



**UNION BANK OF CALIFORNIA, N.A.  
AND  
THE GREENLINING INSTITUTE**

**SEMI-ANNUAL CSAP MONITORING MEETING**

**October 2, 2003  
2:30 p.m.**

**Blacker Conference Room  
400 California Street, 16<sup>th</sup> Floor  
San Francisco, California**

---

***UBOC FORMAL RESPONSE***

***2003 MID-YEAR***

# TABLE OF CONTENTS

<b>I. OVERALL COMMITMENT</b>	Page 1
Figure A UBOC's January – June 2003 Overall Results	Page 1
<b>II. ECONOMIC DEVELOPMENT</b>	Page 2
Table 1 Distribution of Small Business/Small Farm Loans – OCC Perspective	Page 2
Figure B Small Business/Small Farm Lending Activity as Reported to the OCC	Page 2
Table 2 Distribution of Small Business/Small Farm Loans - CSAP Perspective	Page 3
Figure C Small Business/Small Farm Lending Activity as Defined by CSAP Commitment	Page 3
Table 3 Total Small Business/Small Farm Lending in Accordance with CSAP Definition	Page 4
Table 4 Distribution of Small Business/Small Farm Loans by Tract	Page 5
Table 5 Distribution of Non-Profit Loans by Loan Size	Page 6
Table 6 Distribution of Non-Profit Loans by Size of the Borrower's Revenues	Page 6
Table 7 Distribution of Non-Profit Loans by Type of Non-Profit Entity	Page 6
Table 8 Distribution of Small Business/Small Farm Lending ≤\$100,000	Page 8
Figure D UEB Commitments/Outstandings	Page 9
Figure E UEB Annual Lending Volume	Page 9
<b>III. MULTI-FAMILY AFFORDABLE HOUSING LENDING</b>	Page 10
Figure F Multi-Family Affordable Housing Loans	Page 10
Table 9 UBOC Low Income Housing Tax Credit Investments	Page 11
<b>IV. SINGLE FAMILY HOUSING LENDING</b>	Page 12
Figure G Single Family Loans to LMI Borrowers	Page 12
Figure H Residential CRA Loan Outstandings	Page 13
Table 10 UBOC Single Family Lending Activity to LMI Borrowers (≤ 80% MFI)	Page 14
Table 11 Disposition of Applications for LMI Borrowers	Page 14
Table 12 Total Single Family Applications, Approvals, and Declinations by Race	Page 14
<b>V. CONSUMER LOANS AND SERVICES</b>	Page 15
Table 13 UBOC Low-Cost Checking Products as of June 30, 2003	Page 15
Table 14 Cash & Save Deposits as of December 31, 2002	Page 16
Table 15 Cash & Save Deposits as of June 30, 2003	Page 16
Table 16 UBOC Consumer Lending Statistics	Page 16
Figure I Cash & Save Customers Converting to Banking Clients	Page 17

**VI. BRANCHES**..... Page 17

**VII. CORPORATE CONTRIBUTIONS** ..... Page 18

    Table 17 Charitable Contributions ..... Page 18

**VIII. SUPPLIER DIVERSITY INITIATIVE**..... Page 19

    Figure J UBOC MBE Vendor Spending ..... Page 19

**IX. OTHER**.....Page 19

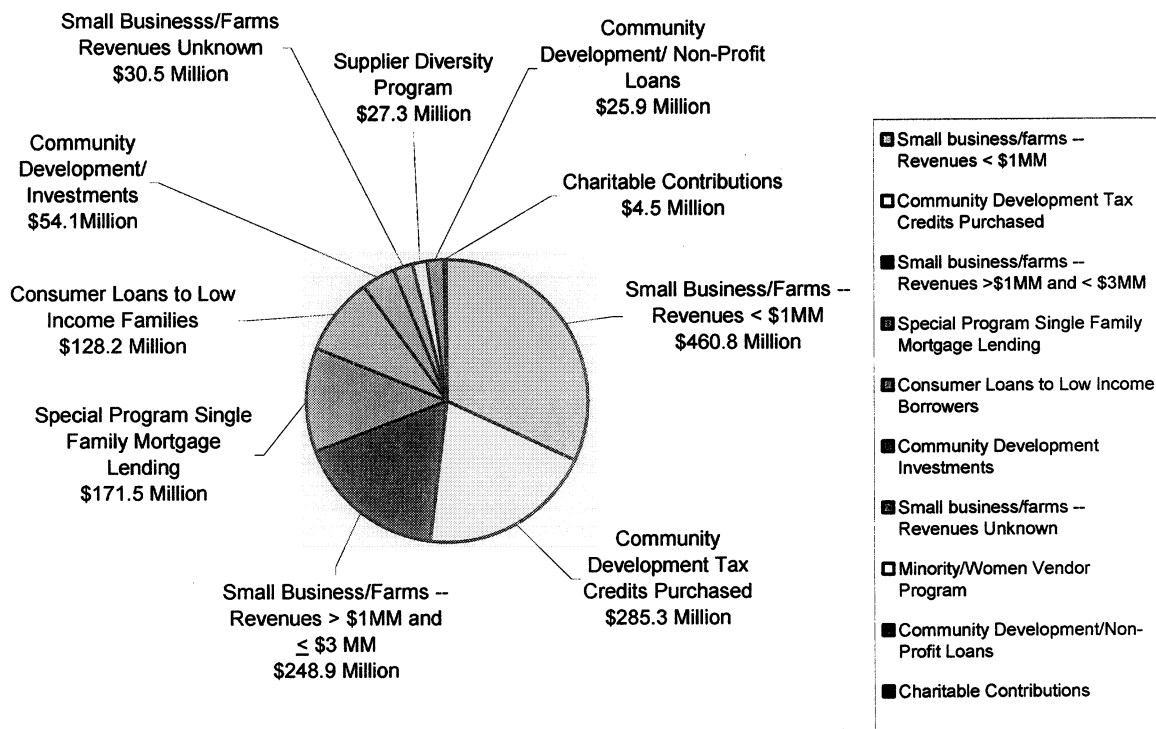
**X. APPENDICES**.....Page 20

## I. OVERALL COMMITMENT

UBOC committed a minimum of 4.5% of assets in CRA-related loan commitments and activities for a period of ten years, beginning April 1, 1996. Based upon the Bank's average balance sheet for 2002, total assets reported at year-end equated to \$36.1 Billion, making the 2003 commitment \$1.62 Billion.

