100%	0%	0%	1	0%	100%	0%	0%
Salinas MSA	1	0	1	0%	0%	0%	100%	0%	1	0%	0%	100%	0%
San Luis Obispo MSA	2	0	2	1%	0%	0%	100%	0%	3	0%	0%	100%	0%
Santa Barbara MSA	3	0	3	1%	0%	33%	67%	0%	5	0%	40%	60%	0%
Stockton MSA	2	2	4	2%	25%	0%	50%	25%	4	25%	0%	50%	25%
Vallejo MSA	1	0	1	0%	0%	0%	0%	100%	2	0%	0%	0%	100%
Visalia MSA	3	2*	5	2%	0%	0%	40%	60%	6	0%	0%	33%	67%
Yolo MSA	1	0	1	0%	0%	0%	100%	0%	1	0%	0%	100%	0%
Yuba MSA	1	0	1	0%	0%	0%	0%	100%	1	0%	0%	0%	100%
Imperial County	3	0	3	1%	0%	67%	0%	33%	5	0%	80%	0%	20%
Inyo County	1	0	1	0%	0%	100%	0%	0%	1	0%	100%	0%	0%
Kings County	1	1	2	1%	0%	50%	50%	0%	3	0%	67%	33%	0%
Mono County	1	0	1	0%	0%	0%	0%	100%	2	0%	0%	0%	100%
San Benito County	1	0	1	0%	0%	0%	100%	0%	1	0%	0%	100%	0%
Total State (ST)	198	44	242	100%	3%	24%	42%	30%	361	4%	25%	41%	30%
% Total Bank				98%									

(*) Includes independent Cash and Save Offices

(**) One branch located in a "NA" census tract.

Conclusions about Performance Tests in California

LENDING TEST

Lending Activity

UBOC's lending reflects adequate responsiveness to the credit needs in its California assessment areas. During the evaluation period, UBOC originated more than twenty-five thousand loans totaling approximately \$5 billion within its assessment areas. The majority of reportable loan originations (61% of the number and 57% of the dollars) were small loans to businesses, reflective of UBOC's historical focus on commercial business lending. As previously mentioned, more weight was given to the analysis of small business lending performance. This weighting also applies to each analysis performed at the assessment area level. Residential mortgage lending represents a declining line of business for UBOC. Relative to the volume of small business and residential mortgage lending, farm loans represent a small portion of both the number and dollar amount of loans originated. However, UBOC is one of the largest originators of farm loans in several of its assessment areas in California.

Based on 1996 Aggregate Small Business data, UBOC's 2.84% market share ranks it as the fifth largest originator of the number of small loans to businesses within its California assessment areas. Bank of America, Wells Fargo, and two credit card banks dominate UBOC's assessment areas with a combined market share of small loans to businesses of more than 73%. Based on the dollar volume of originations, UBOC's 6.76% market share ranks it third behind the two largest commercial banks. Based on 1996 Aggregate HMDA Data, UBOC is a relatively small originator and purchaser of residential mortgage loans in its California assessment areas with a market rank of 36 and a market share of only .64%. Based on 1996 Aggregate Small Farm data, UBOC is the fifth largest originator of small farm loans in its California assessment areas, with a market share of 9.2%.

Lending Activity: ALL LOANS					State: CALIFORNIA	
Loan Type	Total Originations				Overall Market Rank*	Overall Market Share*
	#	% of Total	\$ (000s)	% of Total		
Small Business Total	15,496	61%	\$2,653,290	57%	5	2.84%
Residential Mortgage Total	9,101	36%	\$1,719,967	37%	36	0.64%
Home Purchase	2,957	12%	\$581,396	12%	66	0.31%
Refinance	4,545	18%	\$799,226	17%	32	0.89%
Home Improvement	1,551	6%	\$50,283	1%	10	1.51%
Multifamily	48	< 1%	\$289,062	6%	32	0.36%
Small Farm Total	835	3%	\$148,526	3%	5	9.20%
Community Development Total	40	< 1%	\$186,547	4%	NA	NA
Total Lending in California	25,472	100%	\$4,708,330	100%	NA	NA

(*) Based on 1996 Aggregate HMDA, Small Business and Small Farm Data.

Small business and small farm loan originations increased significantly while residential mortgage loans declined from 1996 through 1997. The number of small business loan originations increased 35%, while the dollar volume doubled. Conversely, the number of residential mortgage loans originated and purchased declined 50% while the dollars declined 38%. This decline is centered in refinance and home improvement loan products, and is partly attributable to UBOC's strategic decision to stop purchasing loans from the wholesale market. Additionally in 1997, as previously mentioned, UBOC is no longer capturing and reporting home improvement loans under HMDA. Small farm loan originations reflect a trend similar to that of small loans to businesses, with the total number increasing 52% and total dollars increasing 72%.

Approximately 81% of the number and 86% of the dollars of loans originated within California were concentrated in the Los Angeles-Long Beach, Oakland, Orange County, Riverside-San Bernardino, Sacramento, San Francisco, San Diego and San Jose MSA assessment areas. In addition, 92% of UBOC's total deposits were derived from these assessment areas (as of June 30, 1997). As a result, performance in these eight assessment areas significantly influenced UBOC's overall performance under the lending test in California.

Geographic Distribution

UBOC's overall geographic distribution of loans reflects good dispersion throughout its California assessment areas, including LMI census tracts.

Small Business Loans

UBOC's geographic distribution of small business loans reflects good dispersion throughout its California assessment areas. The analysis focused on the distribution of small loans to all businesses, regardless of revenue size, as small loans to businesses with revenues less than a \$1 million represent only 59% of UBOC's total originations. UBOC's portion of small loans to businesses made in low-income census tracts exceeds the portion of businesses located in those tracts, while the portion of loans made in moderate-income census tracts is slightly below the portion of businesses located in those tracts. Performance was consistent in both 1996 and 1997. Based on 1996 Aggregate Small Business data, UBOC outperformed all major competitors in its assessment area markets in lending in low-income census tracts and equaled their performance in moderate-income census tracts. In addition, UBOC's market share of loans in LMI census tracts exceeded its overall market share.

Geographic Distribution: SMALL BUSINESS State: CALIFORNIA											
MSA/Assessment Area:	Low-Income Tracts			Moderate-Income Tracts			Market Share**			Total Loans	
	% of Businesses	% UBOC Loans	% Market Loans*	% of Businesses	% UBOC Loans	% Market Loans*	All	Low	Mod	#	% of Total
Los Angeles MSA	10%	11%	9%	20%	16%	17%	1.96	2.35	1.95	3,596	22%
Oakland MSA	12%	20%	10%	16%	13%	13%	3.01	6.34	2.78	1,126	7%
Orange County MSA	5%	5%	4%	30%	26%	28%	3.04	3.50	2.86	2,016	12%
Riverside MSA	2%	2%	2%	26%	22%	21%	2.44	3.85	2.08	905	6%
Sacramento MSA	6%	6%	5%	22%	17%	19%	2.84	2.44	3.04	725	4%
San Diego MSA	4%	4%	3%	24%	23%	21%	5.90	6.38	6.99	2,768	17%
San Francisco MSA	16%	23%	14%	19%	19%	20%	3.44	5.40	3.04	1,455	9%
San Jose MSA	7%	10%	7%	24%	25%	24%	2.31	3.66	2.13	707	4%
Bakersfield MSA	10%	12%	8%	26%	14%	22%	3.21	4.93	2.22	265	2%
Fresno MSA	6%	7%	4%	25%	23%	22%	4.35	7.36	4.99	571	3%
Modesto MSA	1%	1%	1%	23%	17%	19%	2.44	0	2.49	141	1%
Redding MSA	NA	NA	NA	18%	17%	13%	12.81	NA	13.69	349	2%
Salinas MSA	8%	18%	10%	20%	14%	16%	.55	.73	.23	50	< 1%
San Luis Obispo MSA	NA	NA	NA	11%	16%	9%	.48	NA	.51	38	< 1%
Santa Barbara MSA	1%	0%	0%	45%	18%	42%	.79	0	0	61	< 1%
Stockton-Lodi MSA	8%	4%	8%	24%	34%	25%	2.46	1.01	3.31	213	1%
Vallejo MSA	4%	3%	3%	17%	12%	14%	1.03	2.22	.73	72	< 1%
Visalia MSA	NA	NA	NA	19%	17%	15%	2.55	NA	2.90	147	1%
Yolo MSA	1%	0%	0%	40%	30%	38%	2.75	0	1.99	43	< 1%
Yuba City MSA	NA	NA	NA	26%	19%	21%	1.48	NA	1.75	31	< 1%
Imperial County	1%	0%	1%	58%	69%	57%	7.51	0	8.23	93	1%
Inyo County	NA	NA	NA	56%	70%	67%	13.68	NA	16.05	33	< 1%
Kings County	NA	NA	NA	39%	36%	30%	4.23	NA	5.56	53	< 1%
Mono County	NA	NA	NA	0%	0%	0%	16.28	NA	0	22	< 1%
San Benito County	NA	NA	NA	0%	0%	0%	5.56	NA	0	16	< 1%
Total California	8%	9%	7%	23%	20%	20%	2.84	3.70	2.89	15,496	100%

(*) The market consists of all other CRA reporters in UBOC's assessment area and is based on 1996 Aggregate Small Business Data only.

(**) Based on 1996 Aggregate Small Business Data only.

Residential Mortgage Loans

UBOC's geographic distribution of residential mortgage loans reflects excellent dispersion throughout its California assessment areas. Overall, the portion of residential mortgage loans made in LMI census tracts exceeds the portion of owner-occupied housing units that are within those tracts. From 1996 through 1997, UBOC's portion of loans originated in low-income census tracts declined slightly but remained above the portion of owner-occupied housing units that are within those tracts. Based on 1996 Aggregate HMDA data, UBOC generally outperformed the rest of the competitors in its assessment area markets in lending in both LMI census tracts. In addition, UBOC's overall market share of loans originated in low-income tracts generally equaled its overall market share, while its market share of loans originated in moderate-income census tracts exceeded its overall market share.

Geographic Distribution: RESIDENTIAL MORTGAGE State: CALIFORNIA											
MSA/Assessment Area:	Low-Income Tracts			Moderate-Income Tracts			Market Share**			Total Loans	
	% Owner Occ Units	% UBOC Loans	% Market Loans*	% Owner Occ Units	% UBOC Loans	% Market Loans*	All	Low	Mod	#	% of Total
Los Angeles MSA	2.3%	2.3%	3.6%	14.3%	9.4%	15.3%	.36	.28	.23	1229	13%
Oakland MSA	3.8%	2.6%	3.5%	13.2%	13.0%	11.4%	.51	.38	.66	625	7%
Orange County MSA	0.8%	0.4%	1.4%	17.2%	9.9%	13.4%	.52	.23	.40	809	9%
Riverside MSA	0.8%	0.7%	0.8%	17.2%	21.5%	13.3%	.30	.31	.50	576	6%
Sacramento MSA	2.4%	3.9%	2.2%	12.5%	16.7%	9.5%	.76	1.48	1.47	766	8%
San Diego MSA	1.9%	3.7%	2.1%	13.4%	14.0%	10.9%	1.47	2.45	1.91	1,984	22%
San Francisco MSA	1.2%	1.9%	1.7%	12.0%	8.2%	11.9%	.75	.93	.54	620	7%
San Jose MSA	1.4%	0.8%	1.1%	13.8%	12.7%	11.6%	.74	.38	.70	653	7%
Bakersfield MSA	1.3%	0.6%	1.2%	23.6%	41.6%	19.1%	1.03	.42	2.22	329	4%
Fresno MSA	1.7%	1.0%	2.0%	17.3%	24.4%	15.7%	.99	.68	1.35	315	3%
Modesto MSA	0.3%	0.0%	0.2%	14.3%	18.0%	13.5%	.27	0	.50	50	< 1%
Redding MSA	0.0%	NA	NA	9.3%	15.6%	8.9%	1.57	NA	2.86	90	< 1%
Salinas MSA	0.2%	0.0%	0.2%	12.3%	35.3%	14.0%	.83	0	1.88	119	1%
San Luis Obispo MSA	NA	NA	NA	7.1%	2.7%	7.2%	.68	NA	.18	73	< 1%
Santa Barbara MSA	0.0%	0.0%	0.1%	16.3%	29.6%	15.5%	.73	0	1.62	108	1%
Stockton-Lodi MSA	1.1%	2.1%	1.2%	20.5%	21.9%	19.3%	.40	.55	.31	96	1%
Vallejo MSA	0.5%	0.0%	0.2%	9.5%	12.0%	8.6%	.18	0	.18	50	< 1%
Visalia MSA	NA	NA	NA	20.0%	22.1%	20.5%	1.91	NA	2.11	272	3%
Yolo MSA	0.1%	0.0%	0.2%	23.6%	32.2%	16.4%	.76	0	1.15	59	< 1%
Yuba City MSA	NA	NA	NA	20.4%	11.1%	16.8%	.14	NA	0	9	< 1%
Imperial County	4.3%	0.0%	0.3%	54.0%	44.6%	39.1%	4.38	0	5.23	101	1%
Inyo County	NA	NA	NA	26.6%	49.1%	20.7%	19.31	NA	35.0	57	< 1%
Kings County	NA	NA	NA	26.6%	21.6%	13.6%	2.03	NA	1.67	74	< 1%
Mono County	NA	NA	NA	0.0%	0.0%	0.0%	1.91	NA	0	23	< 1%
San Benito County	NA	NA	NA	0.0%	0.0%	0.0%	.69	NA	0	14	< 1%
Total California	1.7%	2.0%	2.1%	14.9%	15.9%	13.3%	.64	.63	.77	9,101	100%

(*) The market consists of all other HMDA reporters in UBOC's assessment area and is based on 1996 Aggregate HMDA Data only.

(**) Based on 1996 Aggregate HMDA Data only.

Small Farm Loans

UBOC's geographic distribution of small farm loans reflects good dispersion throughout the assessment areas in California in which UBOC originates a significant number of such loans. UBOC's small farm originations are concentrated within the Bakersfield, Fresno, Modesto, Stockton-Lodi, and Yuba City MSAs. The analysis focused on the distribution of small loans to all farms, regardless of revenue size, as small loans to farms with revenues less than a \$1 million represent only 69% of UBOC's total originations. While UBOC did not originate any small farm loans in low-income census tracts, demographic data indicate there are only 41 farms located in low-income census tracts within these five assessment areas. The portion of loans made in moderate-income census tracts is generally equal to the portion of farms located in those tracts. Performance from 1996 through 1997 was relatively unchanged. Based on 1996 Aggregate Small Farm data, UBOC equaled the performance of the competitors in its assessment area markets in moderate-income census tracts. In addition, UBOC's market share of loans in moderate-income census tracts generally equaled its overall market share.

Geographic Distribution: SMALL FARM State: CALIFORNIA											
MSA/Assessment Area:	Low-Income Tracts			Moderate-Income Tracts			Market Share**			Total Loans	
	% of Farms	% UBOC Loans	% Market Loans*	% of Farms	% UBOC Loans	% Market Loans*	All	Low	Mod	#	% of Total
Bakersfield MSA	2%	0%	5%	35%	22%	40%	5.26	0	2.70	50	6%
Fresno MSA	< 1%	0%	0%	22%	32%	22%	7.10	0	9.16	115	14%
Modesto MSA	< 1%	0%	0%	9%	15%	6%	27.18	0	47.62	301	36%
Stockton-Lodi MSA	1%	0%	0%	13%	13%	14%	10.56	0	9.89	149	18%
Yuba City MSA	NA	NA	NA	21%	10%	11%	15.54	NA	20.83	67	8%
Los Angeles MSA	2%	0%	3%	13%	57%	10%	1.72	0	0	7	< 1%
Oakland MSA	6%	0%	4%	13%	0%	4%	5.88	0	0	5	< 1%
Orange County MSA	3%	0%	0%	24%	0%	18%	0	NA	0	4	< 1%
Redding MSA	NA	NA	NA	8%	0%	4%	18.52	0	0	12	1%
Riverside MSA	3%	0%	5%	22%	20%	7%	1.36	0	0	5	< 1%
Sacramento MSA	2%	0%	3%	11%	12%	13%	1.40	0	0	8	1%
Salinas MSA	12%	0%	18%	19%	0%	22%	2.70	0	0	6	< 1%
San Diego MSA	1%	0%	2%	15%	0%	2%	0	0	0	2	< 1%
San Francisco MSA	3%	0%	10%	19%	0%	45%	0	0	0	2	< 1%
San Jose MSA	3%	0%	0%	21%	0%	18%	5.88	0	0	1	< 1%
San Luis Obispo MSA	NA	NA	NA	7%	0%	0%	0	NA	0	1	< 1%
Santa Barbara MSA	0%	0%	0%	27%	0%	42%	0	0	0	0	0%
Vallejo MSA	< 1%	0%	0%	5%	0%	0%	4.76	0	0	5	< 1%
Visalia MSA	NA	NA	NA	22%	14%	23%	.61	NA	1.30	22	3%
Yolo MSA	0%	0%	0%	22%	12%	16%	20.00	0	0	34	4%
Imperial County	3%	0%	2%	38%	100%	26%	5.0	0	16.7	3	< 1%
Inyo County	NA	NA	NA	21%	0%	0%	0	NA	0	1	< 1%
Kings County	NA	NA	NA	21%	65%	11%	.85	NA	0	31	4%
Mono County	NA	NA	NA	0%	0%	0%	0	NA	0	0	< 1%
San Benito County	NA	NA	NA	0%	0%	0%	0	NA	0	4	< 1%
Total California	2%	0%	2%	18%	18%	18%	9.20	0	8.28	835	100%

(*) The market consists of all other CRA reporters in UBOC's assessment area and is based on 1996 Aggregate Small Farm Data only.

(**) Based on 1996 Aggregate Small Farm Data only.

Borrower Distribution

UBOC's overall borrower distribution of loans reflects good responsiveness to the credit needs of borrowers throughout its assessment areas.

Small Business Loans

UBOC's distribution of small loans to businesses reflects good responsiveness to the credit needs of small businesses throughout UBOC's California assessment areas. Approximately 59% of the small loans to business UBOC originated were to businesses with revenues of less than \$1 million. UBOC's portion of loans originated to such businesses is significantly lower than the portion of businesses with revenues of less than \$1 million in its assessment areas. However, based on 1996 Aggregate Small Business data, UBOC's performance was approximated that of the aggregate market. However, its portion of loans made in amounts of \$100 thousand or less was somewhat lower than the portion of loans the aggregate market made in such amounts.

The 1996 Aggregate Small Business data also indicate that UBOC's average loan size is approximately \$135 thousand versus the market of \$57 thousand. This comparison is skewed by the presence of several large credit card companies that are significant players in UBOC's markets. The average loan size originated by these companies is significantly smaller than that of commercial banks in the market. However, the \$108 thousand average loan size of the five other commercial banks that rank in the top ten in small business lending in UBOC's assessment areas is still less than UBOC's average loan size.

Borrower Distribution: SMALL BUSINESS						State: CALIFORNIA				
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans w/Original Amount of \$100,000 or less		Market Share****			Total Loans	
	% of Businesses *	% UBOC Loans**	% Market Loans***	% of UBOC Loans	% Market Loans***	All	Rev \$1 million or less	Loan Amt \$100,000 or less	#	% of Total
Los Angeles MSA	90%	54%	53%	58%	89%	1.96	2.29	1.47	3,596	22%
Oakland MSA	88%	48%	58%	56%	88%	3.01	2.83	2.19	1,126	7%
Orange County MSA	88%	62%	51%	68%	90%	3.04	4.34	2.58	2,016	12%
Riverside MSA	89%	56%	51%	62%	93%	2.44	3.11	1.88	905	6%
Sacramento MSA	91%	61%	59%	62%	90%	2.84	3.22	2.28	725	4%
San Diego MSA	88%	69%	56%	69%	93%	5.90	8.02	4.88	2,768	17%
San Francisco MSA	88%	47%	59%	47%	89%	3.44	2.98	1.92	1,455	9%
San Jose MSA	84%	61%	52%	61%	88%	2.31	3.28	1.91	707	4%
Bakersfield MSA	90%	68%	55%	72%	89%	3.21	4.98	2.81	265	2%
Fresno MSA	90%	66%	55%	70%	87%	4.35	5.24	3.54	571	3%
Modesto MSA	88%	64%	54%	67%	87%	2.44	2.87	1.87	141	1%
Redding MSA	91%	53%	65%	56%	89%	12.81	10.27	8.33	349	2%
Salinas MSA	92%	91%	61%	84%	87%	.55	.87	.60	50	< 1%
San Luis Obispo MSA	93%	76%	53%	76%	93%	.48	.73	.41	38	< 1%
Santa Barbara MSA	90%	79%	57%	82%	91%	.79	1.30	.80	61	< 1%
Stockton-Lodi MSA	88%	61%	60%	60%	87%	2.46	2.65	1.94	213	1%
Vallejo MSA	91%	62%	46%	62%	92%	1.03	1.37	.77	72	< 1%
Visalia MSA	90%	78%	58%	76%	85%	2.55	3.52	2.31	147	1%
Yolo MSA	87%	62%	57%	63%	88%	2.75	2.31	1.71	43	< 1%
Yuba City MSA	91%	54%	44%	45%	92%	1.48	1.20	.54	31	< 1%
Imperial County	88%	59%	42%	68%	94%	7.51	10.22	5.85	93	1%
Inyo County	92%	78%	57%	79%	93%	13.68	17.14	11.32	33	< 1%
Kings County	92%	71%	49%	85%	88%	4.23	5.96	3.63	53	< 1%
Mono County	93%	77%	68%	73%	96%	16.28	18.33	12.66	22	< 1%
San Benito County	92%	100%	62%	94%	88%	5.56	8.65	6.25	16	< 1%
Total California	89%	59%	54%	62%	90%	2.84	3.43	2.19	15,496	100%

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 6% of loans originated by UBOC.

(***) The market consists of all other Small Business reporters in UBOC's assessment area and is based on 1996 Aggregate Small Business Data only.

(****) Based on 1996 Aggregate Small Business Data only.

Residential Mortgage Loans

UBOC's distribution of residential mortgage loans reflects excellent dispersion among borrowers of different income levels throughout UBOC's California assessment areas. UBOC's portion of loans made to low-income families is significantly below the portion of families within UBOC's assessment areas that are defined as low-income and reflects the shortage of affordable housing in the high cost real estate markets in which UBOC operates. However, based on 1996 Aggregate HMDA data, UBOC significantly outperformed the major competitors in its assessment areas in lending to low-income families. Conversely, UBOC's portion of loans made to moderate-income families significantly exceeds the portion of families that are defined as moderate-income. UBOC also significantly outperformed all major competitors in its assessment area markets in lending to moderate-income families. In addition, UBOC's market share of loans made to LMI families generally exceeded its overall market share.

Borrower Distribution: RESIDENTIAL MORTGAGE State: CALIFORNIA											
MSA/Assessment Area:	Low-Income Families			Moderate-Income Families			Market Share***			Total Loans	
	% of Families	% UBOC Loans*	% Market Loans**	% of Families	% UBOC Loans*	% Market Loans**	All	Low	Mod	#	% of Total
Los Angeles MSA	22.8%	5.0%	3.8%	16.9%	8.9%	13.1%	.36	.43	.17	1229	13%
Oakland MSA	20.3%	6.8%	5.3%	17.4%	24.6%	15.8%	.51	.46	.50	625	7%
Orange County MSA	18.7%	7.7%	5.3%	19.0%	17.0%	18.7%	.52	.78	.44	809	9%
Riverside MSA	20.8%	11.2%	5.9%	17.2%	22.3%	18.6%	.3	.57	.42	576	6%
Sacramento MSA	20.2%	23.5%	5.9%	18.0%	42.6%	17.6%	.76	3.32	2.17	766	8%
San Diego MSA	19.9%	11.3%	3.5%	18.7%	23.4%	13.1%	1.47	5.04	2.80	1,984	22%
San Francisco MSA	19.8%	3.2%	3.7%	18.2%	9.2%	12.0%	.75	.61	.55	620	7%
San Jose MSA	18.7%	5.5%	4.2%	18.7%	25.6%	15.8%	.74	.85	.90	653	7%
Bakersfield MSA	22.4%	9.7%	5.6%	17.2%	32.3%	18.9%	1.03	2.22	2.09	329	4%
Fresno MSA	23.0%	10.1%	4.7%	16.9%	20.6%	14.5%	.99	2.16	1.45	315	3%
Modesto MSA	21.0%	7.7%	4.0%	17.2%	26.9%	18.2%	.27	0	.16	50	< 1%
Redding MSA	21.7%	0.0%	4.1%	17.7%	14.3%	12.7%	1.57	0	.21	90	< 1%
Salinas MSA	18.7%	1.7%	2.7%	18.3%	38.1%	9.9%	.83	0	3.33	119	1%
San Luis Obispo MSA	17.7%	6.0%	2.9%	18.9%	11.9%	12.0%	.68	1.64	1.05	73	< 1%
Santa Barbara MSA	19.5%	16.5%	4.8%	18.1%	28.2%	14.4%	.73	3.21	1.74	108	1%
Stockton-Lodi MSA	21.8%	9.0%	4.5%	17.3%	12.8%	15.0%	.40	1.09	.33	96	1%
Vallejo MSA	17.9%	2.5%	4.2%	17.9%	25.0%	15.7%	.18	.19	.31	50	< 1%
Visalia MSA	21.6%	7.9%	3.2%	18.1%	15.9%	14.4%	1.91	5.22	2.29	272	3%
Yolo MSA	21.2%	26.3%	4.6%	18.1%	17.5%	16.5%	.76	4.68	1.19	59	< 1%
Yuba City MSA	20.3%	0.0%	3.3%	18.6%	14.3%	12.3%	.14	0	0	9	< 1%
Imperial County	29.3%	9.3%	2.1%	18.4%	18.6%	12.5%	4.38	18.75	7.32	101	1%
Inyo County	18.2%	0.0%	1.3%	19.5%	12.5%	5.8%	19.31	0	35.71	57	< 1%
Kings County	23.3%	6.9%	3.1%	19.3%	13.7%	14.0%	2.03	5.56	.85	74	< 1%
Mono County	12.8%	4.4%	0.0%	16.6%	0.0%	1.5%	1.91	0	0	23	< 1%
San Benito County	10.8%	7.7%	0.4%	14.4%	0.0%	3.9%	.69	20.00	0	14	< 1%
Total California	20.9%	9.8%	4.5%	17.7%	22.0%	15.2%	.64	1.33	.87	9,101	100%

(*) As a percentage of loans with borrower income information available. No information was available for 20% of loans originated by UBOC in California.

(**) The market consists of all other HMDA reporters in UBOC's assessment area and is based on 1996 Aggregate HMDA Data only.

(***) Based on 1996 Aggregate HMDA Data only.

Small Farm Loans

UBOC's distribution of small loans to farms reflects good responsiveness to the credit needs of small farms throughout UBOC's assessment areas where UBOC originates a significant number of such loans. Approximately 60% of the small loans to farms UBOC originated were to farms with revenues of less than \$1 million. UBOC's portion of loans originated to such farms is significantly lower than the portion of farms with revenues of less than \$1 million in its assessment areas. However, based on 1996 Aggregate Small Farm data, UBOC's performance was comparable to the aggregate market in its assessment areas while its portion of loans made in amounts of \$100 thousand or less was somewhat lower than the portion of loans the aggregate market made in such amounts.

Borrower Distribution: SMALL FARM State: CALIFORNIA										
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans w/Original Amount of \$100,000 or less		Market Share****			Total Loans	
	% of Farms*	% UBOC Loans**	% Market Loans***	% of UBOC Loans	% Market Loans***	All	Rev \$1 million or less	Loan Amt \$100,000 or less	#	% of Total
Bakersfield MSA	81%	48%	38%	22%	53%	5.26	6.16	3.55	50	6%
Fresno MSA	84%	60%	68%	37%	46%	7.10	5.79	6.67	115	14%
Modesto MSA	87%	82%	67%	50%	51%	27.18	31.34	29.07	301	36%
Stockton-Lodi MSA	85%	66%	73%	44%	62%	10.56	9.96	8.16	149	18%
Yuba City MSA	84%	89%	50%	19%	46%	15.54	19.05	7.45	67	8%
Los Angeles MSA	95%	71%	54%	29%	51%	1.72	3.13	3.33	7	< 1%
Oakland MSA	94%	100%	73%	80%	54%	5.88	7.89	7.14	5	< 1%
Orange County MSA	92%	0%	68%	25%	76%	0	0	0	4	< 1%
Redding MSA	92%	67%	82%	50%	95%	18.52	18.18	12.5	12	1%
Riverside MSA	88%	60%	23%	0%	25%	1.36	5.71	0	5	< 1%
Sacramento MSA	95%	50%	69%	13%	76%	1.40	.68	0	8	1%
Salinas MSA	71%	17%	46%	17%	42%	2.70	2.94	3.23	6	< 1%
San Diego MSA	91%	100%	34%	50%	58%	0	0	0	2	< 1%
San Francisco MSA	94%	50%	70%	100%	55%	0	0	0	2	< 1%
San Jose MSA	92%	100%	69%	100%	44%	5.88	8.33	12.5	1	< 1%
San Luis Obispo MSA	94%	0%	47%	100%	53%	0	0	0	1	< 1%
Santa Barbara MSA	87%	0%	64%	0%	57%	0	0	0	0	0%
Vallejo MSA	90%	60%	70%	40%	35%	4.76	3.45	6.67	5	< 1%
Visalia MSA	81%	45%	52%	41%	47%	.61	.58	.65	22	3%
Yolo MSA	86%	65%	56%	50%	56%	20.0	20.0	18.37	34	4%
Imperial County	67%	33%	55%	0%	37%	5.0	0	0	3	< 1%
Inyo County	95%	100%	0%	100%	0%	0	0	0	1	< 1%
Kings County	82%	26%	47%	45%	48%	.85	0	0	31	4%
Mono County	100%	0%	0%	0%	0%	0	0	0	0	< 1%
San Benito County	89%	26%	33%	0%	33%	0	0	0	4	< 1%
Total California	89%	60%	48%	41%	53%	9.2	10.87	8.31	835	100%

(*) As a percentage of farms with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 1% of loans originated by UBOC.

(***) The market consists of all other Small Farm reporters in UBOC's assessment area and is based on 1996 Aggregate Small Farm Data only.

(****) Based on 1996 Aggregate Small Farm Data only.

Community Development Lending

UBOC's level of community development lending in its California assessment areas is good. During the evaluation period, UBOC originated forty community development loans totaling \$187 million. This includes \$49 million in lines of credit to entities that support statewide activities. Four of these entities facilitate financing for affordable housing related projects to LMI individuals. The other entity provides financing to small businesses, including those in LMI areas. Overall community development lending represents 7.7% of UBOC's adjusted capital and accounts for 98% of UBOC's bankwide total community development lending. See accompanying table for details.

UBOC's community development lending activities have directly benefitted nearly half of its California assessment areas with activity centered in the larger MSA's. In addition, as mentioned above, almost one third of the bank's community development activities support broader statewide community needs. Positive consideration is also given to the fact that a portion of UBOC's loan originations, reported and considered as residential mortgage or small business loans, have community development characteristics.

The majority of UBOC's community development loans support affordable housing initiatives, a primary credit need in many of its California assessment areas. UBOC's financing supported 1,246 affordable housing units for LMI families throughout its California assessment areas. In addition, UBOC promotes small business lending through its small business investment company. These credit vehicles helped facilitate UBOC's community development lending throughout California.

Several of the community development projects were either complex or innovative. Examples include UBOC's participation in the construction and permanent financing of a major redevelopment project in a distressed, moderate-income census tract. The project was complicated by the existence of contaminated soil conditions, yet completion of the project helped ensure revitalization to that neighborhood through construction of a shopping center, apartment complex, library, church and police station. This project created an estimated 600 jobs, many of which are permanent.

UBOC was the lead lender in a line of credit facility to a small business loan consortium which the bank was instrumental in establishing just prior to the evaluation period. UBOC was also involved in financing the first affordable housing project in an area within San Diego County. Here, 100% of the units were targeted to LMI individuals. In another community development project, UBOC funded construction of a 43-unit affordable housing complex in Alameda County, overcoming several major hurdles in the process.

AGGREGATE COMMUNITY DEVELOPMENT LENDING		State: CALIFORNIA		
MSA/Assessment Area:	Community Development Loans			
	#	\$ (000's)	% of Total \$'s	# of LMI Units*
Los Angeles MSA	3	\$6,573	4%	68
Oakland MSA	6	\$25,691	14%	142
Orange County MSA	2	\$8,100	4%	0
Riverside MSA	3	\$11,332	6%	0
Sacramento MSA	0	\$0	0%	0
San Diego MSA	10	\$27,184	15%	294
San Francisco MSA	3	\$23,738	13%	56
San Jose MSA	4	\$16,012	9%	175
Bakersfield MSA	1	\$6,900	4%	100
Fresno MSA	1	\$2,760	1%	51
Modesto MSA	0	\$0	0%	160
Redding MSA	0	\$0	0%	0
Salinas MSA	0	\$0	0%	0
San Luis Obispo MSA	0	\$0	0%	0
Santa Barbara MSA	1	\$7,371	4%	118
Stockton-Lodi MSA	1	\$1,886	1%	82
Vallejo MSA	0	\$0	0%	0
Visalia MSA	0	\$0	0%	0
Yolo MSA	0	\$0	0%	0
Yuba City MSA	0	\$0	0%	0
Imperial County	0	\$0	0%	0
Inyo County	0	\$0	0%	0
Kings County	0	\$0	0%	0
Mono County	0	\$0	0%	0
San Benito County	0	\$0	0%	0
Statewide	5	\$49,000	26%	*
Total California	40	\$186,547	100%	1,246
% of Total Bank	93%	98%		

* The number of LMI units by MSA/Assessment Area includes those created from community development lending on a statewide basis.

Product Innovation and Flexibility

UBOC's performance under the lending test in California is enhanced by the offering of bank-wide and flexible loan products that help meet the credit needs of small businesses and LMI home buyers within its assessment areas. The programs include UBOC's Urban Enterprise Banking (UEB), "Fast Step" business line of credit and SBA 7A Loan Guaranty programs for small businesses and UBOC's Economic Opportunity Mortgage (EOM) and Community Home Buyer Program (CHBP) for residential mortgage loans. In addition, UBOC has developed the following programs that are specific to its California assessment areas:

Mortgage Credit Certificate Program - This program provides first time California home buyers with federal tax credits. UBOC, in partnership with sixteen other organizations, provides low-income housing financing using silent second mortgages. Mostly targeted to LMI individuals and census tracts with terms, maximum loan amounts and conditions varying dependent on the guidelines set with each partner. Over the evaluation period, UBOC originated 58 loans totaling \$6.8 million.

California Economic Development and Lending Initiative (CEDLI) - A statewide for-profit lending consortium sponsored by California financial institutions and other firms. UBOC is a member bank and shareholder. CEDLI's purpose is to generate jobs by providing loans and lines of credit to emerging small businesses in urban and rural areas and for community economic development activities which fall outside normal bank lending practices. Participating financial institutions offer more flexible sources of financing to both traditional and nontraditional borrowers while sharing risks among consortium members. CEDLI offers three credit programs, one of which is for small business borrowers. Over the evaluation period for CEDLI's small business program, UBOC participated as a co-lender on 19 loans totaling \$7.9 million.

State of California Capital Access Program (CalCAP) - UBOC participates in this program which encourages financial institutions to make higher risk loans to small businesses whose operations affect the state's environment. Loans and lines of credit range from \$5 thousand to \$25 thousand and are partially funded by the California Pollution Control Financing Authority. Over the evaluation period, UBOC originated 126 loans totaling \$5.2 million.

Community Assistance Shared Appreciation Program (CASA) - Initiated in March 1997, CASA is an affordable mortgage product providing home ownership opportunities for families currently working and living in the city of Vallejo, California. UBOC partners with the City of Vallejo and NorthBay Ecumenical Homes. UBOC provides the first mortgage, and UBOC and the City of Vallejo team up to provide up to \$15 thousand toward a second mortgage (CASA). Borrowers pay no monthly payments on the second mortgage. The principal and interest on the second are repaid when the home is either sold or refinanced. To qualify, applicants must have

income of 80% or less of the area MFI and a minimum down payment of 5%. UBOC has committed \$200 thousand to this program and originated one loan in 1997 totaling \$6 thousand.

UBOC's performance under the lending test in each of the bank's assessment areas is enhanced by the offering of bank-wide and California specific flexible loan products that help meet the credit needs of LMI home buyers and small businesses. As these products apply statewide there are not discussed under each MSA/assessment area analysis.

INVESTMENT TEST

The bank's investment performance in California is adequate and consistent with the overall Investment Test rating. The table on the following page identifies UBOC's investment and grant activity in each California assessment area. UBOC has twelve investments totaling \$23 million and has a high level of grant activity. During the evaluation period, the bank also provided 264 grants totaling \$3 million to various entities supporting affordable housing, small business development, and community services including financial counseling, education and social services to LMI individuals or census tracts.

Investment transactions made during the evaluation period, exclusive of the aforementioned grants, total \$7 million. This includes an investment to the new Southern California Business Development Corporation (serves the unmet credit needs of small businesses located in South Central Los Angeles, a commitment to help fund a financial intermediary for affordable housing, and financing for two other organizations whose activities are community development related. None of the investments were complex, but three were innovative due to their newness and creativity. The bank also took a leadership role in developing CEDLI and its involvement was critical to the success of this financial intermediary, which took significant and time resources to establish. It is also recognized that CEDLI was created prior to the beginning of this evaluation period.

Many of UBOC's investments go to entities that play a continuous role in community development related initiatives and are provided at the statewide level. As previously mentioned, the holding company provided a large investment to its subsidiary, UVC. This SBIC provides loans and investments to businesses throughout the nation, including many in the bank's assessment areas that benefit and support statewide activities. UBOC's other investments include, but are not limited to, Merritt Community Capital, an entity formed in 1989 to provide equity capital for affordable housing projects developed by nonprofit corporations, and the California Equity Fund, a limited partnership that provides equity for operating partnerships that develop affordable housing projects in LMI communities throughout California.

Aggregate Assessment Areas - INVESTMENT TEST								
State : CALIFORNIA Assessment Areas:	*AH&ED		Contributions & Grants		Total Investments			
	#	\$ (000)	#	\$ (000)	#	% # State	\$ (000s)	% \$'s State
Los Angeles - MSA	2	\$1,400	91	\$1,014	93	34%	\$2,414	9%
Oakland - MSA	4	\$7,350	24	\$230	28	10%	\$7,580	29%
Orange - MSA	0	\$5	9	\$43	9	3%	\$48	0%
Riverside - MSA	0	\$0	3	\$26	3	1%	\$26	0%
Sacramento - MSA	0	\$0	15	\$424	15	5%	\$424	2%
San Diego - MSA	2	\$515	43	\$396	45	16%	\$911	3%
San Francisco - MSA	1	\$1,000	45	\$596	46	17%	\$1,596	6%
San Jose - MSA	0	\$0	12	\$107	12	4%	\$107	0%
Bakersfield - MSA	0	\$0	3	\$8	3	1%	\$8	0%
Fresno - MSA	0	\$0	6	\$67	6	2%	\$67	0%
Modesto - MSA	0	\$0	0	\$0	0	0%	\$0	0%
Redding - MSA	0	\$0	0	\$0	0	0%	\$0	0%
Salinas - MSA	0	\$0	0	\$0	0	0%	\$0	0%
San Luis Obispo - MSA	0	\$0	1	\$5	1	0%	\$5	0%
Santa Barbara - MSA	0	\$0	0	\$0	0	0%	\$0	0%
Stockton - MSA	0	\$0	1	\$4	1	0%	\$4	0%
Vallejo - MSA	0	\$0	3	\$20	3	1%	\$20	0%
Visalia - MSA	0	\$0	2	\$5	2	1%	\$5	0%
Yolo - MSA	0	\$0	0	\$0	0	0%	\$0	0%
Yuba - MSA	0	\$0	0	\$0	0	0%	\$0	0%
Imperial County	0	\$0	3	\$8	3	1%	\$8	0%
Inyo County	0	\$0	0	\$0	0	0%	\$0	0%
Kings County	0	\$0	2	\$3	2	1%	\$3	0%
Mono County	0	\$0	0	\$0	0	0%	\$0	0%
San Benito County	0	\$0	0	\$0	0	0%	\$0	0%
Statewide Investments	3	\$12,885	1	\$25	4	1%	\$12,910	49%
Total State	12	\$23,155	264	\$2,981	276		\$26,136	100%
% of Total Bank	86%	85%	96%	99%	95%		86%	

*AH&ED - Affordable Housing & Economic Development

SERVICE TEST

UBOC's delivery systems are accessible to essentially all portions of its assessment areas, including LMI census tracts. In addition, UBOC provides a relatively high level of community development services that are responsive to the needs of its assessment areas.

Retail Banking Services

The bank's performance in California has the greatest rating impact, as 98% of its branch network and deposits are located in California. Delivery systems are reasonably accessible to essentially all portions of the bank's 25 California assessment areas. Of 242 California branch locations, 27% are located in LMI tracts. This distribution closely matches the 28% LMI census tracts in UBOC's assessment areas and is only slightly less than the 30% of the total population that lives in LMI census tracts. The bank's branch network is generally convenient to LMI customers and geographies. In certain areas, such as the Los Angeles and Orange County MSA's, the distribution of branches is not as convenient to LMI geographies.

UBOC has established certain systems that enhance banking access to LMI geographies and individuals. These include a network of full service ATMs, telephone banking, electronic benefit transfer services, bilingual services, and UBOC's innovative "Cash and Save" program. UBOC initiated the "Cash and Save" program in 1993 and it now operates from thirteen sites in California. Three of these operate as independent full service branches. In general, Cash and Save offices provide check cashing, savings, low cost checking, money order, wire, and other services to individuals who don't typically use traditional banking services. "Cash and Save" services are targeted to LMI individuals and geographies, with seven of thirteen offices located in LMI census tracts. The program has been successful at establishing checking/savings accounts, for new UBOC customers, totaling more than \$800 million. UBOC reported that 32% of "Cash and Save" customers converted to traditional banking services 1997, up from 14% in 1996.

UBOC's traditional branch hours are reasonable and generally convenient to LMI individuals and census tracts. Extended Friday hours and partial Saturday hours are available at most locations. UBOC has 43 instore branch locations in California offering extended hours and seven days a week service. Six of these instore branches are located in LMI census tracts. UBOC offers a wide range of loan and deposit products through its branch network.

UBOC's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems. Five full service branches, fourteen instore branches, and four "Cash and Save" offices were opened over the evaluation period in California. Of those, two were in LMI tracts. UBOC consolidated nine branches and closed one in LMI census tracts in California during the evaluation period. There

were also 16 branch consolidations and one branch closure in middle and upper income census tracts. These consolidations/closures did not materially affect the accessibility of UBOC's delivery systems as evidenced by the lack of public complaints and the availability of other nearby branches.

Community Development Services

UBOC has provided a relatively high level of community development services. Bank personnel provided financial related services to over 82 qualified community development organizations in California during the evaluation period. These organizations provided assessment area benefit via affordable housing, small businesses, economic development, and/or services targeted to LMI individuals. UBOC involvement included contributing staff expertise and technical assistance/education in the provision of financial services at the local, regional and statewide level. Listed below are examples of the bank's community development services that cover multiple assessment areas in California:

- Serving on the Board of Directors of the California Reinvestment Corporation. This organization originates multi-family affordable housing to LMI individuals.
- Serving on the statewide Board of Directors for Neighborhood Housing Services. This organization provides affordable housing and educational counseling for LMI individuals.
- Serving on the Board of Directors of the Southern California Business Development Corporation. This organization provides financing to small businesses, primarily in LMI geographies.
- Serving on the Board of Directors of CARAT (California Resource and Training). This organization provides technical/financial counseling to small businesses, primarily in LMI geographies.
- Conducting numerous real estate loan seminars for LMI individuals throughout the state through Habitat for Humanity. This group provides affordable housing to LMI families.

Metropolitan Areas-Full Scope Reviews

The data used to draw conclusions for each Metropolitan area are presented in the tables included under the California State Rating section of this Performance Evaluation. Please refer to those tables, pages 25-40, and the applicable demographic table in conjunction with the review of each of the following analyses.

Los Angeles-Long Beach MSA #4480

Description of Institution's Operations in the Los Angeles-Long Beach, CA MSA

The Los Angeles-Long Beach MSA comprises the County of Los Angeles. The area includes the city of Los Angeles which is the largest city in the state. The estimated total population of the county represents almost one half of the state's population. The county's geography encompasses the coastline, the desert and urban areas to the east and south.

Los Angeles was a high growth area until the late 1980's when defense spending cuts and other federal decisions caused a reduction in aerospace and defense manufacturing resulting in major reductions in jobs. The loss of jobs led to property defaults and foreclosures and the subsequent loss in value of real estate across the county. Los Angeles then experienced several major natural and unnatural disasters during the early to mid 1990's. The Civil Disturbances of 1992 resulted in the loss of businesses serving the lower income areas of the city. The federal government then announced the closure of several military bases and facilities, once again affecting jobs and property values. However, by far the most destructive disaster was the 1994 Northridge earthquake in which more than 4,700 homes were damaged and billions in losses were incurred.

Despite the disasters of the early 1990's, Los Angeles is slowly on the rise. The area is a major industrial center, and despite a decline during the last three years, remains a base for the aerospace and defense industries. Los Angeles also has the most profitable port in the country followed closely by the adjacent port of Long Beach. The Los Angeles area remains the capital of the motion picture and television industries, and has added telecommunications equipment, software production, and women's apparel to the list of industries providing jobs for the MSA.

The bank has a major presence here with a total of 39 freestanding, instore and Cash & Save branches. In addition, UBOC has 60 ATMs. As of June 30, 1997, it had almost \$6 billion in deposits. This represents 42% of the bank's total California deposits and a deposit market share of 6.6%.

Affordable housing is a critical need in Los Angeles County. Rents increased 132% between 1980 and 1990. Many low-income families have been reduced to living in

garages often at exorbitant rates. The County Community Development Commission operates the Housing Authority. Almost three thousand units of public housing and other units are under its management. There is a waiting list of more than 19 thousand households for public housing.

Demographic Information Los Angeles-Long Beach MSA #4480										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	147	9%	799,131	9%	31,074	10%	33,680	2%	464,693	23%
Moderate	377	23%	2,365,856	27%	63,668	20%	205,379	14%	342,997	17%
Middle	544	33%	3,007,163	34%	108,136	33%	500,377	35%	401,184	20%
Upper	565	34%	2,674,333	30%	120,257	37%	701,468	49%	827,271	40%
NA	19	1%	16,681	< 1%	955	< 1%	0	0%	NA	NA
Totals	1,652	100%	8,863,164	100%	323,135	100%	1,440,904	100%	2,036,145	100%
Median Family Income			= \$39,035		Median Housing Value			= \$246,159		
HUD Adjusted MFI 1997			= \$47,800		Unemployment Rate (December 31, 1997)			= 6.4%		

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Los Angeles-Long Beach, CA MSA

As UBOC has a material portion of its California deposits (42%), branches (16%), and reportable loan originations (19%) in this assessment area, UBOC's performance in the assessment area influenced the overall rating for the State of California.

LENDING TEST

Lending Activity

UBOC's lending, see accompanying table, reflects adequate responsiveness to credit needs in the Los Angeles-Long Beach MSA assessment area, commensurate with its scope of operations in the area. During the evaluation period, UBOC originated 4,835 loans totaling approximately \$1.1 billion. The majority of reportable loan originations (74% of the number and 68% of the dollars) were small loans to businesses, reflective of UBOC's historical focus on commercial business lending. Thus, small business lending performance carries more weight in this assessment area in

determining UBOC's overall lending performance. Residential mortgage lending represents a secondary line of business for UBOC. The volume of UBOC's small farm loan originations in the area is insignificant.

Based on 1996 Aggregate Small Business data and the number of loans originated, UBOC's 1.96% market share ranks it the seventh largest originator of small loans to businesses within the area. Bank of America, Wells Fargo Bank, and two credit card banks dominate this assessment area with a combined market share of small loans to businesses of more than 73%. Based on the dollar volume of originations, UBOC's 4.82% market share ranks fourth in the MSA. Based on 1996 Aggregate HMDA data, UBOC is a relatively small originator and purchaser of residential mortgage loans in this assessment area with a market rank of 64 and a market share of .36%.

Lending Activity: ALL LOANS		Assessment Area: LOS ANGELES-LONG BEACH MSA				
Loan Type	Total Originations				Overall Market Rank*	Overall Market Share*
	#	% of Total	\$ (000s)	% of Total		
Small Business Total	3,596	74%	\$694,909	68%	7	1.96%
Residential Mortgage Total	1,229	25%	\$324,162	32%	64	0.36%
Home Purchase	324	7%	\$102,570	10%	108	0.14%
Refinance	675	14%	\$173,527	17%	45	0.57%
Home Improvement	219	5%	\$8,090	1%	17	0.93%
Multi-family	11	< 1%	\$39,975	4%	48	0.19%
Small Farm Total	7	< 1%	\$1,642	< 1%	NA	NA
Community Development Total	3	< 1%	\$6,573	< 1%	NA	NA
Total Lending	4,835	100%	\$1,027,286	100%	NA	NA

(*) Based on 1996 Aggregate HMDA, Small Business and Small Farm Data.