The Bank's overall CRA-related loans and activities as of June 30, 2003 totaled \$1.44 Billion, which equates to 3.98% of average 2002 assets, or 176.9% of the targeted mid-year goal.<sup>1</sup>

**Figure A: UBOC Exceeds 75% of Annual Goal by June 2003**



Your attention is directed to the discussion to follow for further description of the primary components of the commitment. The questions to be answered are specified in bold-italics to assist the reader in identifying our responses.

<sup>1</sup> While they will be discussed separately in accordance with the Bank's CSAP agreement, due to some overlap in Community Development / Affordable Housing lending and the Non-Profit segment, the two have been combined into one unit for the pie chart, thereby, avoiding double counting.

## II. ECONOMIC DEVELOPMENT

### Small Business/Small Farm Loans

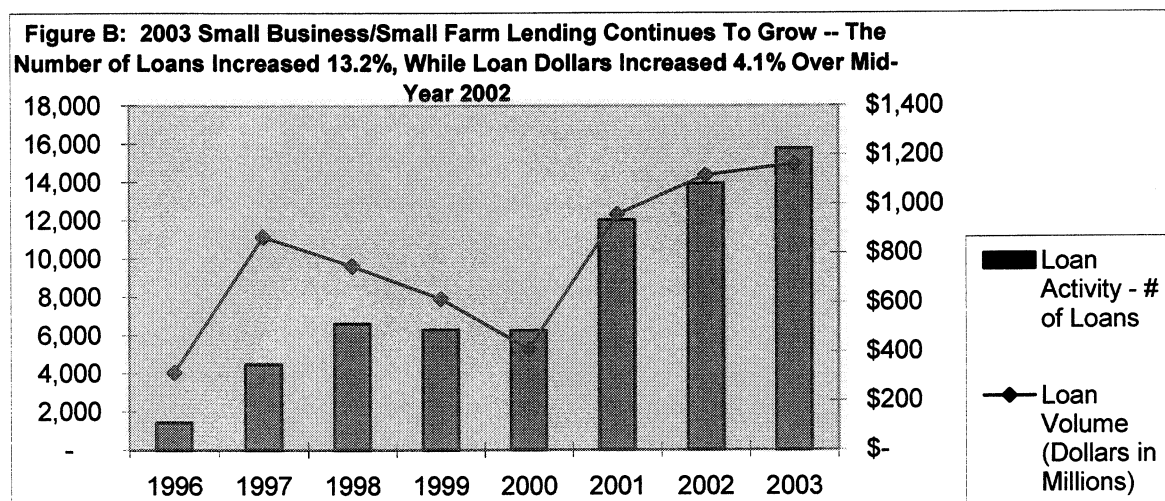
As of June 30, 2003, the Bank has originated 15,742 small business/small farm loans totaling \$1.164 Billion in accordance with the OCC definition of CRA-reportable loans. These loans will be included in our CRA submission for 2003 in March 2004.

**Table 1: 2003 Mid-Year Distribution of Small Business/Small Farm Loans – OCC Perspective**

Loan Size	Small Business Loans (Defined as loans ≤ \$1 Mil)			Small Farm Loans (Defined as loans ≤ \$500,000)		
	Count	Percent	Amount (\$000s)	Count	Percent	Amount (\$000s)
Loans ≤ \$100,000	13,464	88.1%	\$ 413,086	285	62.6%	\$ 12,274
Loans > \$100,000 and ≤ \$250,000	849	5.5%	\$ 163,024	97	21.3%	\$ 18,291
Loans >\$250,000	974	6.4%	\$ 528,098	73	16.1%	\$ 29,704
<b>TOTAL</b>	<b>15,287</b>	<b>100.0%</b>	<b>\$ 1,104,208</b>	<b>455</b>	<b>100.0%</b>	<b>\$ 60,269</b>
<b>Average Loan Size</b>			<b>\$ 72.232</b>			<b>\$ 132.459</b>

These figures compare favorably to the 2002 mid-year statistics.

- Total small business loans increased approximately 11% from 13,600 to 15,287 in spite of a weak economic climate.
- Loans less than or equal to \$100,000 account for just over 88% of the Bank's reportable small business transactions, with the overall average loan size being just over \$72,000.
- The increase in total small farm loans was more significant – 312 to 455 (a 31% increase). On average, the Bank's small farm loans are just over 45% larger than its loans to small businesses.



**II. ECONOMIC DEVELOPMENT (Continued)**

**Small Business/Small Farm Performance Against CSAP Goals**

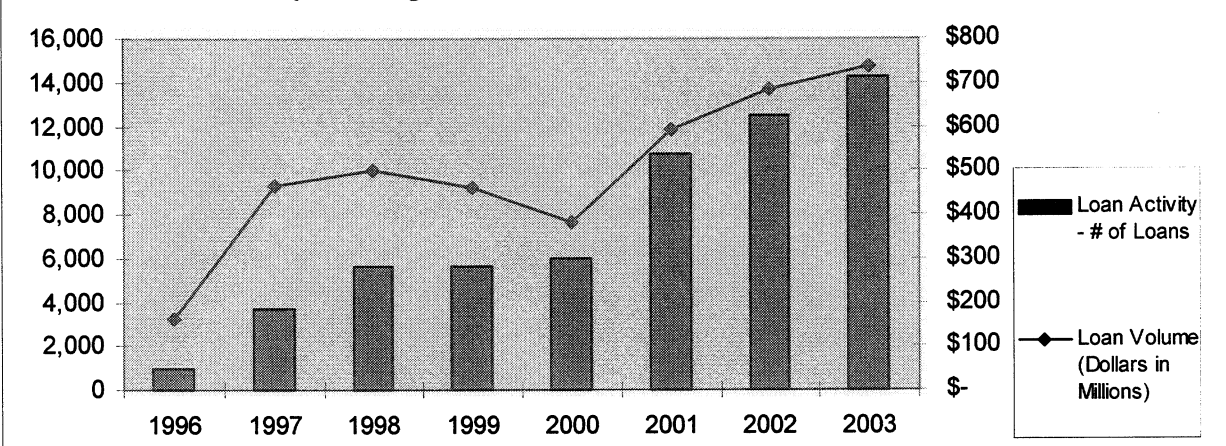
**Table 2: 2003 Mid- Year Distribution of Small Business/Small Farm Loans – CSAP Perspective**