Small business loan originations have increased significantly while residential mortgage loans have declined from 1996 through 1997. The number of small business loan originations increased 42%, while the dollar volume more than doubled. Conversely, the number of residential mortgage loans originated and purchased declined 58%, while the dollars declined 52%. See statewide comments for further details on this decline.

Geographic Distribution of Loans

UBOC's overall geographic distribution of loans reflects adequate dispersion throughout the assessment area, including LMI census tracts

Small Business Loans

UBOC's geographic distribution of small business loans reflects good dispersion throughout the assessment area. The analysis focused on the distribution of loans to all businesses, regardless of revenue size, as loans to businesses with revenues less than a \$1 million represent only 54% of UBOC's total originations. UBOC's portion of small loans to businesses made in low-income census tracts exceeds the portion of businesses located in those tracts, while the portion of loans made in moderate-income census tracts is below the portion of businesses located in those tracts. Performance from 1996 through 1997 was generally unchanged. Based on 1996 Aggregate Small Business data, UBOC outperformed the market aggregate in its assessment area market in low-income census tracts, while trailing slightly in moderate-income census tracts. In addition, UBOC's market share of loans in low-income census tracts exceeded its overall market share, while its market share in moderate-income census tracts generally equaled its overall market share.

Residential Mortgage Loans

UBOC's geographic distribution of residential mortgage loans reflects adequate dispersion throughout the assessment area. The portion of residential mortgage loans made in low-income census tracts is generally equal to the portion of owner-occupied housing units within those tracts, while the portion of loans made in moderate-income census tracts is below the portion of owner-occupied housing units within those tracts. Performance from 1996 through 1997 declined in both categories. Based on 1996 Aggregate HMDA Data, the aggregate market in the assessment area outperformed UBOC in both LMI categories. UBOC's market share of loans originated in LMI census tracts was also below that of its overall market share.

Borrower Distribution

UBOC's overall borrower distribution of loans reflects adequate responsiveness to the credit needs of borrowers throughout its assessment area.

Small Business Loans

UBOC's distribution of small loans to businesses reflects adequate responsiveness to the credit needs of small businesses throughout the assessment area. Approximately 54% of the small loans to businesses UBOC originated were to businesses with revenues of less than \$1 million. The portion of UBOC's loans originated to such businesses is significantly lower than the portion of businesses with revenues of less than \$1 million in the assessment area. However, based on 1996 Aggregate Small Business data, UBOC's performance was comparable to that of other competitors in the market while its portion of loans made in amounts of \$100 thousand or less was significantly lower than the portion of loans the aggregate market made in such

amounts.

The 1996 Aggregate Small Business data also indicate that UBOC's average loan size is approximately \$146 thousand versus the market average of \$59 thousand. This comparison is skewed by the presence of several large credit card banks that are significant players in the market. The average loan size originated by these companies is significantly smaller than that of commercial banks in the market. However, the \$105 thousand average loan size of the other six commercial banks that rank in the top ten in small business lending in UBOC's assessment area is still less than UBOC's average loan size.

Residential Mortgage Loans

UBOC's distribution of residential mortgage loans reflects poor dispersion among borrowers of different income levels throughout the assessment area. The portion of loans made by UBOC to LMI families is significantly below the portion of families within the assessment area that are defined as such. Based on 1996 Aggregate HMDA data, UBOC outperformed the aggregate market in the MSA in lending to low-income families. However, UBOC's performance in lending to moderate-income families was significantly below the market's performance. Similarly, UBOC's market share of loans made to low-income families exceeded its overall market share, while its market share of loans to moderate-income families was below its overall market share.

Community Development Lending

UBOC's level of community development lending in the assessment area is good. During the evaluation period, UBOC originated three community development loans totaling \$6.6 million. The affordable housing loan provided 68 low-income units, helping to meet one of the more critical needs within this assessment area. The other loans helped foster economic development.

INVESTMENT TEST

UBOC's qualified investments and grants total \$2.4 million and adequately respond to the assessment areas' affordable housing and community development needs. This includes 91 grants totaling \$1 million. These grants helped promote economic development, affordable housing, and other community development related activities targeted to LMI individuals. The remaining \$1.4 million represents two investments, one of which is to a minority owned savings and loan that primarily services LMI geographies. This investment permits funding of residential loans in South Central Los Angeles. The other investment is to a small business development corporation which promotes economic development for small businesses located primarily in LMI areas.

SERVICE TEST

The level of community development services provided in this MSA is high. However, traditional delivery systems are not well-distributed. As an alternative to traditional delivery system, UBOC offers five "Cash and Save" offices in this MSA. Two of these offices operate as full service branches. This innovative alternative delivery system is specifically targeted to LMI individuals. Of the 39 branches located in this MSA, 13% are located in LMI census tracts. This is significantly less than the total 32% LMI census tracts in this assessment area.

Service hours are normal with most locations offering extended Friday and partial Saturday hours. Service hours are convenient in LMI census tracts and generally in line with those offered in middle- and upper-income census tracts. Differences were attributed to safety issues for branch personnel. Four instore branches offer extended hours and seven days a week service. However, none are located in LMI geographies.

One instore branch and one "Cash and Save" office was opened during the evaluation period, but neither were in LMI tracts. Three branches were closed and nine branches were consolidated since the last evaluation. Three of the consolidations were in LMI tracts. These actions did not adversely affect the accessibility of the bank's delivery system as effective alternative systems were provided by nearby branches.

UBOC provides a relatively high level of community development services in this assessment area. Nineteen qualified services were specifically targeted to this MSA and focused on providing financial expertise for affordable housing, small business, and community service groups. Listed below are examples of the bank's community development services in Los Angeles:

- Serving on the City of Los Angeles Loan Committee. This organization performs lending activities targeted to LMI geographies.
- Serving on the Board of Directors of the Community Financial Resource Center. This organization provides technical assistance to small and micro businesses, primarily in LMI geographies.
- Serving on the Board of Directors of Operation Hope. This organization revitalizes inner cities and under served communities through increased education and increased access to capital and credit.

Oakland MSA #5775

Description of Institution's Operations in the Oakland, CA MSA

The Oakland MSA consists of Alameda and Contra Costa counties. It is located across the bay from San Francisco and is known as the East Bay area. The area is diverse and contains both urban and suburban geographies.

The MSA is a combination of urban and suburban areas. Alameda County is primarily urban with Oakland as its largest city. Cities in the southern and eastern parts of the county such as Fremont and Pleasanton are more suburban in nature. Housing and industrial development continues spurred by demand and the availability of vacant land.

Oakland is still recovering from several major blows to its economy. The 1989 Loma Prieta earthquake provided a severe blow to the downtown area that was already experiencing a mass exodus of businesses to the surrounding suburban communities. Then during 1991, the Oakland Hills area experienced a major firestorm that destroyed more than 4500 homes and affected the insurability of properties throughout the area. Oakland is home of the largest port in the area, surpassing the activity of San Francisco's port. Oakland has also become a major government center with a concentration of federal, state, regional and local government offices located within its perimeters. The city has also experienced the beginnings of a rebirth of its downtown and Jack London Square retail area as the result of redevelopment activities. Oakland is also the home of the Kaiser Healthplan, one of the country's largest HMO's.

Contra Costa County is suburban in nature. The eastern cities including Orinda, Walnut Creek and Danville are more affluent. However, its western cities are home to some of the greatest economic challenges in the Bay Area and include the cities of Richmond and San Pablo. Contra Costa County is the home of many service related businesses. It also is home of several large refineries including UNOCAL and Chevron.

As with several other California MSA's, Oakland is one of the most expensive areas in the country. The current median price for a single family residence was \$269,850, primarily fueled by costs in Contra Costa County. Housing costs continue to rise, with the price representing a 3.8% increase more than 1995 costs.

The bank has a modest presence here with a total of ten freestanding and instore branches. In addition, UBOC has thirteen ATMs. As of June 30, 1997, it had almost \$600 million in deposits. This represents 2% of the bank's total deposits and a deposit market share of 1.8%.

Opportunities in single family housing, consumer loans and small business loans abound in the area. Affordable housing needs are a major issue in Alameda County

and is critical in Oakland. Only 42% of the population of the MSA can afford to own a home. In addition, a lack of viable affordable housing projects has produced fierce competition between financial institutions and nonprofit groups.

Demographic Information Oakland MSA #5775										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	53	11%	178,685	9%	9,751	12%	17,339	4%	107,079	20%
Moderate	97	20%	418,760	20%	13,130	16%	60,290	13%	91,363	17%
Middle	186	39%	898,312	43%	35,510	45%	213,683	47%	123,680	24%
Upper	119	25%	576,992	28%	21,216	27%	167,030	36%	204,471	39%
NA	27	6%	10,165	< 1%	355	< 1%	0	0%	NA	NA
Totals	482	100%	2,082,914	100%	79,962	100%	458,352	100%	526,593	100%
Median Family Income = \$47,516					Median Housing Value = \$219,632					
HUD Adjusted MFI for 1997 = \$60,100					Unemployment Rate (June 30, 1997) = 4.5%					

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Oakland, CA MSA

As a material portion of UBOC's reportable loan originations in California (7%) and qualified investments (27%) come from this assessment area, UBOC's performance in this MSA influenced the overall rating for the State of California.

LENDING TEST

Lending Activity

UBOC's lending, see accompanying table, reflects adequate responsiveness to credit needs in the Oakland MSA assessment area, commensurate with its scope of operations in the area. During the evaluation period, UBOC originated 1,762 loans totaling approximately \$427 million within the Oakland MSA assessment area. The majority of reportable loan originations (64% of the number and 57% of the dollars) were small loans to businesses, reflective of UBOC's historical focus on commercial business lending. Thus, small business lending performance carries more weight in this assessment area in determining UBOC's overall lending performance. Residential mortgage lending represents a secondary line of business for UBOC. The volume of

UBOC' small farm loan originations in the area is insignificant.

Based on 1996 Aggregate Small Business data, UBOC's 3.01% market share ranks it the fifth largest originator of small loans to businesses within the area. Bank of America, Wells Fargo and two credit card banks dominate UBOC's assessment areas, with a combined market share of small loans to businesses of over 75%. Based on the dollar volume of originations, UBOC's 8.29% market share ranks it third behind the two commercial bank competitors. Based on 1996 Aggregate HMDA Data, UBOC is a relatively small originator and purchaser of residential mortgage loans in this assessment area with a market rank of 53 and market share of .50%.

Lending Activity: ALL LOANS		Assessment Area: OAKLAND MSA				
Loan Type	Total Originations				Overall Market Rank*	Overall Market Share*
	#	% of Total	\$ (000s)	% of Total		
Small Business Total	1,126	64%	\$241,750	57%	5	3.01%
Residential Mortgage Total	625	35%	\$159,289	37%	53	0.50%
Home Purchase	227	13%	\$51,904	12%	62	0.30%
Refinance	301	17%	\$65,266	15%	43	0.61%
Home Improvement	94	5%	\$3,369	< 1%	14	1.17%
Multi-family	3	< 1%	\$38,750	9%	14	0.38%
Small Farm Total	5	< 1%	\$402	< 1%	NA	NA
Community Development Total	6	< 1%	\$25,691	6%	NA	NA
Total Lending	1,762	100%	\$427,132	100%	NA	NA

(*) Based on 1996 Aggregate HMDA, Small Business and Small Farm Data.

Small business loan originations have increased significantly while residential mortgage loans have declined from 1996 through 1997. The number of small business loan originations increased 19%, while the dollars increased 65%. Conversely, the number of residential mortgage loans originated and purchased declined 62%, while the dollars declined 66%. See statewide comments for further details on this decline.

Geographic Distribution

UBOC's overall geographic distribution of loans reflects excellent dispersion throughout the assessment area, including LMI areas.

Small Business Loans

UBOC's geographic distribution of small business loan originations reflects excellent dispersion throughout the assessment area. The analysis focused on the distribution of loans to all businesses, regardless of revenue size, as loans to businesses with revenues less than a \$1 million represent only 48% of UBOC's total originations. UBOC's portion of small loans to businesses made in low-income census tracts significantly exceeds the portion of businesses located in those tracts, while the portion of loans made in moderate-income census tracts is slightly below the portion of businesses located in those tracts. Performance from 1996 through 1997 was generally unchanged. Based on 1996 Aggregate Small Business data, UBOC significantly outperformed the market aggregate in this MSA in lending in low-income census tracts, while equaling their performance in lending in moderate-income census tracts. In addition, UBOC's market share of loans in low-income census tracts was double its overall market share, while its market share in moderate-income census tracts generally equaled its overall market share.

Residential Mortgage Loans

UBOC's geographic distribution of residential mortgage loans reflects reasonable dispersion throughout the assessment area. The portion of residential mortgage loans made in low-income census tracts is below the portion of owner-occupied housing units within those tracts, while the portion of loans made in moderate-income census tracts is generally equal to the portion of owner-occupied housing units within those tracts. Performance from 1996 through 1997 declined in both categories. Based on 1996 Aggregate HMDA Data, the aggregate market in the assessment area outperformed UBOC in low-income census tracts, while UBOC outperformed this group in moderate-income census tracts. UBOC's market share of loans originated in low-income census tracts was below its overall market share, while its share of loans in moderate-income census tracts exceeded its overall market share.

Borrower Distribution

UBOC's overall borrower distribution of loans reflects adequate responsiveness to the credit needs of borrowers throughout its assessment area.

Small Business Loans

UBOC's distribution of small loans to businesses reflects adequate responsiveness to the credit needs of small businesses throughout the MSA. Approximately 48% of the small loans to businesses originated by UBOC were to businesses with revenues of less than \$1 million. UBOC's portion of loans originated to such businesses is significantly lower than the portion of businesses with revenues of less than \$1 million in this assessment area. Based on 1996 Aggregate Small Business data, UBOC's performance was below that of the aggregate market in this MSA, and its portion of loans made in amounts of \$100 thousand or less was significantly lower than the portion of loans the aggregate market made in such amounts.

The 1996 Aggregate Small Business data also indicate that UBOC's average loan size is approximately \$178 thousand versus the market average of \$65 thousand. This comparison is skewed by the presence of several large credit card banks that are significant players in the market. The average loan size originated by these companies is significantly smaller than that of commercial banks in the market. However, the \$103 thousand average loan size of the other seven commercial banks that rank in the top ten in small business lending in UBOC's assessment area is still significantly less than UBOC's average loan size.

Residential Mortgage Loans

UBOC's distribution of residential mortgage loans reflects excellent dispersion among borrowers of different income levels throughout the assessment area. UBOC's portion of loans made to low-income families is significantly below the portion of families within the MSA that are defined as such, and reflects the shortage of affordable housing in the MSA. However, based on 1996 Aggregate HMDA data, UBOC outperformed the aggregate market in the area in lending to low-income families. Conversely, UBOC's portion of loans made to moderate-income families significantly exceeded the portion of families that are defined as such. UBOC also significantly outperformed the aggregate market in the MSA in lending to moderate-income families. In addition, UBOC's market share of loans made to LMI families was generally equal to its overall market share.

Community Development Lending

UBOC's community development lending in the assessment area is excellent, given its scope of operations in the area. During the evaluation period, UBOC originated six community development credits totaling \$25.7 million. This volume represents 15% of UBOC's total community development lending.

The community development aspects of the projects funded in the assessment area include affordable housing, stabilization, and economic development to LMI areas. One affordable housing project was innovative in its structure in that it had a liberal repayment plan that allowed better access to additional financing. In another affordable housing project, the bank's efforts were complicated by local neighborhood opposition. Overall, the affordable housing loans provided 142 LMI units, helping to meet one of the more critical needs within this assessment area.

INVESTMENT TEST

UBOC's investment performance in this assessment area is excellent with \$7.6 million in qualified investments and grants which provided affordable housing for LMI individuals and economic development in LMI geographies. One investment, to a

Community Development Financial Institution, is innovative and not routinely provided by private investors. This organization, the first one organized in California under the Federal Community Development Financial Institutions Act, promotes financing to small businesses including those located in LMI geographies. The bank also made 24 grants to organizations that promote economic development, community services, and affordable housing for LMI individuals and/or geographies. For example, one organization receiving grant funds focuses on providing low-income individuals with jobs in the small business sector.

SERVICE TEST

Delivery systems are well-distributed in this assessment area. Of the ten branches in the Oakland MSA, 40% are located in LMI census tracts. This distribution exceeds the 31% LMI census tracts in the MSA.

Service hours are normal with most locations offering extended Friday and at least partial Saturday hours. Service hours are convenient in LMI geographies and in line with those offered in middle- and upper-income geographies. One instore branch in a moderate-income tract offers extended hours and seven days a week service. No branches were opened or closed during the evaluation period.

UBOC provides an adequate level of community development services in the Oakland MSA. Seven qualified services were specifically targeted to this assessment area. Most services focused on sharing financial expertise to groups that provide services to the poor.

Orange County MSA #5945

Description of Institution's Operations in the Orange County, CA MSA

Orange County is the second most populated county in Southern California and the fifth most populated county in the country. It is located east of Los Angeles County, northeast of San Diego County and west of Riverside and San Bernardino Counties. The county is primarily suburban in nature with several large cities and limited rural areas in its eastern portion. The El Toro (Camp Pendleton) Marine Base makes up most of the southernmost part of the county.

Orange County achieved notoriety by filing for bankruptcy in December 1994. The bankruptcy has resulted in the loss and elimination of many services to low-income residents. Many county residents work in nearby Los Angeles County. Orange County is a center for retail and service industries. Housing is still a viable industry within the county with 10,190 permits issued during 1996. Forty-seven percent or 4,789 were for multi-family projects. The county wide affordability factor for home ownership is 42%. Orange County was the third most expensive housing market in the country during 1995.

The county does not have a public housing program. Rental assistance is provided by the County of Orange's Housing and Redevelopment Function. Approximately 6,600 households are assisted by this program. There are substantial barriers to the construction or preservation of affordable housing. Barriers include land use and design restrictions, zoning regulations and opposition by local officials or residents. The county seeks to counter the barriers by educating residents about affordable housing and through incentives, such as density bonuses in developments.

The bank has a large presence here with a total of 32 freestanding and instore branches. In addition, UBOC has 46 ATMs. As of June 30, 1997, it had about \$1.4 billion in deposits. This represents 7% of the bank's total California deposits and a deposit market share of 4.3%.

Affordable housing, home improvement loans as well as small business loans are the primary lending needs.

Demographic Information Orange County MSA #5945										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	14	3%	87,132	3%	5,059	4%	3,827	1%	110,124	19%
Moderate	118	24%	644,406	27%	32,214	28%	85,413	17%	112,222	19%
Middle	213	44%	1,012,742	42%	45,254	40%	224,006	45%	139,186	23%
Upper	133	27%	666,261	28%	25,660	23%	183,612	37%	228,959	39%
NA	6	1%	15	< 1%	5,504	5%	0	0%	NA	NA
Totals	478	100%	2,410,556	100%	113,691	100%	496,824	100%	590,491	100%
Median Family Income			= \$51,269			Median Housing Value			= \$257,224	
HUD Adjusted MFI for 1997			= \$63,200			Unemployment Rate (December 31, 1997)			= 3.1%	

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Orange County, CA MSA

As UBOC has a material portion of its California deposits (7%), branches (13%), and reportable loan originations (11%) in this assessment area, UBOC's performance in this MSA influenced the overall rating for the State of California.

LENDING TEST

Lending Activity

UBOC's lending, see accompanying table, reflects adequate responsiveness to credit needs in the Orange County MSA assessment area, commensurate with its scope of operations in the area. During the evaluation period, UBOC originated 2,831 loans totaling approximately \$510 million within the MSA. The majority of reportable loan originations (71% of the number and 60% of the dollars) were small loans to businesses, reflective of UBOC's historical focus on commercial business lending. Thus, in determining UBOC's overall performance under the Lending Test in the Orange County MSA assessment area, more weight was given to the analysis of small business lending performance. Residential mortgage lending represents a secondary line of business for UBOC. The volume of UBOC's small farm loan originations in the area is insignificant.

Based on 1996 Aggregate Small Business data, UBOC is the fifth largest originator, with a 3.04% market share, of small loans to businesses within the area. Bank of

America, Wells Fargo, and two credit card banks dominate UBOC's assessment areas, with a combined market share of small loans to businesses of over 76%. Based on the dollar volume of originations, UBOC's 5.8% market share ranks it fourth in the MSA. Based on 1996 Aggregate HMDA data, UBOC is a relatively small originator and purchaser of residential mortgage loans in its assessment areas with a market rank 47 and market share of .51%.

Lending Activity: ALL LOANS		Assessment Area: ORANGE COUNTY MSA				
Loan Type	Total Originations				Overall Market Rank*	Overall Market Share*
	#	% of Total	\$ (000s)	% of Total		
Small Business Total	2,016	71%	\$304,137	60%	5	3.04%
Residential Mortgage Total	809	29%	\$196,771	39%	47	0.51%
Home Purchase	275	10%	\$70,289	14%	78	0.20%
Refinance	343	12%	\$76,592	15%	46	0.62%
Home Improvement	186	7%	\$8,040	2%	9	2.46%
Multi-family	5	< 1%	\$41,850	8%	35	0.22%
Small Farm Total	4	< 1%	\$1,254	< 1%	NA	NA
Community Development Total	2	< 1%	\$8,100	2%	NA	NA
Total Lending	2,831	100%	\$510,262	100%	NA	NA

(*) Based on 1996 Aggregate HMDA, Small Business and Small Farm Data.

Small business loan originations have increased while residential mortgage loans have declined from 1996 through 1997 (in terms of number). The number of small business loan originations increased 47% while the dollars increased 163%. Conversely, the number of residential mortgage loans declined 43%, but the dollars increased 48%, centered in home purchase and multi-family mortgages. See statewide comments for further details on this decline.

Geographic Distribution of Loans

UBOC's overall geographic distribution of loans reflects adequate dispersion throughout the assessment area, including LMI census tracts.

Small Business Loans

UBOC's geographic distribution of small business loans reflects good dispersion throughout the assessment area. The analysis focused on the distribution of loans to all businesses, regardless of revenue size, as loans to businesses with revenues less than a \$1 million represent only 62% of UBOC's total originations. UBOC's

portion of small loans to businesses made UBOC in low-income census tracts is generally equal to the portion of businesses located in those tracts, while the portion of loans made in moderate-income census tracts is slightly below the portion of businesses located in those tracts. In addition, performance from 1996 through 1997 improved. Based on 1996 Aggregate Small Business data, UBOC outperformed the aggregate market in low-income census tracts, while trailing slightly in moderate-income census tracts. In addition, UBOC's market share of loans in low-income census tracts exceeded its overall market share, while its market share in moderate-income census tracts generally equaled its overall market share.

Residential Mortgage Loans

UBOC's geographic distribution of residential mortgage loans reflects adequate dispersion throughout the assessment area. The portion of residential mortgage loans made in LMI census tracts is below the portion of owner-occupied housing units within those tracts. Performance from 1996 through 1997 declined in both categories. Based on 1996 Aggregate HMDA Data, the aggregate market in the MSA outperformed UBOC in both income categories. UBOC's market share of loans originated in LMI census tracts was also below that of its overall market share.

Borrower Distribution

UBOC's overall borrower distribution of loans reflects adequate responsiveness to the credit needs of borrowers throughout its assessment area.

Small Business Loans

UBOC's distribution of small loans to businesses reflects adequate responsiveness to the credit needs of small businesses throughout the assessment area. Approximately 62% of the small loans to businesses originated by UBOC were to businesses with revenues of less than \$1 million, which is higher than overall performance in the state. The portion of UBOC's loans originated to such businesses is lower than the portion of businesses with revenues of less than \$1 million in the assessment area. However, based on 1996 Aggregate Small Business data, UBOC's performance exceeded the aggregate market while its portion of loans made in amounts of \$100 thousand or less was lower than the portion of loans the aggregate market made in such amounts.

The 1996 Aggregate Small Business data also indicate that UBOC's average loan size is approximately \$103 thousand versus the market average of \$54 thousand. This comparison is skewed by the presence of several large credit card banks that are significant players in the market. The average loan size originated by these companies is significantly smaller than that of commercial banks in the market. The \$105 thousand average loan size of the other seven commercial banks that rank in the top ten in small business lending in UBOC's assessment area is comparable to

UBOC's average loan size.