Loan Size	Small Business Loans (Defined as loans ≤ \$1 Mil to borrowers with ≤ \$3 Mil in revenues)			Small Farm Loans (Defined as loans ≤ \$500,000)		
	Count	Percent	Amount (\$000's)	Count	Percent	Amount (\$000's)
Loans ≤ \$100,000	12,806	92.9%	\$ 373,812	272	64.2%	\$ 11,370
Loans > \$100,000 and ≤ \$250,000	566	4.1%	\$ 106,653	85	20.0%	\$ 15,691
Loans >\$250,000	415	3.0%	\$ 205,227	67	15.8%	\$ 27,494
<b>TOTAL</b>	<b>13,787</b>	<b>100.0%</b>	<b>\$ 685,692</b>	<b>424</b>	<b>100.0%</b>	<b>\$ 54,555</b>
<b>Average Loan Size</b>			<b>\$ 49.735</b>			<b>\$ 128.667</b>

For CSAP reporting purposes, the Bank defines small business/small farm loans as “commitments to businesses with revenues of \$3 Million or less.” In keeping with that definition, Figure C depicts the Bank’s combined small business/small farm lending activity at the mid-year point from 1996 through 2003.

- The **number** of small business loans increased by 14.3% in 2003, while small farm loans increased by only 9%; the combined increase was approximately 14.2%.
- Overall, total **dollars** outpaced the increases in loan numbers - small business loan dollars increased by roughly 6.6%; small farm dollars by just over 28%; and combined dollars by 24.5%.
- Nearly 93% of the Bank’s CSAP loans are less than \$100,000 in size, with an average loan size of just under \$50,000.

**Figure C: Small Business/Small Farm Lending Shows +/-15% Growth at Mid-Year 2003 – Representing over 14,200 Transactions Under CSAP**



## II. ECONOMIC DEVELOPMENT (Continued)

Distribution by revenue size of the borrower of those loans meeting the criteria for our small business/small farm targets as of mid-year 2003 are as follows:

Borrower Revenues	Number of Loans	Volume (\$000s)
Loans to borrowers with revenues ≤ \$1 Mil	11,487	\$ 460,821
Loans to borrowers with revenues > \$1 Mil and ≤ \$3 Mil	2,386	\$ 248,892
Loans to borrowers with unknown revenues	338	\$ 30,534
<b>TOTAL</b>	<b>14,211</b>	<b>\$ 740,247</b>

The 2003 CSAP commitment for small business/small farm lending is \$1.156 Billion, making the mid-year target \$578 Million. The \$740.2 Million mid-year actual figure represents 128% of the mid-year target.

- A. Total year-to-date 2003 volume for small business/small farm lending including**
- 1. the number and total dollar volume of loans under \$100,000 and under \$50,000;**
  - 2. the number of loans that were made in low- and moderate-income census tracts;**
  - 3. information on the Bank's referral programs to finance companies.**

**Mid-Year 2003 Results (II.A.1.):** The target in small business/small farm lending (commitments to small businesses/small farms with \$3 Million or less in revenues<sup>2</sup> as defined by the UBOC-CSAP commitment) is **\$1.156 Billion**. As of mid-year 2003, the Bank made 14,211 small business/small farm loans totaling **\$740.2 Million** (or 128% of the targeted mid-year goal), which are arrayed in Table 3.

**Table 3: Total Small Business/Farm Lending in Accordance with CSAP Definition**

Size of Small Business/Small Farm Loans	Count	Percent	Amount (\$000s)	Percent
≤\$ 50,000	9,303	65.5%	\$ 112,758	15.3%
>\$ 50,000 and ≤\$100,000	3,775	26.5%	\$ 272,424	36.8%
>\$100,000 and ≤\$250,000	651	4.6%	\$ 122,344	16.5%
>\$250,000 and ≤\$500,000	366	2.6%	\$ 143,680	19.4%
>\$500,000 and ≤\$1 Mil	116	0.8%	\$ 89,041	12.0%
<b>TOTAL</b>	<b>14,211</b>	<b>100.0%</b>	<b>\$ 740,247</b>	<b>100.0%</b>

<sup>2</sup> Due to the increased usage of a credit-scored product, we don't know the revenues on some of our loans; however, the vast majority are made to very small businesses. As such, in keeping with prior notification to the CRC and Greenlining, we include those in our CSAP lending activity.

**II. ECONOMIC DEVELOPMENT (Continued)**

**Mid-Year 2003 Results (II.A.2.):** Table 4 depicts the distribution of small business/small farm loans to borrowers with revenues of \$3 Million or less, based upon the income level of the census tract (based on 2000 Census data, as to be reported in 2003):

**Table 4: Distribution of Small Business/Small Farm Loans by Tract**

Income Level of Tract	Count	Percent	Amount (\$000s)	Percent
Low	677	4.8%	\$ 38,822	5.2%
Moderate	2,894	20.4%	\$ 148,564	20.1%
Middle	4,926	34.7%	\$ 234,629	31.7%
Upper	5,380	37.8%	\$ 298,282	40.3%
Not Available	334	2.3%	\$ 19,950	2.7%
<b>TOTAL</b>	<b>14,211</b>	<b>100.0%</b>	<b>\$ 740,247</b>	<b>100.0%</b>

**Mid-Year 2003 Results (II.A.3.):** The Bank introduced several alliance programs in 1998. These partners allow UBOC to offer small business products that for a variety of reasons have not been offered internally. In some cases, our alliance partners offer financing for small businesses that might not qualify for traditional bank financing. Each of them helps the Bank get closer to being able to address a full compliment of the small business owner’s financial needs. Alliance programs include the following:

- *Payroll* program gives small businesses the option to process their payroll using one of our payroll providers. Payments can be made through direct deposit or by check.
- *Equipment Leasing* program is designed for requests between \$5,000 and \$15 million, with an alliance partner who provides lease financing for business equipment, software, computers, tractor/trailers, etc.
- *Asset based financing* provides factoring of small business receivables, giving a small business the ability to obtain higher dollar financing.
- *Non-owner-occupied commercial real estate* (investment-purpose) purchases and refinances are now referred to an alliance partner.

**Non-Profit Loans**

**B. Total dollar volume and number of loans to local non-profit organizations.**

**Mid-Year 2003 Results (II.B.):** The target for loans to non-profit community-based organizations and financial intermediaries in 2003 is **\$100 Million**. As of June 30, 2003, the Bank originated or renewed 197 loans totaling \$70.9 Million in commitments to non-profit organizations. The **\$70.9 Million** figure represents 71% of the targeted mid-year goal for non-profit lending.

As the Bank’s community group partners have expressed considerable interest in the Bank’s lending to non-profits, we have included the following tables to address the distribution of loans by loan size and by revenues of the borrower.



## II. ECONOMIC DEVELOPMENT (Continued)

**Table 5: Distribution of Non-Profit Loans by Loan Size**

Size of Non-Profit Loan	Count	Percent	Amount (\$000s)	Percent
≤\$100,000	105	53.3%	\$ 5,193	7.3%
>\$100,000 and ≤\$250,000	44	22.3%	\$ 7,998	11.3%
>\$250,000	48	24.4%	\$ 57,790	81.4%
<b>TOTAL</b>	<b>197</b>	<b>100.0%</b>	<b>\$ 70,981</b>	<b>100.0%</b>

**Table 6: Distribution of Non-Profit Loans by Size of the Borrower's Revenues**

Revenue Size of Borrower	Count	Percent	Amount (\$000s)	Percent
≤\$1 Million	70	35.5%	\$ 16,327	23.0%
>\$1 Million and ≤\$3 Million	34	17.3%	\$ 5,899	8.3%
>\$3 Million	67	34.0%	\$ 47,537	67.0%
Unknown	26	13.2%	\$ 1,218	1.7%
<b>TOTAL</b>	<b>197</b>	<b>100.0%</b>	<b>\$ 70,981</b>	<b>100.0%</b>

The two previous tables encompass *all* of the loans to non-profits originated or renewed as of June 30, 2003; however, not all of the loans made are CRA-reportable under the definition of Community Development purpose. The following table addresses the distribution of CRA-reportable community development loans by the *type* of non-profit borrower.

**Table 7: Distribution of Non-Profit Loans by Type of Non-Profit Entity**

Type of Non-Profit Entity	Count	Percent	Amount (\$000s)	Percent
Affordable Housing Developers	1	1.1%	\$ 150	0.6%
Affordable Housing Providers	7	7.5%	\$ 224	0.9%
Community Economic Development	10	10.8%	\$ 1,425	5.5%
Community Service Providers	31	33.3%	\$ 9,958	38.4%
Community-Based Organizations	4	4.3%	\$ 334	1.3%
Education	3	3.2%	\$ 2,357	9.1%
Health & Human Services	37	39.8%	\$ 11,442	44.2%
<b>TOTAL</b>	<b>93</b>	<b>100.0%</b>	<b>\$ 25,890</b>	<b>100.0%</b>

**Note:** While multi-family affordable housing lending is discussed elsewhere in this document, the total community development lending (which includes multi-family affordable housing loans) and loans to non-profits are reported in one category in the overall summary to prevent double counting.

## **II. ECONOMIC DEVELOPMENT (Continued)**

### **SBA Loans**

#### ***C. Total dollar volume and number of SBA Loans***

**Mid-Year 2003 Results (II.C.):** There are no specific targets associated with SBA lending; however with the recent acquisition of First Western Bank and Valencia Bank and Trust, SBA loan volume is on the rise. As of June 30, 2003, the Bank originated 26 SBA 7a loans and 23 SBA 504 loans for a total of 49 loans this year. These loans represent \$16.9 Million in total loan volume.

### **State Guaranteed and CalCap Loans**

#### ***D. Total dollar volume and number of loans to state guaranteed loan funds and CalCap***

**Mid-Year 2003 Results (II.D.):** There are no specific targets associated with lending to state guaranteed loan funds or CalCap. As of June 30, 2003, the Bank originated or renewed 148 CalCap loans totaling \$14.6 Million.

### **New Commitments**

#### ***E. Report on efforts under new commitment, including:***

- 1. Plans for development of a targeted program to increase the number of small business loans under \$100,000;***
- 2. Expansion, enhancement and tracking of Urban Enterprise Banking Program;***
- 3. Update on expansion of the FirstStep program; and***
- 4. Development of program for equity investments, loans and other support for local nonprofit intermediaries, including training conferences.***

**Mid-Year 2003 Results (II.E.1.):** The Bank continues to focus on the Small Business Segment with emphasis on developing new products and enhancing delivery systems. We are currently exploring the addition of the SBA express program up to \$100,000. This program reduces the number of government-mandated forms and procedures thereby streamlining processing and reducing the cost associated with smaller, less complex SBA loans. This will result in additional approvals for small businesses.

Table 8 on the following page shows the distribution of small business/small farm loans less than or equal to \$100,000, as distributed by loan system.