Residential Mortgage Loans

UBOC's distribution of residential mortgage loans reflects adequate dispersion among borrowers of different income levels throughout the assessment area. UBOC's portion of loans made to low-income families is significantly below the portion of families within the assessment area that are defined as such and reflects the shortage of affordable housing in the MSA. However, based on 1996 Aggregate HMDA data, UBOC outperformed the aggregate market in lending to low-income families. UBOC's portion of loans made to moderate-income families is slightly below the portion of families within the assessment area that are defined as such. Based on 1996 Aggregate HMDA data, performance in lending to moderate-income families was slightly below the aggregate market's performance. Similarly, UBOC's market share of loans made to low-income families exceeded its overall market share, while its market share of loans to moderate-income families was slightly below its overall market share.

Community Development Lending

UBOC's level of community development lending in the assessment area is good. During the evaluation period UBOC originated two affordable housing loans totaling \$8.1 million. These loans assisted projects that generated 142 LMI units, helping to meet one of the more critical needs within this assessment area.

INVESTMENT TEST

The bank's performance in this MSA is nominal, consisting of nine grants totaling \$43 thousand. These grants are responsive to the needs of the assessment area by supporting the development and management of affordable housing programs for LMI individuals and entities that promote economic development in LMI geographies.

SERVICE TEST

Delivery systems are not well-distributed in this assessment area and the level of community development services needs improvement. Of the 32 branch locations in Orange County, 18% are in LMI census tracts. This compares unfavorably to market demographics of 27% total LMI census tracts in the assessment area. Management stated that the location of branches is largely the result of bank mergers.

Service hours are convenient in LMI census tracts and generally in line with those offered to middle- and upper-income tracts. Service hours are normal with most locations offering extended Friday service and partial Saturday hours. Nine instore

branches offer extended hours and seven days a week service; however, only one instore branch is located in a low- or moderate-income census tract.

UBOC opened one branch during the evaluation period in a moderate-income tract. No branches were closed, but three branches were consolidated. One branch consolidation occurred in a moderate-income tract. The consolidations did not adversely impact the accessibility of the bank's delivery systems, as alternative delivery systems were provided by nearby branches.

UBOC is involved in a limited number of community development services in Orange County. Three qualified services were specifically targeted to this assessment area. They included providing fund raising assistance to a community service group and financial expertise to a small business organization. Additionally, Orange County receives benefit from several of the statewide service activities.

Riverside-San Bernardino MSA #6780

Description of Institution's Operations in the Riverside-San Bernardino, CA MSA

The Riverside MSA consists of Riverside and San Bernardino Counties of in which the Riverside and San Bernardino urban areas dominate the area. San Bernardino County has the largest land area of any county in the continental U.S. with an area of 20,000 square miles. The area includes inland valleys, the San Gabriel Mountains, and the Mojave Desert.

The MSA was seriously impacted by the recession of the early 1990's. The area, once a popular location for people seeking to escape Los Angeles County, has been slow to recover. The MSA has a 57% affordability factor for home ownership. As with other parts of the state, base closures and restructuring have adversely impacted the MSA's economy.

San Bernardino's low-income population faces serious housing challenges. Even with the decline in house prices and a 18% vacancy factor in the county, many low-income households are unable to afford housing. There are more than 1,800 applicants on the waiting list for public housing, a two to a three-year wait. More than 2,400 low-income households receive assistance through the Section 8 Rental Assistance Program. Thus, affordable housing is a key need of the area.

UBOC has a reasonable presence here with a total of 22 freestanding and instore branches. In addition, UBOC has 40 ATMs. These branches have generated, as of June 30, 1997, some \$535 million in deposits. This represents just less than 3% of the bank's total California deposits and a modest market share of 2.9%. However, loan volume is significant as described in the following analysis.

Demographic Information Riverside-San Bernardino #6780										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	12	4%	51,945	2%	1,708	2%	4,274	1%	135,734	21%
Moderate	84	28%	567,614	22%	19,001	26%	97,427	17%	112,344	17%
Middle	133	45%	1,263,975	49%	34,550	47%	286,412	51%	147,694	23%
Upper	66	22%	692,212	27%	18,523	25%	177,054	31%	258,495	39%
NA	3	1%	13,047	< 1%	11	< 1%	0	0%	NA	NA
Totals	298	100%	2,588,793	100%	73,782	100%	565,167	100%	654,267	100%
Median Family Income = \$37,274				Median Housing Value = \$133,027						
HUD Adjusted MFI for 1997 = \$44,800				Unemployment Rate (June 30, 1997) = 7.0 %						

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Riverside-San Bernardino, CA MSA

As a material portion of UBOC's reportable loan originations in California (6%) come from this assessment area, UBOC's performance in the assessment area influenced the overall rating for the State of California.

LENDING TEST

Lending Activity

UBOC's lending, see accompanying table, reflects adequate responsiveness to credit needs in the Riverside-San Bernardino MSA assessment area, commensurate with its scope of operations in the area. During the evaluation period, UBOC originated 1,489 loans totaling approximately \$220 million within the MSA. The majority of reportable loan originations (61% of the number and 70% of the dollars) were small loans to businesses, reflective of UBOC's historical focus on commercial business lending. Thus, in determining UBOC's overall performance under the Lending Test in the Riverside-San Bernardino MSA assessment area, more weight was given to the analysis of small business lending performance. Residential mortgage lending represents a secondary line of business for UBOC. The volume of UBOC's small farm loan originations in the area is insignificant.

Based on 1996 Aggregate Small Business data, UBOC's 2.44% market share ranks

it the sixth largest originator of small loans to businesses within the area. Bank of America, Wells Fargo, and two credit card banks dominate UBOC's assessment areas, with a combined market share of small loans to businesses of more than 75%. Based on the dollar volume of originations, UBOC's 6.96% market share ranks third behind the two commercial bank competitors. Based on 1996 Aggregate HMDA Data, UBOC is a relatively small originator and purchaser of residential mortgage loans in the assessment area, with a market rank of 76 and a market share of .29%.

Lending Activity: ALL LOANS		Assessment Area: RIVERSIDE-SAN BERNARDINO MSA				
Loan Type	Total Originations				Overall Market Rank*	Overall Market Share*
	#	% of Total	\$ (000s)	% of Total		
Small Business Total	905	61%	\$153,210	70%	6	2.44%
Residential Mortgage Total	576	39%	\$53,781	24%	76	0.29%
Home Purchase	145	10%	\$17,596	8%	111	0.08%
Refinance	322	22%	\$31,586	14%	43	0.62%
Home Improvement	108	7%	\$2,349	1%	18	0.57%
Multi-family	1	< 1%	\$2,250	1%	0	0%
Small Farm Total	5	< 1%	\$1,749	< 1%	NA	NA
Community Development Total	3	< 1%	\$11,332	5%	NA	NA
Total Lending	1,489	100%	\$220,072	100%	NA	NA

(*) Based on 1996 Aggregate HMDA, Small Business and Small Farm Data.

Small business loan originations have increased significantly while residential mortgage loans declined from 1996 through 1997. The number of small business loan originations increased 46%, while the dollar increased 140%. Conversely, the number of residential mortgage loans originated and purchased declined 31%, while the dollars declined 2%. See statewide comments for further details on this decline.

Geographic Distribution

UBOC's overall geographic distribution of loans reflects good dispersion throughout the assessment area, including LMI census tracts.

Small Business Loans

UBOC's geographic distribution of small business loan originations reflects adequate dispersion throughout the assessment area. The analysis focused on the distribution of loans to all businesses, regardless of revenue size, as loans to businesses with

revenues less than a \$1 million represent only 56% of UBOC's total originations. UBOC's portion of small loans to businesses made in low-income census tracts is equal to the portion of businesses located in those tracts, while the portion of loans made in moderate-income census tracts is below the portion of businesses located in those tracts. Performance from 1996 through 1997 increased with lending centered in moderate-income census tracts. Based on 1996 Aggregate Small Business data, UBOC generally equaled the performance of the aggregate market in this assessment area in lending in LMI census tracts. In addition, UBOC's market share of loans in low-income census tracts exceeded its overall market share, while its market share in moderate-income census tracts was slightly below its overall market share.

Residential Mortgage Loans

UBOC's geographic distribution of residential mortgage loans reflects excellent dispersion throughout the assessment area. The portion of residential mortgage loans made in low-income census tracts is generally equal to the portion of owner-occupied housing units within those tracts, while the portion of loans made in moderate-income census tracts greatly exceeds the portion of owner-occupied housing units within those tracts. Performance from 1996 through 1997 declined in both categories. Based on 1996 Aggregate HMDA Data, UBOC's performance in low-income census tracts was generally equal to that of the aggregate market, while UBOC outperformed the same competitors in moderate-income census tracts. In addition, UBOC's market share of loans originated in LMI census tracts exceeded its overall market share.

Borrower Distribution

UBOC's overall borrower distribution of loans reflects good responsiveness to the credit needs of borrowers throughout its assessment area.

Small Business Loans

UBOC's distribution of small loans to businesses reflects an adequate responsiveness to the credit needs of small businesses throughout the MSA. Approximately 56% of the small loans to businesses UBOC originated were to businesses with revenues of less than \$1 million. UBOC's portion of loans originated to such businesses is significantly lower than the portion of businesses with revenues of less than \$1 million in this assessment area. However, based on 1996 Aggregate Small Business data, UBOC's performance exceeded the aggregate market while its portion of loans made in amounts of \$100 thousand or less was significantly lower than the portion of loans the aggregate market made in such amounts.

The 1996 Aggregate Small Business data also indicate that UBOC's average loan size is approximately \$122 thousand versus the market average of \$43 thousand. This comparison is skewed by the presence of several large credit card banks that are

significant players in the market. The average loan size originated by these companies is significantly smaller than that of commercial banks in the market. However, the \$68 thousand average loan size of the other six commercial banks that rank in the top ten in small business lending in UBOC's assessment area is still significantly less than UBOC's average loan size.

Residential Mortgage Loans

UBOC's distribution of residential mortgage loans reflects excellent dispersion among borrowers of different income levels throughout the assessment area. UBOC's portion of loans made to low-income families is significantly below the portion of families within the MSA that are defined as such, and reflects the shortage of affordable housing in the MSA. However, based on 1996 Aggregate HMDA data, UBOC greatly outperformed the aggregate market in the MSA in lending to low-income families. Conversely, UBOC's portion of loans made to moderate-income families significantly exceeded the portion of families that are defined as such. UBOC also significantly outperformed the aggregate market in lending to moderate-income families. In addition, UBOC's market share of loans made to LMI families exceeded its overall market share.

Community Development Lending

UBOC's level of community development lending in the assessment area is excellent, given its scope of operations in the area. During the evaluation period, UBOC originated three community development loans totaling \$11.3 million. One project (\$8.4 million) supported affordable housing and two were for economic development. While the specific number of affordable housing units generated was not available, this activity supported one of the key needs of this assessment area.

INVESTMENT TEST

The bank's investments in this MSA are nominal and consist of three qualified grants totaling \$26 thousand. These grants promote community development activities for LMI individuals. One of the organizations receiving grant funds provides training and technical assistance on issues related to affordable housing to LMI individuals.

SERVICE TEST

Delivery systems are not well-distributed to LMI census tracts and a limited number of community development services were targeted to this assessment area. Of the 22 branches located in the Riverside/San Bernardino MSA, 23% are located in LMI tracts. This distribution is less than the 32% LMI geographies in this assessment area.

Service hours are reasonable with extended Friday and partial Saturday hours at most locations. Seven instore branches offer extended hours and seven days a week service. One instore branch is located in a low- or moderate-income census tract.

UBOC opened one branch during the evaluation period in an upper-income tract. One branch was closed in a low-income tract. While the bank received no comments or complaints on this closure from the public, no clear alternative delivery system was defined for this area. However, many other banking institutions in this area respond to the community's financial needs.

UBOC provides a limited number of community development services in this MSA. Four qualified services were specifically targeted to this assessment area. These services include an officer serving on the loan committee for a small business financing organization, employees providing banking seminars LMI individuals through the bank's "Cash and Save" offices, and employees providing affordable housing seminars through Habitat for Humanity.

Sacramento MSA #6920

Description of Institution's Operations in the Sacramento, CA MSA

The Sacramento MSA is located in California's northern Central Valley. The MSA consists of Sacramento, Placer and El Dorado Counties stretching to the Nevada border. The city of Sacramento and its suburbs represent the largest urban area in the MSA. The balance consists of small cities and it is the home of the various Lake Tahoe resort communities.

The Sacramento MSA has experienced steady growth since World War II. It is a local and state government center, has business and commercial centers, tourist attractions and agricultural activities. There were at one time several major military installations in the area. However, with the Federal reduction in military bases, the area has been seriously impacted. State and local government seek to partner with private industry to mitigate the impact of the base closures. The city of Sacramento, in addition to being the largest urban area in the MSA, is also the State Capital.

UBOC has a modest branch and deposit presence in Sacramento with just seven freestanding and instore branches. In addition, UBOC has eight ATMs. These branches generated, as of June 30, 1997, some \$334 million in deposits. This represents less than 2% of the bank's total California deposits and a modest market share of 2.7%. However, the bank generates a significant portion of its loan volume from this assessment area.

The need for affordable housing and home improvement loans are important issues in the MSA. This is especially true in Sacramento, where an abundance of existing housing stock could be converted into affordable units. Lending opportunities also exist in all consumer and small business categories.

Demographic Information Sacramento MSA #6920										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	17	6%	68,828	5%	2,998	6%	7,330	2%	70,423	20%
Moderate	57	21%	233,874	17%	11,410	22%	37,797	13%	62,903	18%
Middle	132	48%	692,699	52%	24,587	48%	160,675	53%	80,366	23%
Upper	66	24%	344,609	26%	11,881	23%	96,140	32%	135,422	39%
NA	3	1%	0	0%	0	0%	0	0%	NA	NA
Totals	275	100%	1,340,010	100%	50,876	100%	301,942	100%	349,114	100%
Median Family Income			= \$38,850			Median Housing Value			= \$138,313	
HUD Adjusted MFI for 1997			= \$48,400			Unemployment Rate (December 31, 1997)			= 6.0 %	

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Sacramento, CA MSA

As a material portion of UBOC's reportable loan originations in California (6%) come from this assessment area, UBOC's performance in the assessment area influenced the overall rating for the State of California.

LENDING TEST

Lending Activity

UBOC's lending, see accompanying table, reflects adequate responsiveness to credit needs in the Sacramento MSA assessment area, commensurate with its scope of operations in the area. During the evaluation period, UBOC originated 1,499 loans totaling approximately \$189 million within the MSA. Unlike most other major California MSAs, UBOC's reportable loan originations are more evenly split between residential mortgage and small loans to businesses. Thus, in determining UBOC's overall performance under the Lending Test in the Sacramento MSA assessment area, small loans to businesses and residential mortgage loans were weighted equally. The volume of UBOC's small farm loan originations in the area is insignificant.

Based on 1996 Aggregate Small Business data, UBOC's 2.84% market share ranks it the seventh largest originator of the number of small loans to businesses within the area. Bank of America, Wells Fargo, and two credit card banks dominate UBOC's

assessment areas, with a combined market share of small loans to businesses of more than 72%. Based on the dollar volume of originations UBOC's 6.37% market share ranks it fourth in the MSA. Based on 1996 Aggregate HMDA Data, UBOC is a relatively small originator and purchaser of residential mortgage loans in the assessment area with a market rank of 32 and market share of .76%.

Lending Activity: ALL LOANS		Assessment Area: SACRAMENTO MSA				
Loan Type	Total Originations				Overall Market Rank*	Overall Market Share*
	#	% of Total	\$ (000s)	% of Total		
Small Business Total	725	48%	\$111,489	59%	7	2.84%
Residential Mortgage Total	766	51%	\$74,753	40%	32	0.76%
Home Purchase	458	31%	\$42,245	22%	30	0.76%
Refinance	255	17%	\$31,233	17%	35	0.81%
Home Improvement	53	4%	\$1,275	< 1%	23	0.58%
Small Farm Total	8	< 1%	\$2,350	1%	NA	NA
Community Development Total	0	0%	\$0	0%	NA	NA
Total Lending	1,499	100%	\$188,592	100%	NA	NA

(*) Based on 1996 Aggregate HMDA, Small Business and Small Farm Data.

Small business loan originations have increased significantly while residential mortgage loans have declined from 1996 through 1997. The number of small business loan originations increased 40%, while the dollars increased 122%. Conversely, the number of residential mortgage loans originated and purchased declined 40% while the dollars declined 31%. See statewide comments for further details on this decline.

Geographic Distribution

UBOC's overall geographic distribution of loans reflects good dispersion throughout the assessment area, including LMI areas.

Small Business Loans

UBOC's geographic distribution of small business loans reflects good dispersion throughout the assessment area. The analysis focused on the distribution of loans to all businesses, regardless of revenue size, as loans to businesses with revenues less than a \$1 million represent only 61% of UBOC's total originations. UBOC's portion of small loans to businesses made in low-income census tracts is equal to the portion of businesses located in those tracts, while the portion of loans made in

moderate-income census tracts is below the portion of businesses located in those tracts. Performance from 1996 through 1997 declined slightly. Based on 1996 Aggregate Small Business data, UBOC generally equaled the performance of the aggregate market in this assessment area in lending in LMI census tracts. In addition, UBOC's market share of loans in low-income census tracts was slightly below its overall market share, while its market share in moderate-income census tracts exceeded its overall market share.

Residential Mortgage Loans

UBOC's geographic distribution of residential mortgage loans reflects excellent dispersion throughout the assessment area. The portion of residential mortgage loans made in LMI census tracts exceeds the portion of owner-occupied housing units within those tracts. Performance from 1996 through 1997 declined, but remained above the portion of owner-occupied housing units within those census tracts. Based on 1996 Aggregate HMDA Data, UBOC's performance in both LMI census tracts significantly exceeded the market aggregate in the MSA. In addition, UBOC's market share of loans originated in LMI census tracts was almost double its overall market share.

Borrower Distribution

UBOC's overall borrower distribution of loans reflects good responsiveness to the credit needs of borrowers throughout its assessment area.

Small Business Loans

UBOC's distribution of small loans to businesses reflects good responsiveness to the credit needs of small businesses throughout the MSA. Approximately 61% of the small loans to businesses UBOC originated were to businesses with revenues of less than \$1 million. UBOC's portion of loans originated to such businesses is significantly lower than the portion of businesses with revenues of less than \$1 million in the assessment area. However, based on 1996 Aggregate Small Business data, UBOC's performance exceeded the aggregate market, however, its portion of loans made in amounts of \$100 thousand or less was significantly lower than the portion of loans the aggregate market made in such amounts.

The 1996 Aggregate Small Business data also indicate that UBOC's average loan size is approximately \$115 thousand versus the market average of \$51 thousand. This comparison is skewed by the presence of several large credit card banks that are significant players in the market. The average loan size originated by these companies is significantly smaller than that of commercial banks in the market. However, the \$93 thousand average loan size of the other six commercial banks that rank in the top ten in small business lending in UBOC's assessment area is still significantly less than UBOC's average loan size.

Residential Mortgage Loans

UBOC's distribution of residential mortgage loans reflects excellent dispersion among borrowers of different income levels throughout the assessment area. UBOC's portion of loans made to LMI families significantly exceeds the portion of families within the MSA that are defined as such. Based on 1996 Aggregate HMDA data, UBOC greatly outperformed the aggregate market in lending to both LMI families. In addition, UBOC's market share of loans made to LMI families greatly exceeded its overall market share.

Community Development Lending

UBOC did not make any community development loans specific to this assessment area.

INVESTMENT TEST

UBOC's performance in this MSA is adequate and consists fifteen qualified grants totaling \$424 thousand. These grants promote economic development and affordable housing, key needs of the assessment area.

SERVICE TEST

Delivery systems are not well-distributed to LMI geographies and only three community development services were targeted to this assessment area. Of the seven branches located in the Sacramento MSA, 14% are located in LMI tracts. This distribution is less than the 27% LMI census tracts in the assessment area.

Service hours are normal with extended Friday and partial Saturday hours generally offered. Hours are convenient in LMI tracts. One instore branch is located in a middle-income tract and offers extended hours and seven days a week service. This represents the one branch opening and there were no closures.

San Diego MSA #7320

Description of Institution's Operations in the San Diego, CA MSA

This MSA consists of San Diego County. The county is primarily urban and suburban, but has some rural areas in its northern sections. The major urban area of the county is the city of San Diego. There are several other smaller cities including La Mesa, Escondido, Oceanside, Chula Vista, National City, La Jolla, Ramona, and El Cajon.

San Diego is the sixth largest city in the country. The area has one eighth of the population of the state. It is a center for education and research with both public and private colleges and universities within the city. San Diego's economic base previously relied on defense and military spending. The area now has a more diverse economic base including a growing biotechnology industry, international trade, high tech manufacturing, professional services and tourism.

Housing became more affordable in San Diego between 1990 and 1994. Prices once again began to rise in 1995. The city of San Diego has provided public funding for home ownership programs targeted toward low-income homebuyers. Also, the establishment of the San Diego Housing Trust Fund made support available for several low-income housing developers in the area. The affordable housing industry in the area experienced a "mini-boom" during the mid 1990's. Rents in the city are actually affordable and have not kept pace with either inflation or the increases in housing prices.

The bank has a major presence here with a total of 57 freestanding, instore and Cash & Save branches. In addition, UBOC has 98 ATMs. As of June 30, 1997, it had more than \$2.6 billion in deposits. This represents 13% of the bank's total California deposits and a deposit market share of 11%.

There are opportunities for loans in all of the consumer and small business areas. Competition is especially stiff for affordable housing loans and SBA Guaranteed loans.

Demographic Information San Diego MSA #7320										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	26	6%	155,901	6%	3,431	4%	8,961	2%	120,263	20%
Moderate	96	22%	578,372	23%	21,875	24%	64,102	13%	113,264	19%
Middle	193	43%	1,098,615	44%	39,750	44%	234,256	49%	135,058	22%
Upper	117	26%	631,102	25%	24,341	27%	170,215	36%	236,549	39%
NA	13	3%	34026	1%	117	< 1%	52	< 1%	NA	NA
Totals	445	100%	2,498,016	100%	89,514	100%	477,586	100%	605,134	100%
Median Family Income			= \$39,798			Median Housing Value			= \$198,213	
HUD Adjusted MFI for 1997			= \$48,600			Unemployment Rate (December 31, 1997)			= 3.9%	

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the San Diego, CA MSA

As UBOC has a material portion of its California deposits (13%), branches (24%), and reportable loan originations (19%) in this assessment area, UBOC's performance in this MSA influenced the overall rating for the State of California.

LENDING TEST

Lending Activity

UBOC's lending, see accompanying table, reflects adequate responsiveness to credit needs in the San Diego MSA assessment area, commensurate with its scope of operations in the area. During the evaluation period, UBOC originated 4,764 loans totaling approximately \$708 million within the San Diego MSA assessment area. Reportable loan originations were split fairly evenly between residential mortgage and small loans to businesses, with a slight edge to small loans to businesses. Thus, in determining UBOC's overall performance under the Lending Test in the San Diego MSA assessment area, small loans to businesses and residential mortgage loans were weighted fairly equally. The volume of UBOC's small farm loan originations in the area is insignificant.

Based on 1996 Aggregate Small Business data, UBOC's 5.9% market share ranks it the fifth largest originator of small loans to businesses within the area. Bank of America, Wells Fargo, and two credit card banks dominate UBOC's assessment area,

with a combined market share of small loans to businesses of more than 72%. Based on the dollar volume of originations, UBOC's 12.23% market share ranks it third behind the two largest commercial bank competitors. Based on 1996 Aggregate HMDA Data, relative to market share in its other California markets, UBOC is a significant originator and purchaser of residential mortgage loans in the assessment area, with a market rank of twenty and a market share of 1.47%.

Lending Activity: ALL LOANS Assessment Area: SAN DIEGO MSA						
Loan Type	Total Originations				Overall Market Rank*	Overall Market Share*
	#	% of Total	\$ (000s)	% of Total		
Small Business Total	2,768	58%	\$372,335	53%	5	5.90%
Residential Mortgage Total	1,984	42%	\$308,369	44%	20	1.47%
Home Purchase	558	12%	\$101,625	14%	40	0.63%
Refinance	1,038	22%	\$163,136	23%	15	1.94%
Home Improvement	380	8%	\$11,198	2%	7	3.69%
Multi-family	8	< 1%	\$32,410	5%	20	0.70%
Small Farm Total	2	< 1%	\$225	< 1%	NA	NA
Community Development Total	10	< 1%	\$27,184	4%	NA	NA
Total Lending	4,764	100%	\$708,113	100%	NA	NA

(*) Based on 1996 Aggregate HMDA, Small Business and Small Farm Data.

Small business loan originations have increased significantly while residential mortgage loans have declined from 1996 through 1997. The number of small business loan originations increased 39%, while the dollars increased 139%. Conversely, the number of residential mortgage loans originated and purchased declined 48%, while the dollars declined 36%. See statewide comments for further details on this decline.