## II. ECONOMIC DEVELOPMENT (Continued)

**Table 8: Distribution of Small Business/Small Farm Lending ≤\$100,000**

Loan System	Count		Percent Change	Amount (\$000s)		Percent Change
	2002	2003		2002	2003	
Commercial Loan System (AFS)	210	131	- 37.6%	\$ 11,951	\$ 9,643	- 19.3%
Shaw Installment Loans System (SIL)	7,934	8,759	+ 10.4%	\$344,430	\$389,517	+ 13.1%
Cash Reserve System (DDA)	3,828	4,807	+ 25.6%	\$ 17,884	\$ 23,705	+ 32.5%
<b>TOTAL</b>	<b>11,972</b>	<b>13,697</b>	<b>+ 14.4%</b>	<b>\$374,265</b>	<b>\$422,864</b>	<b>+ 13.0%</b>
<b>Average Loan Size</b>				<b>\$31.26</b>	<b>\$30.87</b>	<b>- 1.2%</b>

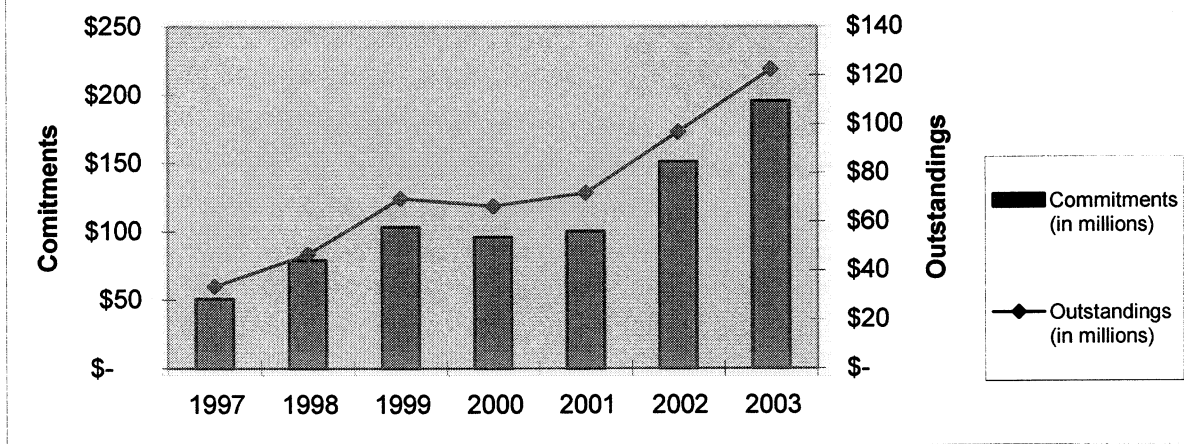
- The SIL system continues to represent the most activity with lending volume being roughly twice that of the business cash reserve accounts boarded on DDA and nearly 38 times that of AFS.
- The DDA system shows the most *growth* in lending activity in both the number and overall loan volume, while the AFS system continues to decline in both categories. At this time, the AFS system represents only about 10% of the overall reportable loans less than or equal to \$100,000.
- Average loan size in the less than \$100,000 loan amount category remains quite low. It fell just over 1% from an average of \$31,260 as of mid-year 2002 to \$30,870 as of mid-year 2003.

**Mid-Year 2003 Results (II.E.2.):** The Bank's Urban Enterprise Banking (UEB) lending program continues to be a vital program within the Bank's Small Business segment and is targeted toward meeting the credit needs of small businesses that are at least 51% owned and operated by women and/or minorities. UEB formally operates as a Special Purpose Credit Program within the guidelines of Regulation B Section 202.8.

Features of the program include credit-underwriting standards focusing on the borrower's primary repayment sources, while allowing for flexibility in secondary repayment sources, guarantor support, and length of time in business. Credit underwriting continues to be centralized through the Bank's Business Credit Center.

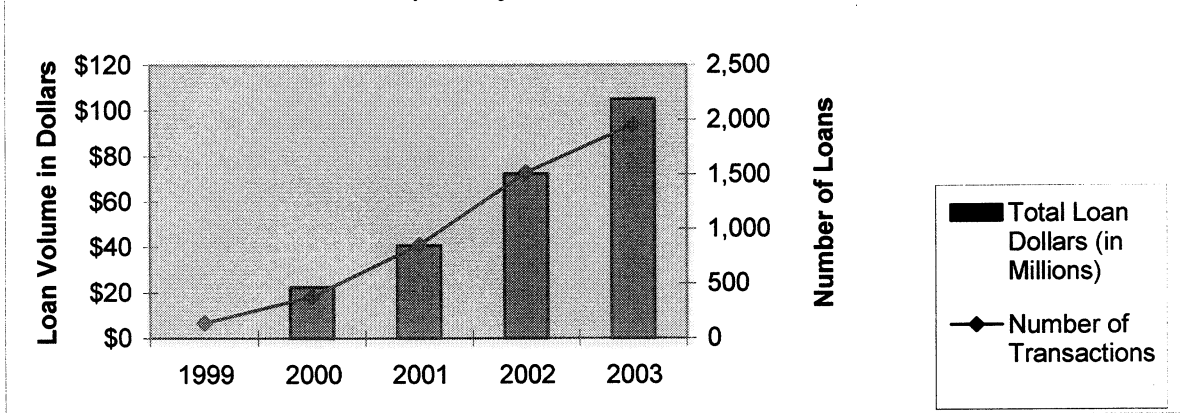
**II. ECONOMIC DEVELOPMENT (Continued)**

**Figure D: Commitments Outpace Outstandings in Growth -- Commitments Increased over Mid-Year 2002 by Nearly 30%; Outstandings by Over 26%**



The commitments and outstandings reflected in Figure D include only those transactions that were originated under the Bank’s UEB program; however, these do not reflect all loans made to women and minorities. CRA/HMDA Coordination has compared the new business cash reserve accounts against the list of known UEB customers to identify additional loans made to women and minority customers. Figure E depicts UEB mid-year lending volumes since 1999.

**Figure E: Activity Continues To Grow with Introduction of UEB Business Cash Reserve -- Volume Up Nearly 30% Over Mid-Year 2002**

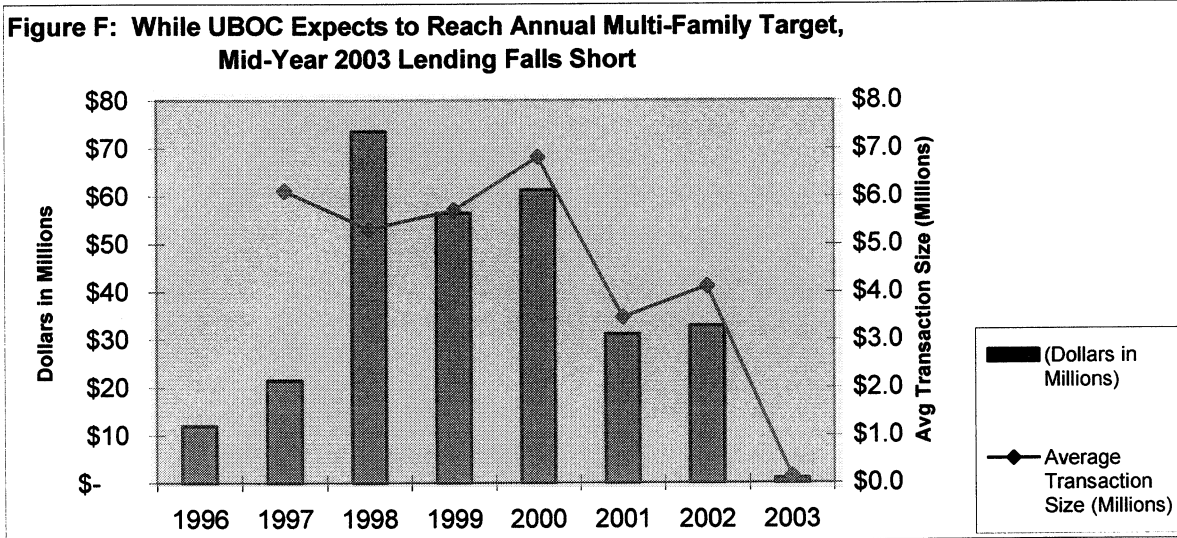


**Mid-Year 2003 Results (II.D.4.):** The Bank has a formal program for equity investments with oversight by the Corporate Community Development Division, supported by an advisory body known as the CRA Investments Advisory Committee. As of June 30, 2003, the Bank held \$54.1 Million in various commitments with community development organizations including \$1.35 Million held by the Bank on behalf of the UBOC Foundation. In addition, the Bank holds \$325.7 Million in amortized tax credit commitments bringing the combined total to \$379.8 Million at mid-year.

### III. MULTI-FAMILY AFFORDABLE HOUSING LENDING

In large part due to the extreme housing costs in California, housing is a critical problem in the state. The Bank aims to provide all Californians with access to adequate housing, and is responding to this problem in three ways: by supporting non-profit organizations dedicated to providing basic shelter for individuals of low- and very low-income, by direct lending to builders of affordable housing, and by making CRA equity investments in qualified affordable housing investments.

The 2003 multi-family affordable housing goal is **\$120 Million** in loans and investments, with emphasis given to loans for not-for-profit organizations.



**A. Total multi-family affordable housing booked and committed year-to-date 2003, including:**

1. the number of loans and amounts booked and committed;
2. the dollar volume of pre-development loans and construction loans;
3. the location of projects by city;
4. the number of units covered by each loan;
5. the number of units restricted to each of low-income (less than 80% of median income) and very low income (less than 50% of median income) households, and the type and duration of the restrictions;
6. whether the project was sponsored by a non-profit, a for-profit, or a joint venture or limited partnership with a non-profit; and
7. whether the project was a special needs housing project.

**Mid-Year 2003 Results (III.A.1 - 7.):** The 2003 target in multi-family affordable housing is **\$120 Million**. As of June 30, 2003, the Bank recorded seven transactions totaling **\$1.0 Million** in affordable housing disbursements made through one of several affordable housing consortiums. While a number of transactions are in the pipeline, the Community Development Finance Department (CDFD) had originated no loans as of mid-year. The CDFD is dedicated to affordable housing and other community development financing and tracks its lending in accordance with CSAP.

**III. MULTI-FAMILY AFFORDABLE HOUSING LENDING** (Continued)

**B. Amount of Tax Credits purchased year-to-date 2003, in support of California projects.**

**Mid-Year 2003 Results (III.B.):** The Bank is committed to purchasing Low Income Housing Tax Credits (LIH Tax Credits) through qualified fund managers, whose goal is to promote affordable housing in the Bank's assessment areas, as appropriate to the profitability of the Bank. Table 9 lists the Bank's outstanding LIH Tax Credit investments, as of mid-year 2003.