Geographic Distribution

UBOC's overall geographic distribution of loans reflects excellent dispersion throughout its San Diego MSA assessment area, including LMI census tracts.

Small Business Loans

UBOC's geographic distribution of small business loans reflects good dispersion throughout the assessment area. The analysis focused on the distribution of loans to all businesses, regardless of revenue size, as loans to businesses with revenues less than a \$1 million represent only 69% of UBOC's total originations. UBOC's

portion of small loans to businesses made in LMI census tracts generally equaled the portion of businesses located in those tracts. Performance from 1996 through 1997 was generally unchanged. Based on 1996 Aggregate Small Business data, UBOC's performance in lending in both LMI census tracts generally equaled the aggregate market in the assessment area. In addition, UBOC's market share of loans in LMI census tracts exceeded its overall market share.

Residential Mortgage Loans

UBOC's geographic distribution of residential mortgage loans reflects excellent dispersion throughout the assessment area. The portion of residential mortgage loans made in LMI census tracts exceeds the portion of owner-occupied housing units within those tracts. From 1996 through 1997, overall performance increased, centered in lending in low-income census tracts. Based on 1996 Aggregate HMDA Data, UBOC outperformed the aggregate market in the assessment area in lending in both LMI census tracts. In addition, UBOC's market share of loans originated in LMI census tracts exceeded its overall market share.

Borrower Distribution

UBOC's overall borrower distribution of loan originations reflects good responsiveness to borrowers of different income levels and the credit needs of small businesses throughout the MSA.

Small Business Loans

UBOC's distribution of small loans to businesses reflects adequate responsiveness to the credit needs of small businesses throughout the MSA. Approximately 69% of the small loans to businesses UBOC originated were to businesses with revenues of less than \$1 million. The portion of UBOC's loans originated to such businesses is lower than the portion of businesses with revenues of less than \$1 million in the assessment area. However, based on 1996 Aggregate Small Business data, UBOC's performance exceeded the market aggregate, however, its portion of loans made in amounts of \$100 thousand or less was lower than the portion of loans the aggregate market made in such amounts.

The 1996 Aggregate Small Business data also indicate that UBOC's average loan size is approximately \$95 thousand versus the market average of \$46 thousand. This comparison is skewed by the presence of several large credit card banks that are significant players in the market. The average loan size originated by these companies is significantly smaller than that of commercial banks in the market. The \$71 thousand average loan size of the other six commercial banks that rank in the top ten in small business lending in UBOC's assessment area is more comparable to UBOC's average loan size.

Residential Mortgage Loans

UBOC's distribution of residential mortgage loans reflects excellent dispersion among borrowers of different income levels throughout the assessment area. UBOC's portion of loans made to low-income families is below the portion of families within the MSA that are defined as such, and reflects the shortage of affordable housing in the MSA. However, based on 1996 Aggregate HMDA data, UBOC significantly outperformed the aggregate market in the MSA in lending to low-income families. Conversely, UBOC's portion of loans made to moderate-income families significantly exceeded the portion of families that are defined as such. UBOC also significantly outperformed the aggregate market in lending to moderate-income families. In addition, UBOC's market share of loans made to LMI families greatly exceeded its overall market share.

Community Development Lending

UBOC's level of community development lending in the assessment area is excellent. During the evaluation period, UBOC originated ten community development loans totaling \$27.2 million. This volume represents 15% of UBOC's total community development lending. Of the ten loans, two financed affordable housing projects that produced 294 LMI units. In addition, one of these projects was innovative in that it was the first affordable housing project in the area. The affordable housing units helped meet one of the critical needs of this MSA.

INVESTMENT TEST

The bank's investment performance in this assessment area is adequate with nearly \$1 million in qualified investments and grants. Over half of its qualified investments went to promote economic development by financing small businesses such as those owned by women and/or minorities located in LMI geographies. Another investment provides credit and deposit related services to individuals in LMI geographies. The bank also contributed \$396 thousand in grants to 43 community development related organizations. For example, one organization focuses on improving the lives of LMI individuals by assisting them with educational opportunities. The organization has three other programs providing youth mentoring, anti-violence, and economic development.

SERVICE TEST

Delivery systems are very well-distributed in this assessment area. Of 57 branches in the San Diego MSA, 37% are in LMI geographies. This distribution exceeds the 28% LMI geographies in the MSA. UBOC offers an innovative alternative delivery

system to LMI individuals via six “Cash and Save” locations in this MSA, five of which are in LMI geographies.

Service hours are normal with most locations offering extended Friday and partial Saturday hours. Service hours are convenient in LMI geographies and generally in line with those offered to middle- and upper-income tracts. Eight instore branches offer extended hours and seven days a week service. Two of these instore branches are in LMI census tracts.

No full service or instore branches were opened during the evaluation period in this MSA. One “Cash and Save” office was opened in a moderate-income tract. No branches were closed and seven branches were consolidated during the evaluation period. Three consolidations occurred in moderate-income tracts and four in middle-income tracts. These actions did not adversely affect the accessibility of the bank’s delivery systems. Effective alternative delivery systems were provided by nearby branches.

UBOC provides a relatively high level of community development services in this assessment area. Thirty qualified services were specifically targeted to this MSA. These services include providing financial expertise for affordable housing, small business, and community service groups. Listed below are examples of the bank’s community development services in San Diego:

- ▶ Serving on the San Diego City - County Reinvestment Task Force. This group addresses and resolves community reinvestment issues and promotes development of CRA plans from banks for San Diego county.
- ▶ Serving on the Board of Directors for the East County Economic Development Council. This group promotes economic development with an emphasis on small business and employment opportunities in the East County area including La Mesa, Ramona, El Cajon, Lemon Grove, and Spring Valley.
- Conducting financial seminars regularly at the San Diego Rescue Mission, St. Vincent DePaul, Salvation Army, and Vista Hills Foundation. These groups provide community development services to the homeless.
- Serving on the Board of Directors of San Diego Housing Rehabilitation. This group rehabilitates homes for resale to LMI individuals.
- Providing financial expertise to the Downtown Partnership. This group promotes activities that revitalize areas, focusing on distressed parts of the city.
- Serving on the Board of Directors of Accion. This organization promotes business loans and provides technical assistance to small businesses, primarily in LMI areas.

San Francisco MSA #7360

Description of Institution's Operations in the San Francisco, CA MSA

This MSA consists of Marin, San Francisco and San Mateo counties. It is located in the north central part of the state. Much of the MSA is located along the California coastline. The area is primarily urban and suburban in nature. The largest city in the area is San Francisco.

This MSA has three economically diverse counties. San Francisco is a financial and government center, San Mateo is a home of ancillary businesses to the computer industry in nearby Silicon Valley, and Marin is the northern California center for the motion picture business and other high tech industries. The area is also a booming tourist center. Unemployment is far below the state average at 3.9%.

The San Francisco MSA is now the most expensive area in the country to live. The median price for a single family home is \$269,850. Housing costs have increased 8.6% since 1995, resulting in the fact that only 31% of the area's residents can afford to own a home. In San Francisco, only 9.3% of the population can afford to own homes. Development continues in the MSA with 3259 housing permits issued during 1996 of which 2509 were for multi-family units. San Mateo and Marin counties are primarily owner-occupied areas while San Francisco is dominated by renters in all types of properties.

San Francisco is the headquarters location of the bank. While having many operational units located in the MSA it has a rather modest branch presence. There is a total of ten traditional branches and fifteen ATMs. However, being a financial center, it has almost \$4 billion in deposits, accounting for 19% of all UBOC's California deposits. It also has a significant market share of all deposits in the MSA at 10.9%.

The MSA presents lending opportunities to meet consumer, small business, and housing needs. As most of the MSA is built out, new housing developments are primarily in-fill projects. This presents a particular challenge to financial institutions, governmental and nonprofit groups operating in the MSA.

Demographic Information San Francisco MSA #7360										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	23	6%	104,585	7%	14,026	16%	3,727	1%	72,773	20%
Moderate	64	18%	329,177	21%	16,737	19%	37,103	12%	66,719	18%
Middle	146	40%	720,672	45%	32,372	38%	144,976	47%	83,117	23%
Upper	115	32%	447,606	28%	23,269	27%	124,548	40%	144,338	39%
NA	13	4%	1,638	< 1%	6	< 1%	0	0%	NA	NA
Totals	361	100%	1,603,678	100%	86,404	100%	310,264	100%	366,947	100%
Median Family Income			= \$49,282			Median Housing Value			= \$333,457	
HUD Adjusted MFI for 1997			= \$64,400			Unemployment Rate (December 31, 1997)			= 3.9%	

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in San Francisco, CA MSA

As UBOC derives a material portion of its California deposits (19%), and reportable loan originations (8%) from this assessment area, UBOC's performance in the assessment area influenced the overall rating for the State of California.

LENDING TEST

Lending Activity

UBOC's lending, see accompanying table, reflects adequate responsiveness to credit needs in the San Francisco MSA assessment area, commensurate with its scope of operations in the area. During the evaluation period, UBOC originated 2,080 loans totaling approximately \$596 million within the MSA. The majority of reportable loan originations (70% of the number and 59% of the dollars) were small loans to businesses, reflective of UBOC's historical focus on commercial business lending. Thus, in determining UBOC's overall performance under the lending test in the San Francisco MSA assessment area, more weight was given to the analysis of small business lending performance. Residential mortgage lending represents a secondary line of business for UBOC. The volume of UBOC's small farm loan originations in the area is insignificant.

Based on 1996 Aggregate Small Business data, UBOC's 3.44% market share ranks it the sixth largest originator of small loans to businesses within the area. Bank of

America, Wells Fargo, and two credit card banks dominate UBOC's assessment areas, with a combined market share of small loans to businesses of more than 76%. Based on the dollar volume of originations, UBOC's 11.66% market share ranks it third behind the two large commercial banks. Based on 1996 Aggregate HMDA Data, UBOC is a relatively small originator and purchaser of residential mortgage loans in its assessment areas with a market rank of 32 and market share of only .75%.

Lending Activity: ALL LOANS		Assessment Area: SAN FRANCISCO MSA				
Loan Type	Total Originations				Overall Market Rank*	Overall Market Share*
	#	% of Total	\$ (000s)	% of Total		
Small Business Total	1,455	70%	\$341,084	57%	6	3.44%
Residential Mortgage Total	620	30%	\$231,004	39%	32	0.75%
Home Purchase	211	10%	\$87,401	15%	51	0.44%
Refinance	293	14%	\$98,890	17%	37	0.78%
Home Improvement	110	5%	\$5,318	< 1%	8	2.71%
Multi-family	6	< 1%	\$39,395	7%	20	0.19%
Small Farm Total	2	< 1%	\$150	< 1%	NA	NA
Community Development Total	3	< 1%	\$23,738	4%	NA	NA
Total Lending	2,080	100%	\$595,973	100%	NA	NA

(*) Based on 1996 Aggregate HMDA, Small Business and Small Farm Data.

Small business loan originations have increased while residential mortgage loans have declined from 1996 through 1997. The number of small business loan originations increased 16%, while the dollars increased 36%. Conversely, the number of residential mortgage loans originated and purchased declined 53%, while the dollars declined 10%. See statewide comments for further details on this decline.

Geographic Distribution of Loans

UBOC's overall geographic distribution of loans reflects excellent dispersion throughout the assessment area, including LMI census tracts.

Small Business Loans

UBOC's geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The analysis focused on the distribution of loans to all businesses, regardless of revenue size, as loans to businesses with revenues less than a \$1 million represent only 47% of UBOC's total originations. UBOC's portion of small loans to businesses made in low-income census tracts exceeds the

portion of businesses located in those tracts, while the portion of loans made in moderate-income census tracts is generally equal to the portion of businesses located in those tracts. Performance from 1996 through 1997 increased in both categories. Based on 1996 Aggregate Small Business data, UBOC outperformed the aggregate market in its assessment area in lending in low-income census tracts, while generally equaling the aggregate market in lending in moderate-income census tracts. In addition, UBOC's market share of loans in low-income census tracts exceeded its overall market share, while its market share in moderate-income census tracts generally equaled its overall market share.

Residential Mortgage Loans

UBOC's geographic distribution of residential mortgage loans reflects good dispersion throughout the assessment area. The portion of residential mortgage loans made in low-income census tracts exceeds the portion of owner-occupied housing units within those tracts, while the portion of loans made in moderate-income census tracts is below the portion of owner-occupied housing units in within those tracts. Performance from 1996 through 1997 declined in both categories. Based on 1996 Aggregate HMDA Data, UBOC outperformed the aggregate market in the assessment area in lending in low-income census tracts, but fell below the aggregate market in lending in moderate-income census tracts. Similarly, UBOC's market share of loans originated in low-income census tracts exceeded its overall market share, while its market share of loans in moderate-income census tracts was slightly below its overall market share.

Borrower Distribution

UBOC's overall borrower distribution of loans reflects weak responsiveness to the credit needs of borrowers throughout its assessment area.

Small Business Loans

UBOC's distribution of small loans to businesses reflects weak responsiveness to the credit needs of small businesses throughout the assessment area. Only 47% of the small loans to businesses UBOC originated were to businesses with revenues of less than \$1 million. UBOC's portion of loans originated to such businesses is lower than the portion of businesses with revenues of less than \$1 million in the assessment area. Based on 1996 Aggregate Small Business data, UBOC's performance was below that of other competitors in the market, and its portion of loans made in amounts of \$100 thousand or less was significantly lower than the portion of loans the aggregate market made in such amounts.

The 1996 Aggregate Small Business data also indicate that UBOC's average loan size is approximately \$214 thousand versus the market average of \$63 thousand. This comparison is skewed by the presence of several large credit card banks that are

significant players in the market. The average loan size originated by these companies is significantly smaller than that of commercial banks in the market. However, the \$108 thousand average loan size of the other six commercial banks that rank in the top ten in small business lending in UBOC's assessment area is still significantly less than UBOC's average loan size.

Residential Mortgage Loans

UBOC's distribution of residential mortgage loans reflects poor dispersion among borrowers of different income levels throughout the assessment area. UBOC's portion of loans made to low-income families is significantly below the portion of families within the assessment area that are defined as such, and reflects the shortage of affordable housing in the MSA. However, based on 1996 Aggregate HMDA data, UBOC's performance was only slightly below the aggregate market in lending to low-income families. UBOC's portion of loans made to moderate-income families was significantly below the portion of families within the assessment area that are defined as such and its performance in lending to moderate-income families was below the aggregate market's performance. Finally, UBOC's market share of loans made to LMI families was below its overall market share.

Community Development Lending

UBOC's level of community development lending in the assessment area is good. During the evaluation period, UBOC originated three community development loans totaling \$24 million. The loans went toward revitalizing and stabilizing LMI areas. The larger of the two projects was complicated by contaminated soil conditions. This project made available 56 affordable housing units to LMI families, helping to meet one of the more critical needs within this assessment area.

INVESTMENT TEST

The bank's investment performance adequately demonstrates responsiveness to the affordable housing and other community development needs of this assessment area. UBOC provided \$1.6 million in qualified investments and grants, of which \$630 thousand helped foster affordable multi-family housing for low-income individuals. Of this amount, \$370 thousand is committed to provide additional multi-family affordable housing. Another \$596 thousand, given in the form of 45 grants, support various community development activities such as educational training in technical production arts (i.e., sound, lighting) to economically disadvantaged youths.

SERVICE TEST

Delivery systems are well-distributed in this assessment area. Of the ten branches in

the San Francisco MSA, 40% are located in LMI geographies. This distribution exceeds the 24% LMI geographies in the MSA.

Service hours are normal with most locations offering extended Friday and at least partial Saturday hours. Service hours are convenient in LMI areas and in line with those offered to middle and upper income geographies.

UBOC consolidated two branches during the evaluation period, neither of which occurred in LMI census tracts. One full service branch was opened in an upper income tract. No branches were opened or closed in LMI geographies.

UBOC provides an adequate level of community development services in this MSA. Ten qualified services were specifically targeted and focused on providing financial expertise to small businesses and community service groups.

San Jose MSA #7400

Description of Institution's Operations in the San Jose, CA MSA

The San Jose MSA consists of Santa Clara County, which is located fifty miles south of San Francisco. It is home of "Silicon Valley" and is one of the highest income areas in the country. The city of San Jose is the largest urban area in the MSA. Most of the county is suburban but there is a small rural area in the southern portion.

The area's ongoing growth is fueled by the location of several of the giants of the high technology industry. It has experienced high job growth over the last few years. The area also has one of the lowest unemployment rates in the state at 3.1%. The growth in the area is offset by the expensive cost of housing, one of the highest in the country.

Rents are also expensive in Santa Clara County. The median rents increased 140% from 1980-1990. Many LMI families are being forced into adjacent counties in order to afford an apartment. The county's vacancy rate was 3.5% in 1990. In addition, there are very few public housing developments and/or units in the county.

While UBOC has only a modest branch presence in this MSA, it does have a significant deposit and loan presence. It has eleven branch offices and 12 ATMs. The branches held, as of June 30, 1997, more than \$1 billion in deposits. This represents 5% of the bank's total California deposits and a market share of 4%.

Loans for housing and small businesses are the most pressing needs in the community. The lack of affordable housing has forced many individuals employed in Silicon Valley to move to adjoining counties. The county has several developers active in building affordable housing.

Demographic Information San Jose MSA #7400										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	11	3%	58,550	4%	3,821	7%	4,401	1%	68,174	19%
Moderate	59	15%	317,896	21%	14,257	24%	42,380	14%	68,080	19%
Middle	159	41%	818,958	55%	29,600	51%	175,675	57%	87,401	24%
Upper	70	18%	302,173	20%	10,765	18%	84,876	28%	140,655	38%
NA	86	22%	0	0%	92	< 1%	0	0%	NA	NA
Totals	385	100%	1,497,577	100%	58,535	100%	307,332	100%	364,310	100%
Median Family Income = \$53,771				Median Housing Value = \$295,613						
HUD Adjusted MFI for 1997 = \$70,200				Unemployment Rate (June 30, 1997) = 3.1%						

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the San Jose, CA MSA

As a material portion of UBOC's California deposits (5%) and reportable loan originations (5%) come from this assessment area, UBOC's performance in the assessment area influenced the overall rating for the State of California.

LENDING TEST

Lending Activity

UBOC's lending, see accompanying table, reflects adequate responsiveness to credit needs in the San Jose MSA assessment area, commensurate with its scope of operations in the area. During the evaluation period, UBOC originated 1,366 loans totaling approximately \$357 million within the MSA. Unlike most other major California MSAs, UBOC's reportable loan originations are more evenly split between residential mortgage and small loans to businesses. Thus, in determining UBOC's overall performance under the Lending Test in the San Jose MSA assessment area, residential mortgage loans and small loans to businesses were weighted equally. The volume of UBOC's small farm loan originations in the area is insignificant.

Based on 1996 Aggregate Small Business data, UBOC's 2.31% market share ranks it the sixth largest originator of the number of small loans to businesses within the area. Bank of America, Wells Fargo, and two credit card banks dominate UBOC's assessment areas, with a combined market share of small loans to businesses of more

than 76%. Based on the dollar volume of originations, UBOC's 4.86% market share ranks fifth in the MSA. Based on 1996 Aggregate HMDA Data, UBOC is a relatively small originator and purchaser of residential mortgage loans in the assessment area with a market rank of 41 and market share of .74%.

Lending Activity: ALL LOANS		Assessment Area: SAN JOSE MSA				
Loan Type	Total Originations				Overall Market Rank*	Overall Market Share*
	#	% of Total	\$ (000s)	% of Total		
Small Business Total	707	52%	\$129,232	36%	6	2.31%
Residential Mortgage Total	653	48%	\$204,720	57%	41	0.74%
Home Purchase	233	17%	\$55,805	16%	49	0.44%
Refinance	332	24%	\$77,959	22%	35	0.89%
Home Improvement	81	6%	\$3,611	1%	11	2.02%
Multi-family	7	< 1%	\$67,345	19%	6	1.63%
Small Farm Total	1	< 1%	\$100	< 1%	NA	NA
Community Development Total	5	< 1%	\$22,912	6%	NA	NA
Total Lending	1,366	100%	\$356,964	100%	NA	NA

(*) Based on 1996 Aggregate HMDA, Small Business and Small Farm Data.

Small business loan originations have increased while residential mortgage loans have declined from 1996 through 1997. The number of small business loan originations increased 13% while the dollars increased 103%. Conversely, the number of residential mortgage loans originated and purchased declined 63% while the dollars declined 67%. See statewide comments for further details on this decline.

Geographic Distribution

UBOC's overall geographic distribution of loan originations reflects good dispersion throughout its San Jose MSA assessment area, including LMI areas.

Small Business Loans

UBOC's geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. The analysis focused on the distribution of loans to all businesses, regardless of revenue size, as loans to businesses with revenues less than a \$1 million represent only 61% of UBOC's total originations. UBOC's portion of small loans to businesses made in LMI census tracts exceeds the portion of businesses located in those tracts. Performance from 1996 through 1997 increased. Based on 1996 Aggregate Small Business data, UBOC exceeded the

performance of the aggregate market in its assessment area in lending in LMI census tracts. In addition, UBOC's market share of loans in low-income census tracts exceeded its overall market share, while its market share in moderate-income census tracts generally equaled its overall market share.

Residential Mortgage Loans

UBOC's geographic distribution of residential mortgage loans reflects good dispersion throughout the assessment area. The portion of residential mortgage loans made in low-income and moderate-income census tracts is slightly below the portion of owner-occupied housing units within those tracts. Performance from 1996 through 1997 increased. Based on 1996 Aggregate HMDA Data, UBOC's performance in low-income census tracts was below the aggregate market in the MSA, while UBOC's performance in moderate-income census tracts exceeded that of the aggregate market. Similarly, UBOC's market share of loans originated in low-income census tracts was below its overall market share, while its market share of loans in moderate-income census tracts was generally equal to its overall market share.

Borrower Distribution

UBOC's overall borrower distribution of loan originations reflects good responsiveness to borrowers of different income levels and the credit needs of small businesses throughout the MSA.

Small Business Loans

UBOC's distribution of small loans to businesses reflects adequate responsiveness to the credit needs of small businesses throughout the MSA. Approximately 61% of the small loans to businesses UBOC originated were to businesses with revenues of less than \$1 million. UBOC's portion of loans originated to such businesses is significantly lower than the portion of businesses with revenues of less than \$1 million in the assessment area. However, based on 1996 Aggregate Small Business data, UBOC's performance exceeded the aggregate market. The bank's portion of loans made in amounts of \$100 thousand or less though, is significantly lower than the portion of loans the aggregate market made in such amounts.

The 1996 Aggregate Small Business data also indicate that UBOC's average loan size is approximately \$129 thousand versus the market average of \$61 thousand. This comparison is skewed by the presence of several large credit card banks that are significant players in the market. The average loan size originated by these companies is significantly smaller than that of commercial banks in the market. The \$113 thousand average loan size of the other five commercial banks that rank in the top ten in small business lending in UBOC's assessment area is comparable to UBOC's average loan size.

Residential Mortgage Loans

UBOC's distribution of residential mortgage loans reflects excellent dispersion among borrowers of different income levels throughout the assessment area. UBOC's portion of loans made to low-income families is significantly below the portion of families within the assessment area that are defined as such, and reflects the shortage of affordable housing in the MSA. However, based on 1996 Aggregate HMDA data, UBOC's performance exceeded the market aggregate in the MSA in lending to low-income families. UBOC's portion of loans made to moderate-income families exceeded the portion of families within the assessment area that are defined as such, and exceeded the performance of the aggregate market. In addition, UBOC's market share of loans made to LMI families exceeded its overall market share.

Community Development Lending

UBOC's level of community development lending in the assessment area is excellent, based on its scope of operations in the area. During the evaluation period, UBOC originated five community development loans totaling \$22.9 million. Four of these projects were for affordable housing which produced 275 units for LMI families, helping to meet one of the more critical needs within this assessment area.

INVESTMENT TEST

The bank's investment performance in this assessment area is nominal but is responsive to the needs of the community. UBOC provided twelve grants totaling \$107 thousand which helped promote community development activities such as computer-based educational training to LMI individuals.

SERVICE TEST

Although delivery systems are well-distributed, no community development services were specifically targeted to this assessment area. Of the eleven branches located in the San Jose MSA, 36% are located in LMI census tracts. This distribution exceeds the 24% LMI geographies in the assessment area.

Service hours are normal with most branches offering extended Friday and partial Saturday hours. Service hours are convenient in LMI geographies and generally in line with those offered in middle- and upper-income geographies. No branches were opened or closed during the evaluation period. One branch located in an upper-income tract was consolidated during the evaluation period.