**Table 9: UBOC Low Income Housing Tax Credit Investments**

<b>Year Funded</b>	<b>Investment</b>	<b>Committed Amount</b>	<b>Amortized Balance (as of 06/30/2003)</b>
1998	SunAmerica, Inc Partnership 72	\$ 30,000,000	\$ 15,630,083
	<b>TOTAL</b>	<b>\$ 30,000,000</b>	<b>\$ 15,630,083</b>
1999	Bridge Housing	\$ 6,480,539	\$ 5,452,516
	Bushon	\$ 30,898,666	\$ 16,609,334
	Edison Capital Housing Partnership	\$ 47,278,236	\$ 33,691,292
	Housing Authority of Santa Clara	\$ 8,886,344	\$ 4,695,586
	Mid-Peninsula Housing	\$ 7,353,057	\$ 4,271,286
	Multi-Housing TC Partnership 16	\$ 17,370,341	\$ 12,414,277
	SunAmerica, Inc Partnership 83	\$ 50,000,000	\$ 35,328,604
	<b>TOTAL</b>	<b>\$ 168,267,183</b>	<b>\$ 107,015,832</b>
2000	Bridge Housing	\$ 3,500,000	\$ 2,708,327
	Cal Affordable Housing 2000-1 LLC	\$ 1,028,797	\$ 794,307
	Eden Housing	\$ 5,035,000	\$ 3,514,705
	Multi-Housing TC Partnership 28	\$ 15,579,000	\$ 8,579,776
	Related Companies	\$ 15,000,000	\$ 12,023,902
	Safran, Thomas L.	\$ 10,884,000	\$ 10,092,694
	South County Housing	\$ 4,968,638	\$ 3,684,122
	SunAmerica, Inc Partnership 91	\$ 25,000,000	\$ 20,312,524
	USA Properties	\$ 2,817,000	\$ 2,797,765
	<b>TOTAL</b>	<b>\$ 83,812,435</b>	<b>\$ 64,508,122</b>
2001	Bridge Housing	\$ 1,756,492	\$ 1,421,006
	Eden Housing	\$ 9,847,000	\$ 7,580,076
	Mid-Peninsula Housing	\$ 13,871,579	\$ 10,185,087
	<b>TOTAL</b>	<b>\$ 25,475,071</b>	<b>\$ 19,186,169</b>
2002	Ambac Guaranteed Fund	\$ 22,337,749	\$ 21,721,433
	Bridge Housing	\$ 6,457,466	\$ 6,315,333
	Cal Affordable Housing 2001-1 LLC	\$ 1,231,923	\$ 1,013,953
	Lend Lease Corporation	\$ 31,476,073	\$ 28,896,404
	Mercy Housing	\$ 7,870,014	\$ 7,743,958
	Mid-Peninsula Housing	\$ 12,170,000	\$ 11,830,696
	Multi-Housing TC Partnership 33	\$ 14,112,340	\$ 13,638,134
	USA Properties	\$ 9,003,552	\$ 9,009,207
	<b>TOTAL</b>	<b>\$ 104,659,117</b>	<b>\$ 100,169,118</b>
2003	Bridge Housing	\$ 5,424,995	\$ 5,427,769
	Eden Housing	\$ 8,279,068	\$ 8,279,068
	<b>TOTAL</b>	<b>\$ 13,704,063</b>	<b>\$ 13,706,837</b>
	<b>GRAND TOTAL</b>	<b>\$ 405,114,910</b>	<b>\$ 325,663,224</b>

### III. MULTI-FAMILY AFFORDABLE HOUSING LENDING (Continued)

Your attention is also directed to **Appendix A** that includes information on the geographic distribution of the Bank’s LIH Tax Credit investments, as well as those in the pipeline.

**C. Report on efforts under new commitment, including:**

1. **Development of revolving pre-development loan pilot program; and**
2. **Plans for increasing direct affordable multi-family lending, particularly to non-profit housing developers.**

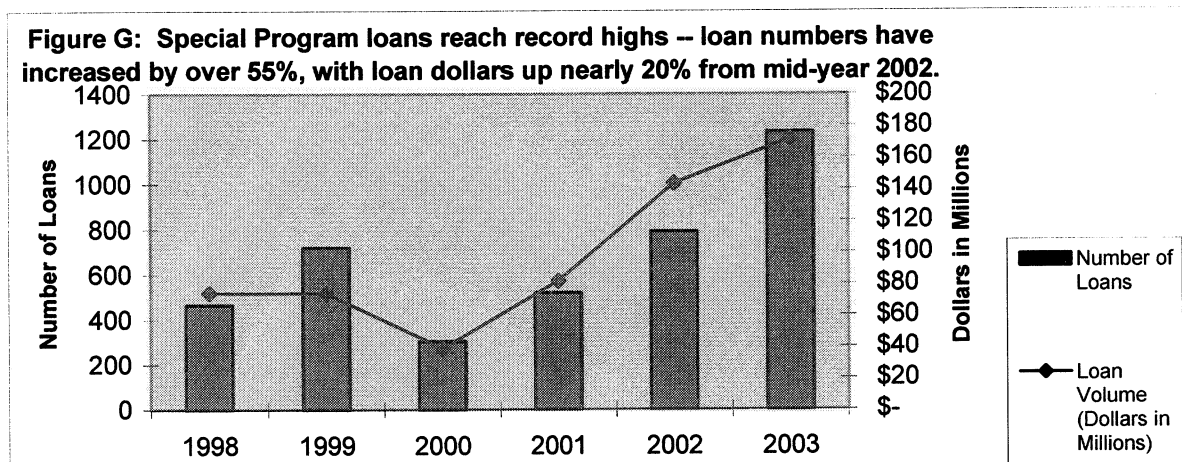
**Mid-Year 2003 Results (III.C.1.):** The Bank reported previously that we were working with the Low Income Housing Fund to provide a credit facility at below market rates. Predevelopment finance is one of the primary missions of the Low Income Housing Fund, and they are appropriately staffed and structured to manage this product-type. We renewed a \$2.5 million loan to the Low Income Housing Fund in 2001 – no new commitment has been initiated in 2003.

**Mid-Year 2003 Results (III.C.2.):** The Bank continues to focus its attention on expanding its lending activity to high quality affordable housing developments designed to improve the quality of life for low- and moderate-income residents of the communities in which we serve. Staff was added in 2002 to address our commitment to affordable housing lending. As a result, all seven of the affordable housing developments boarded in 2002 were to non-profit developers. Several loans to non-profit developers are in the pipeline for 2003; however, none have closed to-date.

### IV. SINGLE FAMILY HOUSING LENDING

The Bank continues to strive to increase direct loans for low- to moderate-income (LMI) families and neighborhoods, as defined by HUD. The Residential Lending Department (RLD) goal for 2003 is **\$175 Million** in loans for LMI families and neighborhoods.