California Metropolitan Statistical Areas-Limited Scope Reviews

Bakersfield MSA #680

Description of Institution's Operations in the Bakersfield, CA MSA

The Bakersfield MSA consists of Kern County. It is a primarily rural MSA with the City of Bakersfield representing the largest urban area. At the Southernmost end of the San Joaquin Valley area of the state, the Bakersfield MSA experienced a 3% growth in employment from 1996 to 1997. However, its unemployment rate of 11.4% is almost double that of the state average.

The bank has a modest presence here with a total of seven freestanding, instore and Cash & Save branches. In addition, UBOC has ten ATMs. As of June 30, 1997, it had almost \$200 million in deposits. This represents 1% of all California deposits and a deposit market share of 6.3%.

The need for affordable housing is a major issue in the MSA. However, there are also barriers to new construction of affordable housing. One major barrier is the lack of affordable housing developers in the area. Most new construction is for market projects. One of the few affordable projects in the Bakersfield area is a development sponsored by Catholic Charities in the unincorporated area of Southeast Bakersfield. Small business loans, both guaranteed and unguaranteed, also present opportunities for banks.

Demographic Information Bakersfield MSA #680										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	4	4%	18,822	3%	1,646	10%	1,439	1%	30,841	23%
Moderate	32	29%	172,611	32%	4,269	26%	25,397	24%	23,636	17%
Middle	37	34%	175,734	32%	4,563	27%	35,767	33%	27,812	20%
Upper	35	32%	170,692	31%	6,246	37%	45,049	42%	55,524	40%
NA	1	1%	5,618	1%	0	0%	0	0%	NA	NA
Totals	109	100%	543,477	100%	16,724	100%	107,652	100%	137,813	100%
Median Family Income = \$31,714				Median Housing Value = \$82,726						
HUD Adjusted MFI for 1997 = \$37,700				Unemployment Rate (June 30, 1997) = 11.4%						

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Bakersfield, CA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of California section of this Performance Evaluation and from the above demographic table. It represents the same information used in assessing performance where the full scope examination procedures were utilized.

UBOC's lending performance in this assessment area is consistent with its lending performance overall for the State of California. On the other hand, UBOC's investment and service performance in the Bakersfield MSA is inconsistent and below that of both its overall investment and service performance in the State of California; however, it does not change the rating of either for the state. The lower performance for the investment test stems from a nominal volume of investment activity. The lower performance for the service test largely stems from a lack of community development services.

Fresno MSA #2840

Description of Institution's Operations in the Fresno, CA MSA

This MSA is located in central San Joaquin Valley. The surrounding cities and

unincorporated areas are heavily involved in agriculture, and rely on the collection of services provided by the City of Fresno. The City is the county's demographic and economic development center. It serves as a regional hub for retail, government, medical and many other services provided to its residents.

The bank has a strong branch presence but relatively modest deposit level loan presence in this MSA with a total of sixteen freestanding, instore, and Cash & Save branches. In addition, UBOC has 20 ATMs. As of June 30, 1997, it had more than \$300 million in deposits. This represents 1.5% of all California deposits and a deposit market share of 5.3%.

The MSA's unemployment rate (highest MSA in the state) and cost of housing have risen, yet the economy continues to struggle. A recent housing boom in the outskirts of the City of Fresno has increased the number of units in the housing market, but the need for affordable housing persists.

Demographic Information Fresno MSA #2840										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	6	4%	36,544	5%	1,460	6%	2,330	2%	42,962	23%
Moderate	37	25%	201,675	27%	6,354	25%	23,899	17%	31,598	17%
Middle	64	43%	341,447	45%	11,162	43%	65,919	48%	36,899	20%
Upper	36	24%	174,808	23%	6,737	26%	46,140	33%	75,149	40%
NA	5	3%	1,106	< 1%	7	< 1%	0	0%	NA	NA
Totals	148	100%	755,580	100%	25,720	100%	138,288	100%	186,608	100%
Median Family Income = \$30,012				Median Housing Value = \$85,539						
HUD Adjusted MFI for 1997 = \$35,600				Unemployment Rate (December 31, 1997) = 16.8 %						

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Fresno, CA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of California section of this Performance Evaluation and from the above demographic table. It represents the same information used in assessing performance where the full scope examination procedures were utilized.

UBOC's lending and service performances in this assessment area are consistent with its overall performance in the State of California. On the other hand, UBOC's investment performance in the Fresno MSA is inconsistent and below that of its overall investment performance in the State of California; however, it does not change the rating for the state. The lower performance for the investment test stems from a nominal volume of investment activity.

Modesto MSA #5170

Description of Institution's Operations in the Modesto, CA MSA

The Modesto MSA consists of Stanislaus County. It is located in the northern San Joaquin Valley area of the state. The Modesto MSA is primarily a rural area. Its largest city is Modesto. The city of Modesto is a regional retail and government center. During 1996, employment grew 4%. There were 1428 housing permits issued in the county during 1996 of which 24% were for multi-family units. The median price of a home was \$105,410. A major portion of the population increase has been the result of the affordability of housing when compared to costs in the bay area.

The bank has a very modest presence here with a total of three freestanding and instore branches. As of June 30, 1997, it had less than \$50 million in deposits. This represents .25 % of all California deposits and a deposit market share of 1.3%.

Small business loans, home improvement loans, and residential loans are the major lending opportunities in the county. The improvement of the older single family housing stock is a county wide priority.

Demographic Information Modesto MSA #5170											
Income Category	By Income Level of the Census Tract								Families by Income Level		
	Census Tracts		Population		Businesses		Owner Occupied Housing				
	#	%	#	%	#	%	#	%	#	%	
Low	1	1%	2,963	1%	141	1%	207	< 1%	19,980	21%	
Moderate	15	15%	72,492	20%	2,560	23%	10,919	14%	16,372	17%	
Middle	41	42%	213,078	57%	6,305	57%	44,000	58%	20,409	21%	
Upper	15	15%	81,823	22%	2,033	18%	21,000	28%	38,503	41%	
NA	26	27%	166	< 1%	32	< 1%	0	0%	NA	NA	
Totals	98	100%	370,522	100%	11,062	100%	76,126	100%	95,264	100%	
Median Family Income = \$32,923				Median Housing Value = \$124,127							
HUD Adjusted MFI for 1997 = \$41,000				Unemployment Rate (June 30, 1997) = 13.5 %							

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Modesto, CA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of California section of this Performance Evaluation and from the above demographic tables. It represents the same information used in assessing performance where the full scope examination procedures were utilized.

UBOC's lending and service performances in this assessment area are consistent with its overall performance for the State of California. On the other hand, UBOC's investment performance in the Modesto MSA is inconsistent and below that of its overall investment performance for the State of California; however, it does not change the rating for the state. UBOC did not have any direct investment activity in this assessment area.

Redding MSA #6690

Description of Institution's Operations in the Redding, CA MSA

The Redding MSA is located at the northern end of the Sacramento Valley. It consists of Shasta County. Although it is primarily a rural area, Redding represents the largest concentration of commercial/facilities and urbanized areas between Sacramento and the Oregon border.

Redding, the county seat of Shasta County is the most urbanized area in the portion of Northern California that spans from Sacramento to the Oregon border. The area's primary industries are tourism and timber-related processing and manufacturing. The timber industry has been under strong pressure in recent years, the result of declining natural resources. Jobs have left the area, and there has been a substantial impact on the local economy. As with several other smaller MSA's in the state, there are no low income census tracts.

The bank has a very modest presence here with only one freestanding branch. As of June 30, 1997, it had less than \$50 million in deposits. This represents .25 % of all California deposits and a deposit market share of 1.3%.

As in many other parts of the state, low-income individuals pay a disproportionate amount of their income for housing costs. The housing stock in the community is older. For those in lower-income brackets, affordable housing is often in need of repair and rehabilitation. There is no public housing available. The need for rehabilitated affordable housing is an issue for the area.

Demographic Information Redding MSA #6690										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	8,815	21%
Moderate	4	14%	18,686	13%	1,147	18%	3,347	9%	7,221	18%
Middle	19	66%	107,847	73%	4,540	72%	27,309	76%	8,499	21%
Upper	4	14%	20,503	14%	597	10%	5,457	15%	16,174	40%
NA	2	7%	0	0%	0	0%	0	0%	NA	NA
Totals	29	100%	147,036	100%	6,284	100%	36,113	100%	40,709	100%
Median Family Income = \$30,332				Median Housing Value = \$93,473						
HUD Adjusted MFI for 1997 = \$36,100				Unemployment Rate (June 30, 1997) = 9.1%						

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Redding, CA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of California section of this Performance Evaluation and from the above demographic tables. It represents the same information used in assessing performance where the full scope examination procedures were utilized.

UBOC's lending and service performances in this assessment area are consistent with its overall performance for the State of California. On the other hand, UBOC's investment performance in the Redding MSA is inconsistent and below that of its overall investment performance in the State of California; however, it does not change the rating for the state. UBOC did not have any direct investment activity in this assessment area.

Salinas MSA #7120

Description of Institution's Operations in the Salinas, CA MSA

The Salinas MSA consists of Monterey County. The area contains scenic coastlines and expands into agricultural areas. It contains the small cities of Salinas, Monterey and Carmel. The Salinas Valley has some of the most productive farm land in the country. The coastal portion of the county includes the scenic Big Sur and Monterey Bay/Carmel areas. Tourism is one of the county's major industries. Fort Ord Army base closed two years ago, and small businesses in the area are still struggling to recover from the loss of business as a result of the closure. There is a large population of low-income workers who are either farm laborers or workers in businesses involved in tourism.

The bank has a very modest presence here with only one freestanding branch. As of June 30, 1997, it had some \$34 million in deposits. This represents .17 % of all California deposits and a deposit market share of .98%.

The need for affordable housing is a problem throughout the county. This includes rehabilitation of existing housing stock. A lack of land is cited as the foremost barrier to affordable housing as preservation of agricultural land is a priority. However, the cities of Monterey and Salinas are exploring alternatives that will eliminate or mitigate the barriers.

Demographic Information Salinas MSA #7120										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	2	3%	2,754	1%	2	3%	109	< 1%	15,673	19%
Moderate	14	19%	102,737	29%	14	20%	7,043	12%	15,363	18%
Middle	34	47%	166,692	47%	34	49%	25,886	45%	20,113	24%
Upper	19	26%	83,477	23%	19	28%	24,179	42%	32,887	39%
NA	3	4%	0	0%	0	0%	0	0%	NA	NA
Totals	72	100%	355,660	100%	69	100%	57,217	100%	84,036	100%
Median Family Income = \$36,223					Median Housing Value = \$206,913					
HUD Adjusted MFI for 1997 = \$45,600					Unemployment Rate (May 31, 1997) = 7.2%					

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Salinas, CA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of California section of this Performance Evaluation and from the above demographic table. It represents the same information used in assessing performance where the full scope examination procedures were utilized.

UBOC's lending performance in this assessment area is inconsistent but better than its overall lending performance for the State of California. However, UBOC's investment and service performance in the Salinas MSA is inconsistent and below that of both its overall investment and service performance for the State of California. None of the differences however, change the overall ratings at the state level. UBOC did not have any direct investment activity in this assessment area. The lower performance for the service test largely stems from a lack of community development services.

San Luis Obispo-Atascadero-Paso Robles (San Luis Obispo) MSA #7460

Description of Institution's Operations in the San Luis Obispo, CA MSA

This MSA consists of San Luis Obispo County. The area's two largest cities are San

Luis Obispo and Paso Robles. There are several smaller cities including Atascadero, Grover Beach and Pismo Beach. The county has experienced steady growth. It is dominated by the state university and agriculture in the surrounding cities and rural areas.

The area is somewhat unique in that it has no low-income census tracts. Many of the low-income county residents are farm workers. Housing costs, like many parts of the state, are an issue. The population has grown steadily since 1980, and housing costs have increased accordingly. However, the recession of the early 1990's has had a profound impact on housing prices in the area. Despite the reduction in housing prices, home ownership still remains beyond the reach of most low-income county residents. The county has targeted downpayment assistance as one of its major areas of usage for HUD funds.

The bank has a very modest presence here with only two freestanding branches. As of June 30, 1997, it had almost \$50 million in deposits. This represents .24 % of all California deposits and a deposit market share of 2.2%.

Housing opportunities for renters are available primarily through the Section 8 Rental Assistance Program. More than 1,600 residences are covered by Section 8 certificates with a waiting list of more than 1,400 names. In contrast, the county has only 169 public housing units, with an extremely low vacancy factor.

Demographic Information San Luis Obispo MSA #7460										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	9,304	17%
Moderate	4	12%	20,689	10%	1,135	11%	3,391	7%	9,966	19%
Middle	23	68%	175,860	81%	7,769	78%	39,384	82%	13,008	25%
Upper	4	12%	20,536	9%	1,037	11%	5,261	11%	20,428	39%
NA	3	9%	77	< 1%	0	0%	0	0%	NA	NA
Totals	34	100%	217,162	100%	9,941	100%	48,036	100%	52,706	100%
Median Family Income = \$37,087					Median Housing Value = \$219,601					
HUD Adjusted MFI for 1997 = \$43,800					Unemployment Rate (December 31, 1997) = 4.9%					

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the San Luis Obispo, CA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of California section of this Performance Evaluation and from the above demographic table. It represents the same information used in assessing performance where the full scope examination procedures were utilized.

UBOC's performance for all three tests in this assessment area are inconsistent and below that of its overall performance for the State of California; however, it does not change any of the ratings for the state. The inconsistent lending performance centers in the weak geographic distribution of residential mortgage loans and the degree of UBOC's responsiveness to the credit needs of borrowers of different income levels and small businesses throughout the assessment area. The lower performance for the investment test stems from a nominal volume of investment activity. The lower performance for the service test largely stems from a lack of community development services.

Santa Barbara-Santa Maria-Lompoc (Santa Barbara) MSA #7480

Description of Institution's Operations in the Santa Barbara, CA MSA

The Santa Barbara MSA is located along the central coast of California. Land use is widely diverse, ranging from scenic seaports to rich agricultural soil to parcels of arid land. The City of Santa Barbara is the commercial, financial, and governmental center of the County.

Due to the declining industries of aerospace and defense, the MSA has lost several thousand jobs. Economic conditions have resulted in the cut back of various levels of government services. These cutbacks in employment have led to a decline in property values, foreclosures and forced sales of homes. Since 1995, there has been a rise in business volume and property values are beginning to stabilize.

The bank has a very modest presence here with only three freestanding branches. As of June 30, 1997, it had almost \$80 million in deposits. This represents .38 % of all California deposits and a deposit market share of 1.7%.

The City of Santa Barbara is one of the most expensive places to live in the United States. While home ownership costs have decreased, they continue to be out of reach for most households. Thus, affordable housing is a key MSA need despite the fact that there are no low-income census tracts.

Demographic Information Santa Barbara MSA #7480										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	1	1%	5,683	2%	86	1%	0	0%	17,078	19%
Moderate	23	28%	122,431	33%	6,873	45%	11,591	16%	15,835	18%
Middle	29	35%	127,332	34%	4,431	29%	28,866	41%	19,797	23%
Upper	27	33%	114,162	31%	3,796	25%	30,587	43%	34,801	40%
NA	2	2%	0	0%	0	0%	0	0%	NA	NA
Totals	82	100%	369,608	100%	15,186	100%	711,044	100%	87,511	100%
Median Family Income = \$41,289					Median Housing Value = \$256,264					
HUD Adjusted MFI for 1997 = \$49,300					Unemployment Rate (December 31, 1997) = 5.8%					

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Santa Barbara, CA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of California section of this Performance Evaluation and from the above demographic table. It represents the same information used in assessing performance where the full scope examination procedures were utilized.

UBOC's lending performance in this assessment area is consistent with its lending performance overall for the State of California. On the other hand, UBOC's investment and service performance in the Salinas MSA is inconsistent and below that of both its overall performances in the State of California; however, it does not change the rating of either for the state. UBOC did not have any direct investment activity in this assessment area. The lower performance for the service test largely stems from a lack of community development services.

Stockton-Lodi MSA # 7500

Description of Institution's Operations in the Stockton-Lodi, CA MSA

This MSA is located in the central San Joaquin Valley. The area is rural, but is rapidly urbanizing as growth continues. Stockton is the largest population center in the county.

The bank has a reasonable presence here with only four freestanding and instore branches. As of June 30, 1997, it had only \$86 million in deposits. This represents .38% of all California deposits but a deposit market share of 11.43%.

Affordable housing is a key need in the county. Wages and salaries have not kept pace with population growth resulting in a large population of residents unable to afford a home. However, several barriers exist which magnify the problem. These include zoning laws, low-growth ordinances, and insufficient infrastructure.

Demographic Information Stockton-Lodi MSA #8120										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	5	4%	13,626	3%	1,115	8%	989	1%	25,850	22%
Moderate	29	25%	132,138	27%	3,268	24%	18,671	20%	20,493	17%
Middle	46	40%	211,607	44%	5,811	43%	43,368	48%	25,326	21%
Upper	30	26%	123,242	26%	3,468	25%	28,027	31%	46,676	40%
NA	4	4%	15	< 1%	9	< 1%	0	0%	NA	NA
Totals	114	100%	480,628	100%	13,662	100%	91,055	100%	118,345	100%
Median Family Income = \$34,701					Median Housing Value = \$124,044					
HUD Adjusted MFI for 1997 = \$42,600					Unemployment Rate (June 30, 1997) = 10.8%					

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Stockton-Lodi, CA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of California section of this Performance Evaluation and from the above demographic table. It represents the same information used in assessing performance where the full scope examination procedures were utilized.

UBOC's lending performance in this assessment area is consistent with its lending performance overall in the State of California. On the other hand, UBOC's investment and service performance in the San Luis Obispo MSA is inconsistent and below that of both its overall investment and service performance in the State of California; however, it does not change the rating of either for the state. The lower performance for the investment test stems from a nominal volume of investment activity. The lower performance for the service test largely stems from a lack of community development services.

Vallejo-Fairfield MSA #8720

Description of Institution's Operations in the Vallejo-Fairfield, CA MSA

This MSA consists of the counties of Solano and Napa. Located 50 miles northeast

of San Francisco, the area is both suburban and rural. It is also home of the largest wine growing area in the state. The MSA contains three major cities: Vallejo, Fairfield and Napa.

The bank has a very minimal presence here with only one freestanding branch. As of June 30, 1997, it had \$12 million in deposits. This represents only .06 % of all California deposits and a deposit market share of .4%.

Residential housing and small business sectors represent lending opportunities for banks in the MSA. The need for affordable housing is also a major issue in both counties. This includes multi-family construction and home improvement. Several nonprofit housing developers operate in the area. However, projects have been restricted by slow growth ordinances in the city of Napa. In addition, the city of Vallejo has been hard hit by the closure of the Mare Island Naval Shipyard. The negative economic impact has strained the ability of local government to assist in affordable housing projects.

Demographic Information Vallejo-Fairfield MSA #8720										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	2	2%	1,471	0%	532	4%	517	1%	20,735	18%
Moderate	18	19%	69,488	15%	2,405	17%	9,348	10%	20,673	18%
Middle	52	55%	269,478	60%	8,813	62%	60,852	62%	29,944	26%
Upper	19	20%	110,357	25%	2,463	17%	27,247	28%	44,232	38%
NA	3	3%	392	< 1%	0	0%	0	0%	NA	NA
Totals	94	100%	451,186	100%	14,213	100%	97,964	100%	115,584	100%
Median Family Income = \$42,467					Median Housing Value = \$160,847					
HUD Adjusted MFI for 1997 = \$51,800					Unemployment Rate (May 31, 1997) = 6.1%					

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Vallejo-Fairfield, CA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of California section of this Performance Evaluation and from the above demographic table. It represents the same information used in assessing performance where the full scope examination procedures were

utilized.

UBOC's lending and service performances in this assessment area are consistent with its overall performance in the State of California. On the other hand, UBOC's investment performance in the Vallejo-Fairfield MSA is inconsistent and below that of its overall investment performance in the State of California; however, it does not change the rating for the state. The lower performance for the investment test stems from a nominal volume of investment activity.

Visalia-Tulare-Porterville MSA #8780

Description of Institution's Operations in the Visalia-Tulare-Porterville, CA MSA

This MSA is located in the heart of the San Joaquin Valley, midway between Los Angeles and San Francisco. Visalia is the county seat of Tulare County and is the most populous city in the MSA. Most of the small towns and cities in this MSA survive on the low tax-base of the residents. Many cities in the MSA are experiencing growth due to the conversion of agricultural land to housing.

Housing affordability and the diversified economy have lured many people to various parts of the San Joaquin Valley. This has correspondingly increased the population, demand for housing and subsequently priced-out the local residents. Unemployment levels and the level of individuals on welfare have remained well above the national and state averages. Affordable housing and small business lending are the major needs identified for the assessment area.

The bank has a modest presence here with a total of five freestanding, instore and Cash & Save branches. In addition, UBOC has 6 ATMs. As of June 30, 1997, it had \$139 million in deposits. This represents .68% of all California deposits and a deposit market share of 6.7%.

Demographic Information Visalia-Tulare-Porterville MSA #8780										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	16,782	22%
Moderate	14	26%	86,277	28%	1,622	19%	11,758	20%	14,052	18%
Middle	26	48%	147,707	47%	4,289	49%	28,467	48%	15,144	19%
Upper	13	24%	77,112	25%	2,756	32%	18,548	32%	31,559	41%
NA	1	2%	825	< 1%	0	0%	0	0%	NA	NA
Totals	54	100%	311,921	100%	8,667	100%	58,773	100%	77,537	100%
Median Family Income = \$26,697					Median Housing Value = \$75,936					
HUD Adjusted MFI for 1997 = \$32,100					Unemployment Rate (December 31, 1996) = 16.0%					

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Visalia-Tulare-Porterville, CA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of California section of this Performance Evaluation and from the above demographic table. It represents the same information used in assessing performance where the full scope examination procedures were utilized.

UBOC's lending performance in this assessment area is consistent with its lending performance overall in the State of California. On the other hand, UBOC's investment and service performance in this assessment area are inconsistent and below that of both its overall investment and service performance in the State of California; however, it does not change the rating of either for the state. The lower performance for the investment test stems from a nominal volume of investment activity. The lower performance for the service test largely stems from a lack of community development services.

Yolo MSA #8780

Description of Institution's Operations in the Yolo, CA MSA

Yolo is located in the northern part of the Central Valley. The MSA consists of Yolo County and is located on the periphery of the city of Sacramento urban area. Yolo is primarily rural. It has two major cities, Woodland and Davis. Woodland is the county seat and Davis is the home of U.C. Davis, an agricultural campus in the U.C. system.

The Yolo MSA, though primarily agriculturally based, has industries including research, the arts and business services within its boundaries. There are also agricultural related industries and large agricultural distribution warehouses. The two main cities both have agriculture in common, but with different perspectives. Overall, the MSA has an unemployment rate of 8.7%.

The bank has a very modest presence here with only one freestanding branch. As of June 30, 1997, it had some \$25 million in deposits. This represents .12 % of all California deposits and a deposit market share of 2.3%.

Demographic Information Yolo MSA #9270										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	2	7%	5,188	4%	26	1%	15	< 1%	6,915	21%
Moderate	8	26%	38,719	27%	1,787	40%	6,251	24%	5,907	18%
Middle	11	35%	49,259	35%	1,826	41%	10,228	39%	6,793	21%
Upper	10	32%	47,926	34%	817	18%	9,955	38%	12,965	40%
Totals	31	100%	141,092	100%	4,456	100%	26,449	100%	32,580	100%
Median Family Income			= \$36,866			Median Housing Value			= \$146,172	
HUD Adjusted MFI for 1997			= \$48,200			Unemployment Rate (December 31, 1997)			= 8.2%	

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Yolo, CA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of California section of this Performance Evaluation and from the above demographic table. It represents the same information used in assessing performance where the full scope examination procedures were utilized.

UBOC's lending performance in this assessment area is consistent with its lending performance overall in the State of California. On the other hand, UBOC's investment

and service performance in the Yolo MSA is inconsistent and below that of both its overall investment and service performance in the State of California; however, it does not change the rating of either for the state. UBOC did not have any direct investment activity in this assessment area. The lower performance for the service test largely stems from a lack of community development services.

Yuba City MSA #8780

Description of Institution's Operations in the Yuba City, CA MSA

The MSA consists of two counties, Yuba and Sutter. Yuba City is the regional center for commerce and namesake of the Yuba City MSA. Located in the central valley it lies near the juncture of State Highways 20 and 99. The MSA is 40 miles north of Sacramento.

The economy of the area is based on agriculture, food processing, lumber and wood products. In recent years, the regional economy has experienced further diversification with the establishment of a variety of light manufacturing plants, including food processing, energy and fabrication plants. Unemployment is more than double the state average.

The bank has a very modest presence here with only one freestanding branch. As of June 30, 1997, it had only \$18 million in deposits. This represents .12% of all California deposits and a deposit market share of 1.9%.

It is difficult for most families to afford a home as a large part of the population is well below the median family income. The housing stock in the MSA emulates the changes that have occurred statewide as the number of single family homes has decreased. Thus, affordable housing is a major lending need.

Demographic Information Yuba City MSA #9340										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	6,560	20%
Moderate	6	23%	37,333	30%	877	26%	4,891	20%	6,013	19%
Middle	14	54%	59,564	49%	1,876	56%	12,230	51%	6,493	20%
Upper	6	23%	25,746	21%	623	18%	6,871	29%	13,219	41%
Totals	26	100%	122,643	100%	3,376	100%	23,992	100%	32,285	100%
Median Family Income = \$27,665				Median Housing Value = \$79,492						
HUD Adjusted MFI for 1997 = \$34,100				Unemployment Rate (December 31, 1996) = 15.2%						

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Yuba City, CA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of California section of this Performance Evaluation and from the above demographic table. It represents the same information used in assessing performance where the full scope examination procedures were utilized.

UBOC's service performance in this assessment area is consistent with its overall performance for the State of California. On the other hand, UBOC's lending and investment performance in the Yuba City MSA is inconsistent and below that of both its overall lending and investment performance for the State of California; however, it does not change the rating for the state. The inconsistent lending performance centers in the geographic distribution of residential mortgage and small farm loans and the degree of responsiveness to the credit needs of borrowers of different income levels and small businesses throughout the assessment area. Performance among all categories is below that for the state. UBOC did not have any direct investment activity in this assessment area.

California Nonmetropolitan Statewide Area-Limited Scope Reviews

As previously mentioned, the nonmetropolitan statewide area comprises five counties and which are detailed in the accompanying data. This includes demographic information about each area as well as branch and deposit information. Conclusions with respect to each performance test follow the descriptions of all the counties.

Imperial County Assessment Area

Description of Institution's Operations in Imperial County, CA

The county is located in the southeastern portion of the state and borders on the state of Arizona, Riverside and San Diego Counties and the country of Mexico. The area is primarily rural, and has some of the most fertile farmland in the country. Agriculture is the major industry. Within the bank's assessment area this geography has the highest unemployment level.

The overall population is limited as it is in the other non-MSA areas of the state. There is a substantial low-income population resulting from the farm workers, many of whom travel and work between the U.S. and Mexico. Opportunities exist in all lending categories, with an emphasis on small business and small and large farm loans.

The bank has a strong presence in Imperial County with a total of three branches. As of June 30, 1997, it had some \$109 million in deposits. This represents .54% of all California deposits and a deposit market share of 12.63%.

Demographic Information Imperial County										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	1	3%	3,155	3%	39	1%	808	4%	7,710	29%
Moderate	15	52%	64,690	59%	1,763	58%	10,205	54%	4,827	19%
Middle	5	17%	16,989	16%	452	15%	2,581	14%	5,043	19%
Upper	8	28%	24,469	22%	769	26%	5,313	28%	8,702	33%
Totals	29	100%	109,303	100%	3,023	100%	18,907	100%	26,282	100%
Median Family Income			= \$29,947		Median Housing Value			= \$71,265		
HUD Adjusted MFI for 1997			= \$35,400		Unemployment Rate (December 31, 1997)			= 24.5%		

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Inyo County Assessment Area

Description of Institution's Operations in Inyo County, CA

The county is located in the middle to southeastern portion of the state. It borders on the state of Nevada and is next to the Fresno MSA. The area is rural and sparsely populated. Tourism and agriculture are its main industries.

The overall population is limited as it is in the other non-MSA areas of the state. There is a substantial LMI population. Opportunities exist in all lending categories, with an emphasis on small business and small farm loans.

The bank has a very modest presence here with only one freestanding branch. As of June 30, 1997, it had some \$41 million in deposits. This represents .2% of all California deposits and a deposit market share of 1.9%.

Demographic Information Inyo County										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	932	18%
Moderate	2	29%	5,902	32%	443	56%	1,335	27%	999	20%
Middle	3	42%	7,726	42%	268	33%	2,323	46%	1,043	20%
Upper	2	29%	4,653	26%	87	11%	1,359	27%	2,139	42%
Totals	7	100%	18,281	100%	798	100%	5,017	100%	5,113	100%
Median Family Income = \$29,947					Median Housing Value = \$108,213					
HUD Adjusted MFI for 1997 = \$35,400					Unemployment Rate (December 31, 1997) = 8.7%					

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Kings County Assessment Area

Description of Institution's Operations in Kings County, CA

The county is located in a central southern portion of the state. It is bordered by the Fresno, Bakersfield, and San Luis Obispo MSA's. The area is primarily rural, and has some of the most fertile farmland in the country. Agriculture is the major industry, followed by government.

The overall population is limited as it is in the other non-MSA areas of the state. There is a substantial LMI population resulting from farm workers. In addition, a significant portion of the population receives some type of public assistance. Opportunities exist in all lending categories, with an emphasis on small business and small and large farm loans.

The bank has a reasonable presence in this county with two freestanding branches. As of June 30, 1997, it had some \$56 million in deposits. This represents .28 % of all California deposits and a deposit market share of 9.5%.

Demographic Information Kings County										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0		0	0%	0	0%	5,385	23%
Moderate	7	39%	40,027	39%	883	39%	4,102	27%	4,445	19%
Middle	8	44%	47,448	47%	1,135	50%	7,742	50%	5,078	22%
Upper	3	17%	13,994	14%	261	11%	3,583	23%	8,176	36%
Totals	18	100%	101,469	100%	2,279	100%	15,427	100%	23,084	100%
Median Family Income = \$29,947					Median Housing Value = \$74,685					
HUD Adjusted MFI for 1997 = \$35,400					Unemployment Rate (December 31, 1997) = 15.0%					

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Mono County Assessment Area

Description of Institution's Operations in Mono County, CA

The county is located in the middle eastern portion of the state and borders on the state of Nevada, just north of Inyo County. The area is rural and sparsely populated. Tourism and agriculture are its main industries.

The overall population is limited as it is in the other non-MSA areas of the state. There are no LMI census tracts but is a substantial LMI population. Opportunities exist in all lending categories, with an emphasis on small business and small farm loans.

The bank has a modest presence in this county with only one freestanding branch. As of June 30, 1997, it had some \$24 million in deposits. This represents .28 % of all California deposits.

Demographic Information Mono County										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	322	13%
Moderate	0	0%	0	0%	0	0%	0	0%	416	17%
Middle	1	50%	5,171	52%	183	31%	1,198	58%	516	20%
Upper	1	50%	4,785	48%	417	69%	858	42%	1,255	50%
Totals	2	100%	9,956	100%	600	100%	2,056	100%	2,509	100%
Median Family Income = \$29,947					Median Housing Value = \$172,455					
HUD Adjusted MFI for 1997 = \$35,400					Unemployment Rate (December 31, 1997) = 6.6%					

Source: 1990 U.S. Census and 1997 HUD updated MFI.

San Benito County Assessment Area

Description of Institution's Operations in San Benito County, CA

The county is located in a central/western portion of the state next to the MSA's of San Luis Obsipo, San Jose, Monterey and Merced. The area is primarily rural, and has some of the most fertile farmland in the state. Agriculture is the major industry.

The overall population is small as it is in the other non-MSA areas of the state. There are no LMI income census tracts but there is a substantial low-income population resulting from the farm workers, many of whom travel and work between the U.S. and Mexico. Opportunities exist in all lending categories, with an emphasis on small business and small and large farm loans.

The bank has a very modest presence here with only one freestanding branch. As of June 30, 1997, it had some \$18 million in deposits. This represents .09% of all California deposits and a deposit market share of 4.5%.

Demographic Information San Benito County										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	0	0%	0	0%	0	0%	0	0%	998	11%
Moderate	0	0%	0	0%	0	0%	0	0%	1,328	14%
Middle	3	33%	12,567	34%	549	44%	2,090	30%	1,752	19%
Upper	5	56%	24,130	66%	705	56%	4,894	70%	5,129	56%
NA	1	11%	0	0%	0	0%	0	0%	NA	NA
Totals	9	100%	36,697	100%	1,254	100%	6,984	100%	9,207	100%
Median Family Income = \$29,947				Median Housing Value = \$222,736						
HUD Adjusted MFI for 1997 = \$35,400				Unemployment Rate (December 31, 1997) = 13.9%						

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the California Nonmetropolitan Statewide Area

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of California section of this Performance Evaluation and from the above demographic tables. It represents the same

information used in assessing performance where the full scope examination procedures were utilized.

UBOC's lending and service performances in this nonmetropolitan statewide assessment area are consistent with its overall performance for the State of California. On the other hand, UBOC's investment performance in the assessment area is inconsistent and worse than its overall investment performance for the State of California; however, it does not change the rating for the state. The lower performance for the investment test stems from a nominal volume of investment activity.

OREGON STATE RATING

CRA Rating for Oregon: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: Needs to Improve

Conclusion Highlights

- ▶ UBOC's geographic distribution of loans reflects excellent dispersion throughout its assessment areas, including LMI census tracts.
- ▶ UBOC's distribution of small loans to businesses reflects weak responsiveness to the credit needs of small businesses throughout its assessment areas.
- ▶ UBOC's investment performance, totaling \$853 thousand, is adequate and responsive to the community development needs of its assessment areas.
- ▶ While UBOC's delivery systems are reasonably accessible to essentially all portions of its assessment area, no community development services have been provided.

Description of Institution's Operations in Oregon

The bank has a limited presence in Oregon with operations in a portion of the Portland-Vancouver MSA and in the Eugene-Springfield MSA. Primary competitors include Bank of America, U.S. Bank, Key Bank, Washington Mutual, Pacific Continental, and Wells Fargo Bank. For additional comments on area demographics see the following commentary on the individual MSAs.

UBOC has two branches, one in each of its assessment areas. Total deposits as of June 30, 1997, were \$172 million. This represents less than 1% of the banks total domestic deposits. Within the individual assessment areas, the Eugene-Springfield branch had a 1.5% market share while the Portland branch had a .9% market share.

Affordable housing and small business lending are key needs.

Conclusions with respect to Performance Tests in Oregon

As UBOC derives only a very small portion of its deposits (< 1%) and reportable loan originations (2%) from its assessment areas within Oregon, UBOC's performance in the state had little influence UBOC's overall rating. In addition, due to the bank's limited market presence, we only performed limited scope reviews in each of the

bank's assessment areas.

LENDING TEST

Lending Activity

UBOC's lending, see accompanying table, reflects adequate responsiveness to credit needs in its assessment areas in Oregon, commensurate with its limited scope of operations in the state. During the evaluation period, UBOC originated 604 loans totaling approximately \$173 million within its assessment areas in Oregon. The majority of reportable loan originations (76% of the number and 88% of the dollars) were small loans to businesses, reflective of UBOC's historical focus on commercial business lending. Thus, in determining UBOC's overall performance under the Lending Test in the State of Oregon, more weight was given to the analysis of small business lending performance. Residential mortgage loans represent a secondary and declining line of business for UBOC. The volume of UBOC's small farm loan originations in Oregon is insignificant.

Based on 1996 Aggregate Small Business data, UBOC's 1.03% market share ranks it the eleventh largest originator of the number of small loans to businesses within its assessment areas in the state. However, based on the dollar volume of originations, UBOC's 4.01% market share ranks it the sixth largest originator of small loans to businesses. Based on 1996 Aggregate HMDA Data, UBOC is a relatively insignificant originator and/or purchaser of residential mortgage loans in its Oregon assessment areas, with a market rank of 119 and market share of .13%.

Lending Activity: ALL LOANS State: OREGON						
Loan Type	Total Originations				Overall Market Rank*	Overall Market Share*
	#	% of Total	\$ (000s)	% of Total		
Small Business Total	457	76%	\$152,444	88%	11	1.03%
Residential Mortgage Total	141	23%	\$16,212	9%	119	0.13%
Home Purchase	46	8%	\$5,709	3%	121	0.06%
Refinance	91	15%	\$10,307	6%	91	0.03%
Home Improvement	4	< 1%	\$196	< 1%	0	0%
Small Farm Total	4	< 1%	\$890	< 1%	10	0.25%
Community Development Total	2	< 1%	\$3,100	2%	NA	NA
Total Lending in Oregon	604	100%	\$172,646	100%	NA	NA

(*) Based on 1996 Aggregate HMDA, Small Business and Small Farm Data.

Small business loan originations have increased while residential mortgage loans have declined from 1996 through 1997. The number of small business loan originations increased 5%, while the dollars increased 27%. Conversely, the number of residential mortgage loans originated and purchased declined 64%, while the dollars declined 26%. See overall lending comments for further details on this decline.

Approximately 83% of the number and 86% of the dollars of loans originated within UBOC's Oregon assessment areas, were within the Portland assessment area. This compares to UBOC's 80% total deposits in the state derived from this assessment area (as of June 30, 1997). Thus, performance in the Portland assessment area significantly influenced the lending test rating for the State of Oregon.

Geographic Distribution of Loans

UBOC's overall geographic distribution of loans reflects excellent dispersion throughout its assessment areas in the State of Oregon, including LMI census tracts.

Small Business Loans

UBOC's geographic distribution of small business loans reflects excellent dispersion throughout its Oregon assessment areas, with more weight given to performance in the Portland assessment area. The analysis focused on the distribution of loans to all businesses, regardless of revenue size, as loans to businesses with revenues less

than a \$1 million represent only 35% of UBOC's total originations. UBOC's portion of small loans to businesses made in LMI census tracts exceeds the portion of businesses located in those tracts. From 1996 through 1997, the portion of loans made to businesses located in LMI census tracts was unchanged. Based on 1996 Aggregate Small Business data, UBOC outperformed the aggregate market in its assessment areas in lending in both LMI census tracts. In addition, UBOC's market share of loans in LMI census tracts exceeded its overall market share.

Geographic Distribution: SMALL BUSINESS State: OREGON											
MSA/Assessment Area:	Low-Income Tracts			Moderate-Income Tracts			Market Share**			Total Loans	
	% of Businesses	% UBOC Loans	% Market Loans*	% of Businesses	% UBOC Loans	% Market Loans*	All	Low	Mod	#	% of Total
Eugene-Spfd MSA	8%	11%	6%	28%	28%	23%	1.31	1.41	1.85	81	18%
Portland MSA (partial)	2%	2%	2%	23%	27%	22%	.98	1.35	1.22	376	82%
Total Oregon	3%	4%	2%	24%	28%	22%	1.03	1.38	1.32	457	100%

(*) The market consists of all other CRA reporters in UBOC's assessment area and is based on 1996 Aggregate Small Business Data only.

(**) Based on 1996 Aggregate Small Business Data only.

Residential Mortgage Loans

UBOC's geographic distribution of residential mortgage loans reflects excellent dispersion throughout its Oregon assessment areas, with more weight given to performance in the Portland MSA assessment area. Overall, the portion of residential mortgage loans made in LMI census tracts greatly exceeds the portion of owner-occupied housing units that are within those tracts. From 1996 through 1997, UBOC's portion of loans originated in LMI census tracts declined, but remained above the portion of owner-occupied housing units within those tracts. Based on 1996 Aggregate HMDA data, UBOC generally outperformed the aggregate market in its assessment areas in lending in both LMI census tracts. In addition, UBOC's market share of loans originated in LMI census tracts exceeded its overall market share.

Geographic Distribution: RESIDENTIAL MORTGAGE State: OREGON											
MSA/Assessment Area:	Low-Income Tracts			Moderate-Income Tracts			Market Share**			Total Loans	
	% Owner Occ Units	% UBOC Loans	% Market Loans*	% Owner Occ Units	% UBOC Loans	% Market Loans*	All	Low	Mod	#	% of Total
Eugene-Spgfld MSA	0.6%	0.0%	0.6%	13.7%	29.4%	12.8%	.08	0	.26	17	12%
Portland MSA (partial)	0.9%	4.8%	1.2%	13.9%	38.7%	14.6%	.14	.72	.43	124	88%

Total Oregon	0.8%	4.3%	1.2%	13.9%	37.6%	14.3%	.13	.66	.41	141	100%
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(*) The market consists of all other HMDA reporters in UBOC's assessment area and is based on 1996 Aggregate HMDA Data only.

(**) Based on 1996 Aggregate HMDA Data only.

Borrower Distribution

The analysis of borrower distribution in UBOC's Oregon assessment areas was limited to an analysis of small business loan originations, as the lack of borrower income information for 63% of residential mortgage loans/purchases and the small volume of farm originations did not allow for a meaningful analysis of the distribution of such loans. Overall, the borrower distribution of UBOC's small business loan originations reflects weak responsiveness to the credit needs of small businesses throughout its Oregon assessment areas.

Small Business Loans

UBOC's distribution of small loans to businesses reflects weak responsiveness to the credit needs of small businesses throughout UBOC's Oregon assessment areas, with more weight given to performance in the Portland assessment area. Approximately 35% of the small loans to businesses originated by UBOC were to businesses with revenues of less than \$1 million. UBOC's portion of loans originated to such businesses is significantly lower than the portion of businesses with revenues of less than \$1 million in its assessment areas and is also lower than the aggregate market. Also, based on 1996 Aggregate Small Business data, UBOC's portion of loans made in amounts of \$100 thousand or less was significantly lower than the portion of loans the aggregate market made in such amounts.

Borrower Distribution: SMALL BUSINESS State: OREGON										
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans w/Original Amount of \$100,000 or less		Market Share****			Total Loans	
	% of Businesses *	% UBOC Loans **	% Market Loans***	% of UBOC Loans	% Market Loans***	All	Rev \$1 million or less	Loan Amt \$100,000 or less	#	% of Total
Eugene-Spfd MSA	89%	43%	60%	37%	87%	1.31	1.16	.49	81	18%
Portland MSA (partial)	86%	33%	58%	24%	84%	.98	.55	.34	376	82%
Total Oregon	87%	35%	58%	26%	85%	1.03	.65	.37	457	100%

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 5% of loans originated by UBOC in Oregon.

(***) The market consists of all other Small Business reporters in UBOC's assessment area and is based on 1996 Aggregate Small Business Data only.

(****) Based on 1996 Aggregate Small Business Data only.

The 1996 Aggregate Small Business data also indicate that UBOC's average loan size is approximately \$301 thousand versus the market average of \$77 thousand. This comparison is skewed by the presence of several large credit card companies that are

significant players in the market. The average loan size originated by these companies is significantly smaller than that of commercial banks in the market. However, the \$116 thousand average loan size of the six commercial banks that rank in the top ten in small business lending in UBOC's assessment areas is still significantly less than UBOC's average loan size.

Community Development Lending

UBOC's level of community development lending in the State of Oregon is good and commensurate with its limited scope of operations in the state. During the evaluation period, UBOC extended a \$1.5 million line of credit to a loan consortium that provides financing for affordable housing initiatives throughout the state. In addition, UBOC purchased three loans totaling \$1.6 million from the loan consortium. The three loans represented multi-family residential projects that provided 94 units of affordable housing. Positive consideration is also given to the fact that a portion of UBOC's loan originations, reported and considered as residential mortgage or small business loans, have community development characteristics.

Product Innovation and Flexibility

UBOC's performance under the lending test in Oregon is enhanced by the offering of bank-wide flexible loan products that help meet the credit needs of LMI home buyers and small businesses within its assessment areas. The programs include UBOC's Economic Opportunity Mortgage and Community Home Buyer Program for residential mortgage loans and the Urban Enterprise Banking, "Fast Step" business line of credit, and SBA 7A Loan Guaranty programs for small businesses.

INVESTMENT TEST

UBOC's investment performance in the State of Oregon is adequate and generally responsive to the community development needs, including affordable housing and small business financing, of its assessment area. In addition to the nine grants and one investment listed in the table below, UBOC allocated funds through its SBIC subsidiary to two companies in the State totaling \$853 thousand. The SBIC investment benefited areas near the bank's assessment areas.

AGGREGATE ASSESSMENT AREAS - INVESTMENT TEST								
State (ST): Oregon Assessment Areas:	*AH&ED		Contributions/Grants		Total Investments			
	#	\$ (000)	#	\$ (000)	#	% # ST	\$ (000s)	% \$'s ST
Eugene-Springfield MSA	0	\$0	0	\$0	0	0%	\$0	0%
Portland Partial MSA	0	\$0	9	\$24	9	90%	\$24	3%
Statewide	1	\$815	0	\$0	1	10%	\$815	97%
Total State (ST)	1	\$815	9	\$24	10		\$839	\$1
% of Total Bank	7%	3%	5%	1%	4%		3%	

*AH&ED - Affordable Housing & Economic Development

SERVICE TEST

UBOC's service performance in the State of Oregon is not consistent with its overall service performance and is considered weak. While the bank has a limited branch presence in Oregon, no community development services were provided to this area. As such, community development services need improvement. The bank's performance here has little impact on its overall rating, as only 1% of its branch network is located in Oregon.

As shown in the following table, UBOC has two Oregon branch locations, both located in LMI tracts. UBOC’s branch hours are normal and generally convenient to LMI individuals and geographies. No branches were opened or closed in Oregon during the evaluation period.

AGGREGATE ASSESSMENT AREAS - SERVICES TEST													
State: OREGON Assessment Areas:	#				% # of Branches				#	% # of ATMs			
	Branch Offices	Instore Offices	Total Offices	Offices % ST	Low CT	Moderate CT	Middle CT	Upper CT	ATMs	Low CT	Moderate CT	Middle CT	Upper CT
Eugene- MSA	1	0	1	50%	0%	100%	0%	0%	1	0	0%	100%	0%
Portland Partial	1	0	1	50%	0%	100%	0%	0%	1	0	0%	100%	0%
Total State	2	0	2	100%	0%	100%	0%	0%	2	0	0%	100%	0%
% of Total Bank				1%									

Oregon Metropolitan Statistical Areas-Limited Scope Reviews

Eugene-Springfield MSA # 2400 Assessment Area

Description of Institution's Operations in the Eugene-Springfield, OR MSA

This MSA consists of Lane County and is located south of Portland in the Center of Oregon. The bank's presence in the MSA is very limited with only one branch which is located in a moderate-income census tract.

Overall, the local economy is performing well, although some rural parts of the county are still suffering from the downsizing of the timber industry. The county has secured two major high-tech investments in recent years, which helped with the transition from a timber-dependant economy. As the home to the University of Oregon, Eugene has a large student population. Eugene also has one of the lowest rental housing vacancy rates of any city in the state. Affordable rental housing is particularly scarce. Along with students, the large numbers of service industry employees working for the University or its subcontractors drive a great part of the demand for affordable housing. Rental housing for all incomes is needed, with a particular need for housing targeting low-income households. Our community contacts in this area agree that affordable housing is a primary credit need.

Demographic Information Eugene-Springfield MSA #2400										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	2	2%	9,464	3%	886	8%	411	< 1%	14,180	19%
Moderate	12	15%	49,332	18%	3,329	28%	9,214	14%	13,741	19%
Middle	43	52%	176,361	62%	5,717	49%	44,619	66%	17,802	24%
Upper	12	15%	47,755	17%	1,809	15%	13,146	20%	28,344	38%
NA	13	16%	0	0%	0	0%	0	0%	NA	NA
Totals	82	100%	282,912	100%	11,741	100%	67,390	100%	74,067	100%
Median Family Income = \$30,763					Median Housing Value = \$66,271					
HUD Adjusted MFI for 1997 = \$37,700					Unemployment Rate (May 31, 1997) = 4.5%					

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Eugene-Springfield, OR MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of Oregon section of this Performance Evaluation and from the above demographic tables. It represents the same information used in evaluating performance like those assessment areas in California where the full scope examination procedures were utilized.

UBOC's lending and service performance in the Eugene-Springfield MSA assessment area is consistent with its overall performance for the State of Oregon. On the other hand, UBOC's investment performance in this MSA is inconsistent and below that of its overall investment performance for the State of Oregon; however, it does not change the rating for the state. UBOC did not have any direct investment activity in this assessment area.

Portland Assessment Area

Description of Institution's Operations in the Portland Assessment Area:

UBOC has a limited presence in the Portland area, operating in three of the five counties in the MSA, Clackamas, Multnomah, and Washington. In general this area has seen strong economic growth since 1990 which was fueled by expansion in the high tech sector, international trade, construction, and retail. Population growth has been substantial and is expected to continue. Despite such growth, median wages have tended to remain flat. At the same time, there have been significant increases in housing prices, creating a substantial affordability gap. Housing has been an area of special emphasis. As part of a long term strategy to avoid urban sprawl, the Portland area is trying to increase the number of dwelling units and jobs within the central city. As such, there are opportunities for in-fill development for both rental units and home ownership. In the more rural areas, there is an increasing need for farm worker housing as the population becomes less transient. The area is also seeing strong growth in the small business sector and because of the large number of start-up companies, more venture capital is needed.

Demographic Information Portland MSA (Partial) #6440										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	8	3%	17,462	1%	942	2%	2,440	< 1%	52,594	17%
Moderate	57	21%	209,257	18%	12,043	23%	38,961	14%	56,378	18%
Middle	149	54%	681,005	58%	29,455	55%	164,215	59%	77,813	26%
Upper	59	21%	266,462	23%	10,638	20%	74,916	27%	118,993	39%
NA	4	1%	105	< 1%	1	< 1%	0	0%	NA	NA
Totals	277	100%	1,174,291	100%	53,079	100%	280,532	100%	305,778	100%
Median Family Income			= \$36,705			Median Housing Value			= \$76,865	
HUD Adjusted MFI for 1997			= \$46,300			Unemployment Rate (May 31, 1997)			= 3.6 %*	

Source: 1990 U.S. Census and 1997 HUD updated MFI.

* Unemployment rate is for the entire Portland MSA.

Conclusions with respect to Performance Tests in the Portland Assessment Area

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of Oregon section of this Performance Evaluation and from the above demographic tables. It represents the same information used in evaluating performance in those assessment areas in California where the full scope examination procedures were utilized.

UBOC's lending, and service performance in the Portland assessment area are consistent with its overall performance in each category for the State of Oregon. On the other hand, UBOC's investment performance in this MSA is inconsistent and below that of its overall investment performance for the State of Oregon; however, it does not change the rating for the state. UBOC had only minimal direct investment activity in this assessment area.

WASHINGTON STATE RATING

CRA Rating for Washington: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: High Satisfactory

Conclusion Highlights

- ▶ UBOC's overall geographic distribution of loans reflects excellent dispersion throughout its assessment areas, including LMI census tracts.
- ▶ UBOC's distribution of small loans to businesses reflects weak responsiveness to the credit needs of small businesses throughout its assessment areas.
- ▶ UBOC's investment performance, totaling \$3.8 million, is adequate and responsive to the community development needs of its assessment areas.
- ▶ UBOC's delivery systems are reasonably accessible to essentially all portions of its assessment area.

Description of Institution's Operations in Washington

There are more than 200 national, state, and community banks in Washington. Many community banks are formidable competitors in local markets. UBOC also competes with Bank of America, the largest commercial bank in Washington, thrifts and credit unions. Washington Mutual leads all financial institutions in residential lending.

The state has three federally-designated Enterprise Communities two of which coincide with the bank's assessment area: Seattle and Tacoma, both urban, and lower Yakima County, rural. Many counties became eligible for federal disaster relief funds in 1997, as a result of severe winter storms and flooding.

UBOC has a very modest presence in the state. It only has three branches, one in the Tacoma MSA and two in the Seattle-Bellevue-Everett MSA (in further references it will be called the Seattle MSA). Total deposits as of June 30, 1997, were \$191 million. This represents less than 1% of the bank's total domestic deposits. Within the individual assessment areas, the Tacoma branch had a 1% market share while the Seattle branches had a .5% market share.

Identified credit needs are for residential loans, consumer loans, affordable housing,

and small business loans. For additional comments on area demographics see the following commentary on the individual assessment areas.

Conclusions with respect to Performance Tests in Washington

As UBOC derives only a very small portion of its deposits (< 1%) and reportable loan originations (< 2%) from its assessment areas within Washington, UBOC's performance in the state did not influence UBOC's overall rating. In addition, due to the bank's limited market presence, we only performed limited scope reviews in each of the bank's assessment areas.

LENDING TEST

Lending Activity

UBOC's lending, see accompanying table, reflects adequate responsiveness to credit needs in its assessment areas in Washington, commensurate with its limited scope of operations in the state. During the evaluation period, UBOC originated 483 loans totaling approximately \$124 million within its Washington assessment areas. The majority of reportable loan originations (76% of the number and 88% of the dollars) were small loans to businesses, reflective of UBOC's historical focus on commercial business lending. Thus, in determining UBOC's overall performance under the Lending Test in the State of Washington, more weight was given to the analysis of small business lending performance. Residential mortgage loans represent a secondary and declining line of business for UBOC. Farm loans represent a very small portion of both the number and dollar amount of loans originated.

Based on 1996 Aggregate Small Business data, UBOC is the fifteenth largest originator of small loans to businesses within its assessment areas in the state, with less than 1% market share. The market is dominated by four large commercial banks and two credit card companies, with a combined market share of almost 80%. Based on 1996 Aggregate HMDA Data, UBOC is a relatively insignificant originator and purchaser of residential mortgage loans in its assessment areas with a market rank of 158 and a market share of only .54%. Based on 1996 Aggregate Small Farm data, UBOC's 4.73% market share ranks it as the fifth largest originator of small farm loans in the state. The market for small farm loans is dominated by three large commercial banks, Bank of America, Northwest, and U.S. Bank with a combined market share of 65%.

Lending Activity: ALL LOANS State: WASHINGTON						
Loan Type	Total Originations				Overall Market Rank*	Overall Market Share*
	#	% of Total	\$ (000s)	% of Total		
Small Business Total	368	76%	\$108,891	88%	15	0.61%
Residential Mortgage Total	89	18%	\$10,687	9%	158	0.06%
Home Purchase	19	4%	\$2,991	2%	174	0.02%
Refinance	63	13%	\$6,391	5%	123	0.13%
Home Improvement	5	1%	\$75	< 1%	99	0.03%
Multifamily	2	< 1%	\$1,230	1%	0	0%
Small Farm Total	25	5%	\$3,672	3%	5	4.73%
Community Development Total	1	< 1%	\$750	< 1%	NA	NA
Total Lending in Washington	483	100%	\$124,000	100%	NA	NA

(*) Based on 1996 Aggregate HMDA, Small Business and Small Farm Data.

Small business loan originations have increased while residential mortgage loans have declined from 1996 through 1997. The number of small business loan originations increased 8%, while the dollars increased 29%. Conversely, the number of residential mortgage loans originated and purchased declined 83%, while the dollars declined 52%. See overall lending comments for further details on this decline.

Approximately 77% of the number and 85% of the dollars of loans originated within the State of Washington, were within the Seattle MSA assessment area. In addition, 78% of UBOC's total deposits in the state are located in this assessment area (as of June 30, 1997). Thus, performance in the Seattle MSA assessment area significantly influenced the lending test conclusion for the State of Washington.

Geographic Distribution of Loans

UBOC's overall geographic distribution of loans reflects an excellent dispersion throughout its Washington assessment areas, including LMI areas. The small volume of farm loan originations did not allow for a meaningful analysis of the geographic distribution of such loans.

Small Business Loans

UBOC's geographic distribution of small business loan originations reflects excellent

dispersion throughout its Washington assessment areas, with more weight given to performance in the Seattle-Bellevue-Everett MSA assessment area. The analysis focused on the distribution of loans to all businesses, regardless of revenue size, as loans to businesses with revenues less than a \$1 million represent only 43% of UBOC's total originations. UBOC's portion of small loans to businesses made in LMI census tracts exceeds the portion of businesses located in those tracts. From 1996 through 1997, the portion of loans made to businesses located in LMI census tracts declined slightly but remained above the portion of businesses located in those tracts. Based on 1996 Aggregate Small Business data, UBOC outperformed the aggregate market in its assessment area in lending in both LMI census tracts. In addition, UBOC's market share of loans in LMI census tracts exceeded its overall market share.

Geographic Distribution: SMALL BUSINESS State: WASHINGTON											
MSA/Assessment Area:	Low-Income Tracts			Moderate-Income Tracts			Market Share**			Total Loans	
	% of Businesses	% UBOC Loans	% Market Loans*	% of Businesses	% UBOC Loans	% Market Loans*	All	Low	Mod	#	% of Total
Seattle MSA	3%	3%	2%	22%	34%	22%	.58	1.09	.92	294	80%
Tacoma MSA	10%	53%	12%	13%	0%	10%	.76	3.62	0	74	20%
Total Washington	4%	13%	4%	20%	27%	19%	.61	2.52	.83	368	100%

(*) The market consists of all other CRA reporters in UBOC's assessment area and is based on 1996 Aggregate Small Business Data only.

(**) Based on 1996 Aggregate Small Business Data only.

Residential Mortgage Loans

UBOC's geographic distribution of residential mortgage loans reflects excellent dispersion throughout its Washington assessment areas. Overall, the portion of residential mortgage loans made in LMI census tracts greatly exceeds the portion of owner-occupied housing units that are within those tracts. From 1996 through 1997, the portion of loans originated by UBOC in LMI census tracts declined, but remained above the portion of owner-occupied housing units that are within those tracts. Based on 1996 Aggregate HMDA data, UBOC generally outperformed the aggregate market in lending in both LMI census tracts. In addition, UBOC's market share of loans originated in LMI census tracts exceeded its overall market share.

Geographic Distribution: RESIDENTIAL MORTGAGE							State: WASHINGTON				
MSA/Assessment Area:	Low-Income Tracts			Moderate-Income Tracts			Market Share**			Total Loans	
	% Owner Occ Units	% UBOC Loans	% Market Loans*	% Owner Occ Units	% UBOC Loans	% Market Loans*	All	Low	Mod	#	% of Total
Seattle MSA	0.6%	0.0%	0.7%	11.8%	30.4%	11.6%	.05	0	.13	56	63%
Tacoma MSA	1.4%	9.1%	1.4%	9.0%	36.4%	8.7%	.12	.85	.53	33	37%
Total Washington	0.8%	3.4%	0.8%	11.2%	32.6%	11.0%	.06	.30	.20	89	100%

(*) The market consists of all other HMDA reporters in UBOC's assessment area and is based on 1996 Aggregate HMDA Data only.

(**) Based on 1996 Aggregate HMDA Data only.

Borrower Distribution

The analysis of borrower distribution in UBOC's Washington assessment areas was limited to an analysis of small business loan originations, as the lack of borrower income information for 80% of residential mortgage loans/purchases and the small volume of farm originations did not allow for a meaningful analysis of the distribution of such loans. Overall, the borrower distribution of UBOC's small business loan originations reflects weak responsiveness to the credit needs of small businesses throughout UBOC's Washington assessment areas.

Small Business Loans

UBOC's distribution of small loans to businesses reflects weak responsiveness to the credit needs of small businesses throughout UBOC's Washington assessment areas, with more weight given to performance in the Seattle MSA assessment area. Approximately 43% of the small loans to businesses UBOC originated were to businesses with revenues of less than \$1 million. The portion of UBOC's loans originated to such businesses is significantly lower than the portion of businesses with revenues of less than \$1 million in its assessment areas. In addition, based on 1996 Aggregate Small Business data, UBOC's performance was lower than the aggregate market, and its portion of loans made in amounts of \$100 thousand or less was significantly lower than the portion of loans the aggregate market made in such amounts.

Borrower Distribution: SMALL BUSINESS						State: WASHINGTON				
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans w/Original Amount of \$100,000 or less		Market Share****			Total Loans	
	% of Businesses*	% UBOC Loans**	% Market Loans***	% of UBOC Loans	% Market Loans***	All	Rev \$1 million or less	Loan Amt \$100,000 or less	#	% of Total
Seattle MSA	87%	45%	61%	40%	83%	.58	.39	.32	294	80%
Tacoma MSA	89%	37%	72%	47%	84%	.76	3.09	.43	74	20%
Total Washington	87%	43%	63%	41%	84%	.61	.39	.34	368	100%

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 2% of loans originated by UBOC in WA.

(***) The market consists of all other Small Business reporters in UBOC's assessment area and is based on 1996 Aggregate Small Business Data only.

(****) Based on 1996 Aggregate Small Business Data only.

The 1996 Aggregate Small Business data also indicate that UBOC's average loan size is approximately \$269 thousand versus the market average of \$78 thousand. This comparison is skewed by the presence of several large credit card companies that are significant players in the market. The average loan size originated by these companies is significantly smaller than that of commercial banks in the market. However, the \$124 thousand average loan size of the seven commercial banks that rank in the top ten in small business lending in UBOC's assessment areas is still significantly less than UBOC's average loan size.

Community Development Lending

UBOC's community development lending activities in the State of Washington are adequate and commensurate with its scope of operations in the state. During the evaluation period, UBOC made a \$750 thousand loan commitment to a loan consortium dedicated to funding affordable housing projects throughout the state. As of the date of this evaluation, approximately \$300 thousand of the commitment had been funded. This total represents less than 1% of the total dollar volume of community development lending by UBOC in all of its assessment areas. Positive consideration is also given to the fact that a portion of UBOC's loan originations, reported and considered as residential mortgage or small business loans, have community development characteristics.

Product Innovation and Flexibility

UBOC's performance under the lending test in Washington is enhanced by the offering of bank-wide flexible loan products that help meet the credit needs of LMI home buyers and small businesses within its assessment areas. The programs include UBOC's Economic Opportunity Mortgage (EOM) and Community Home Buyer Program

(CHBP) for residential mortgage loans and the Urban Enterprise Banking (UEB), “Fast Step” business line of credit and SBA 7A Loan Guaranty programs for small businesses.

INVESTMENT TEST

UBOC’s overall investment performance in the State of Washington, as reflected in the accompanying table, is reasonable. The bank’s support to the assessment area is primarily through its SBIC subsidiary which provides funding to various companies that promote economic development. This accounts for 13% of bank-wide investment activity. While not reflected in the table all Statewide investments benefited the Seattle MSA.

AGGREGATE ASSESSMENT AREAS - INVESTMENT TEST								
State (ST): Washington Assessment Areas:	*AH&ED		Contributions/Grants		Total Investments			
	#	\$ (000)	#	\$ (000)	#	% # ST	\$ (000s)	% \$'s ST
Tacoma MSA	0	\$0	1	\$5	1	50%	\$5	1%
Seattle MSA	0	\$0	0	\$0	0	0%	\$0	0%
Statewide	1	\$3,104	0	\$0	1	50%	\$3,104	99%
Total State (ST)	1	\$3,104	1	\$5	2		\$3,109	\$1
% of Total Bank	1%	13%	1%	0%	1%		12%	

*AH&ED - Affordable Housing & Economic Development

SERVICE TEST

UBOC’s service performance in the State of Washington is reasonable and consistent with the bank’s overall service performance. The bank has a limited branch presence in Washington and has provided several community development services. The bank’s performance in Washington has little rating impact, as 1% of its branch network is located in Washington.

As demonstrated in the following table, of the three State of Washington branch locations, two are located LMI census tracts. UBOC’s branch hours are normal and generally convenient to LMI individuals and geographies. No branches were opened or closed in Washington during the evaluation period. UBOC has provided four

qualified community development services in its assessment areas.

AGGREGATE ASSESSMENT AREAS - SERVICES TEST													
State: WASHINGTON Assessment Areas:	#				% # of Branches				#	% # of ATMs			
	Branch Offices	In store Offices	Total Offices	Offices % ST	Low CT	Moderate CT	Middle CT	Upper CT	ATMs	Low CT	Moderate CT	Middle CT	Upper CT
Seattle MSA	2	0	2	67%	0%	50%	0%	50%	2	0%	50%	0%	50%
Tacoma MSA	1	0	1	33%	100%	0%	0%	0%	1	100%	0%	0%	0%
Total State (ST)	3	0	3	100%	33%	33%	0%	33%	3	33%	33%	0%	33%
% of Total Bank				1%									

UBOC's involvement includes working with groups that provide affordable housing and contributing financial expertise to groups that provide services to the poor. Listed below are examples of some its CD services:

- Serving as Chairman of the Finance Committee of Franciscan Health Center West. This organization provides basic immunizations for children and elders who cannot afford the cost.
- Serving on the task force to select housing for the City Club of Tacoma. This group provides affordable housing in the Tacoma area.

Metropolitan Statistical Areas-Limited Scope Reviews

Seattle MSA # 7600

Description of Institution's Operations in the Seattle, WA MSA

This MSA consists of King, Snohomish, and Island Counties. Seattle is the largest city in the region followed by Bellevue, Everett, and Federal Way. The MSA has the largest economy in Washington with 40% of the state's population, 43% of the state's labor force, 51% of the state's jobs, and 52% of the state's manufacturing jobs. The region has the highest per capita income, average wage, and median household income in the state. Its economy is also influenced by one of the highest cost of living indexes (especially in the area of housing) in the nation.

The MSA has a number of economic advantages including a comprehensive job-training and educational infrastructure, location on the I-5 corridor, close proximity to the region's international airport, a highly developed railway and trucking system, and world class, deep-water port facilities. The county's economy is diversified, containing retail services, trade, aerospace, manufacturing, high technology, and tourism. The eastern regions of King-Snohomish Counties and Island County are dominated by the agriculture, timber and tourism industries. The MSA is home to aerospace and high technology giants' Boeing and Microsoft. The Everett Homeport (Navy) in Everett also has a significant impact on the MSA's economy. Employment trends in the MSA have been fairly strong for over a decade. In general, jobs are being created at a pace greater than the corresponding workforce and state averages. Demographic studies show that more women and minorities will be entering the workforce.

Identified credit needs include affordable housing, home equity loans, rehabilitation loans, small business loans, first-time home buyer classes, and consumer loans.

Demographic Information Seattle-Bellevue-Everett MSA #7600										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	13	3%	44,453	2%	3,032	3%	2,855	1%	87,477	17%
Moderate	75	17%	328,957	16%	22,534	22%	57,799	12%	99,214	19%
Middle	258	59%	1,276,771	63%	56,575	55%	318,573	65%	140,997	27%
Upper	81	18%	381,276	19%	20,962	20%	110,853	23%	196,110	37%
NA	12	3%	1,699	< 1%	16	< 1%	0	0%	NA	NA
Totals	439	100%	2,033,156	100%	103,103	100%	490,080	100%	523,798	100%
Median Family Income = \$43,103					Median Housing Value = \$141,463					
HUD Adjusted MFI for 1997 = \$55,100					Unemployment Rate (May 31, 1997) = 6.4 %					

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Seattle, WA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of Washington section of this Performance Evaluation and from the above demographic tables. It represents the same information used in evaluating performance in those assessment areas in California where the full scope examination procedures were utilized.

UBOC's lending, investment, and service performance in the Seattle MSA assessment area is consistent with its overall rating for the State of Washington. While there are no specific investment dollars attributed to this MSA, all SBIC activity went to companies located in this MSA.

Tacoma MSA # 8200

Description of Institution's Operations in the Tacoma, WA MSA

This MSA consists of Pierce County. Tacoma is the largest populated city in the region. The MSA is one of the major markets in Washington with 10% of the state's population, labor force, and job base. It has a number of economic advantages including a comprehensive job-training and educational infrastructure, location on the I-5 corridor, close proximity to the region's international airport, a highly developed railway and trucking system, and world-class deep-water port facilities. The MSA's economy is very diversified, comprising of retail services, trade, aerospace, manufacturing, high technology, and tourism. It is also the home of a large contingent of U.S. military forces and their families. McChord AFB and Fort Lewis employ a large number of federal civilian employees as well as more than 20 thousand active duty armed forces personnel.

Tacoma has not fully participated in the region's economic upturn. Many businesses in the downtown core have closed or relocated in the suburbs. Buildings have fallen into disrepair and the city is dealing with a serious crime problem. In response to these issues, city officials launched a campaign to revitalize the downtown area. Recent successes include the renovation of Union Station and the establishment of a state historical museum. The city's Hilltop (with the lowest median income in the state) and Eastside neighborhoods are HUD-designated Enterprise Communities and state designated neighborhood reinvestment areas. Several nonprofit organizations and lending institutions are working with neighborhood groups to secure home ownership for more of the area's residents.

We identified financing of low-income housing, small business instruction, and rehabilitation loans as the primary credit needs in the MSA.

Demographic Information Tacoma MSA #8200										
Income Category	By Income Level of the Census Tract								Families by Income Level	
	Census Tracts		Population		Businesses		Owner Occupied Housing			
	#	%	#	%	#	%	#	%	#	%
Low	8	7%	27,319	5%	2,209	10%	1,839	1%	29,074	19%
Moderate	18	16%	94,058	16%	2,836	13%	11,659	9%	28,193	18%
Middle	61	54%	329,136	56%	11,528	53%	79,658	61%	37,976	25%
Upper	23	21%	135,436	23%	5,138	24%	36,394	28%	57,480	38%
NA	2	2%	254	< 1%	0	0%	0	0%	NA	NA
Totals	112	100%	586,203	100%	21,711	100%	129,550	100%	152,723	100%
Median Family Income = \$35,108				Median Housing Value = \$85,857						
HUD Adjusted MFI for 1997 = \$44,800				Unemployment Rate (May 31, 1997) = 4.4 %						

Source: 1990 U.S. Census and 1997 HUD updated MFI.

Conclusions with respect to Performance Tests in the Tacoma, WA MSA

The facts and data used to draw the following conclusions are included in the information and tables detailed in the State of Washington section of this Performance Evaluation and from the above demographic tables. It represents the same information used in evaluating performance in those assessment areas in California where the full scope examination procedures were utilized.

UBOC's lending and service performance in the Tacoma MSA assessment area is consistent with its overall rating for the State of Washington. On the other hand, UBOC's investment performance in this MSA is inconsistent and below that of its overall investment performance for the State of Washington; however, it does not change the rating for the state. UBOC had very nominal direct investment activity in this assessment area.

United States Trust Territories

CRA Rating for Guam: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: High Satisfactory

CRA Rating for the Commonwealth of the Northern Mariana Islands: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: High Satisfactory

UBOC has two branches in Guam and one in Saipan, which is part of the Commonwealth of the Northern Mariana Islands. Both Guam and the Commonwealth of the Northern Mariana Islands are United States Trust Territories and as such, for purposes of the CRA, each is to be treated as if it were a state of the United States; i.e., they are to receive a rating. Also, like a state, the OCC is required to form conclusions on each Metropolitan Area and, since UBOC is part of an interstate operation, each non-Metropolitan Area. Neither Guam, nor the Commonwealth of the Northern Mariana Islands, contains a Metropolitan Area. So, in each case the Island of Guam and the Commonwealth of the Northern Mariana Islands are considered in whole to be non-Metropolitan Areas and the conclusion we form for each would drive each assigned rating.

UBOC derives less than one-half of one percent of its deposit base from each Guam and the Commonwealth of the Northern Mariana Islands. Consequently, neither was a contributing factor in UBOC's overall rating.

Lending activity relating to home mortgage, small business or small farm loans originating in either Guam or the Commonwealth of the Northern Mariana Islands are reportable loans for purposes of the CRA or the HMDA because, as previously noted, neither is a Metropolitan Area nor does either have its area designated by census tracts or block numbering areas. Consequently, UBOC was not required to report any lending activity and none was available. The assumption was made that lending activity in these areas was similar to the lending activity within the continental United States, absent evidence to the contrary. This, combined with the small amount of UBOC's business derived from the Islands is considered a reasonable approximation of the ratings assigned to Guam and the Commonwealth of the Northern Mariana Islands. Consequently, each is assigned an overall rating of Satisfactory.

Appendix A: SCOPE OF EXAMINATION

This examination followed the Interagency CRA Examination Procedures for Large Retail Institutions. These procedures evaluated the performance tests prescribed under CRA's implementing regulations. Our analysis of UBOC's performance included the evaluation of the distribution of credit at four income levels. In addition, our analysis looked at total residential and small business lending and their individual components.

For insight into the context of UBOC's performance, we reviewed its previous CRA Public Disclosures as well as those of similarly situated institutions within the bank's assessment areas. We used information derived from the 1996 Aggregate HMDA and Small Business data to determine performance of the bank's competitors within its assessment areas. We also considered demographic data from the 1990 Census for each state, MSA, and assessment area. The table that follows identifies the time period covered in this evaluation, affiliate activities that were reviewed and, the bank's loan products considered. The table also reflects the assessment areas that received comprehensive examination analysis (designated by the term Full-Scope) and those that received a less comprehensive review (designated by the term Limited-Scope.)

Time Period Reviewed	January 1, 1996 to December 31, 1997	
Financial institution	Products reviewed	
Union Bank of California, N.A., San Francisco, California	Residential, Small Business, and Small Farm	
Affiliates	Affiliate relationship	Products reviewed
UnionBanCal Venture Corp. (Small Business Investment Corporation)	Holding Co. Subsidiary	Loans and Investments

Appendix B: SUMMARY OF STATE RATINGS

State Name	State Rating
California	Satisfactory
Oregon	Satisfactory
Washington	Satisfactory
Guam	Satisfactory
Commonwealth of the Northern Mariana Islands (Saipan)	Satisfactory