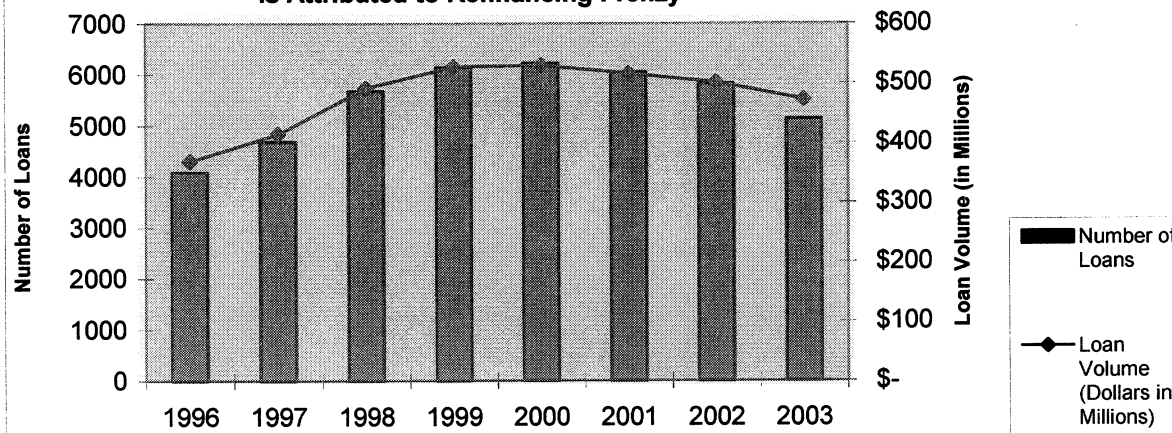
As of mid-year 2003, RLD has originated a total of 1233 loans (totaling \$171.5 Million), which are defined as “CRA loans” under one of its special lending programs, such as the Economic Opportunity Mortgage (EOM) program. The Bank’s EOM program makes loans to qualifying persons, or to persons purchasing a residence within LMI geographies. The **\$171.5 Million** figure for single-family affordable housing programs equates to 98% of the annual targeted goal, for the six-month period ending June 30, 2003.



#### IV. SINGLE FAMILY HOUSING LENDING (Continued)

While the prior figure depicts the Bank’s lending activity in both the quantities of loans and loan volume, it fails to paint the entire picture. The Bank holds the majority of the special program loans in its portfolio. Figure H is therefore provided to demonstrate the trend in residential lending to LMI borrowers since 1996. The downward turn is attributed to two primary factors: the bank sold a portion of its portfolio to free capital for new special program loans and the continued decrease in interest rates resulting in refinance transactions no longer included in the portfolio.

**Figure H: Portfolio Balances are on the Decline - While the Bank has Sold a Portion of the Portfolio to Create Funds for New Originations, Some Decline is Attributed to Refinancing Frenzy**



**A. Report on Union Bank of California’s year-to-date 2003 HMDA statistics. This information should include:**

- 1. Number of applications, approvals and declinations, broken out by race (African Americans, Hispanics, Asians, Native Americans, and Whites) and income (at or below 100% of median area income, and at or below 80% of median area income); and**
- 2. Total number of applications, approvals, and declinations.**

**Mid-Year 2003 Results (IV.A.1.):** The 2003 targeted goal for loans to low- to moderate-income borrowers (defined as income <80% of MA MFI) is **\$175 Million**. As stated previously, the Bank has already originated 1,233 conventional home purchase or refinance loans (totaling \$171.5 Million) through one of its special lending programs.

Of the 1233 loans made under one of the Bank’s special lending programs, 1,086 (totaling \$134.8 Million) were made to LMI borrowers. Table 10 includes lending activity to LMI. In addition, the Bank does not make “Home Improvement” loans per se, but does make consumer-purpose Home Equity loans, which may be used for home improvement purposes, these figures have also been included in Table 10.

Including both those HMDA-reportable loans from LMI borrowers and the consumer-purpose loans secured by one-to-four residential real estate, as of June 30, 2003, the Bank originated 7,251 loans representing **\$338.6 Million** (almost twice the *annual* targeted goal), as follows:



**IV. SINGLE FAMILY HOUSING LENDING (Continued)**

**Table 10: Single Family Lending Activity to LMI Borrowers**

Loan Purpose	Count	Percent	Amount (\$000s)	Percent
Conventional Home Purchase	141	1.94%	\$21,550	8.33%
Refinance	945	13.03%	\$113,282	19.04%
Home Equity/Improvement	6,165	85.02%	\$253,787	72.63%
<b>TOTAL</b>	<b>7,251</b>	<b>100.00%</b>	<b>\$338,619</b>	<b>100.00%</b>

The following table provides a breakdown of lending activity to borrowers at or below 80% of the MSA median family income, based on the race of the applicant.

**Table 11: Disposition of Applications for LMI Applicants**

Race of Applicant	Applications Received	Loans Originated	Applications Denied
American Indian/Alaskan	5	3	1
Asian/Pacific Islander	74	63	3
Black	23	19	1
Hispanic	197	150	23
White	419	359	27
All Other <sup>3</sup>	157	118	12
<b>TOTAL</b>	<b>875</b>	<b>712</b>	<b>67</b>

**Mid-Year 2003 Results (IV.A.2.):** The table below depicts the total number of applications, approvals, and declinations (by race) for all applicants, regardless of income level.

**Table 12: Total Single Family Applications, Approvals, and Declinations by Race**

Race of Applicant	Applications Received	Loans Originated	Applications Denied
American Indian/Alaskan	16	13	1
Asian/Pacific Islander	426	346	20
Black	89	73	6
Hispanic	515	394	52
White	3,536	2,857	231
All Other <sup>3</sup>	1,507	1,019	50
<b>TOTAL</b>	<b>6,089</b>	<b>4,702</b>	<b>360</b>

**B. The number and amount of loans made to self-help housing projects.**

**Mid-Year 2003 Results (IV.B.):** As of June 30, 2003, the Bank originated no new loans to self-help projects. However, there are a couple of loans in the pipeline that address self-help or special needs housing.

<sup>3</sup> Applications received include a total of 450 purchased loans in which the Bank did not receive information on the race of the applicant

**IV. SINGLE FAMILY HOUSING LENDING (Continued)**

**C. Update on deferred or silent second mortgage loan product.**

**Mid-Year 2003 Results (IV.C.):** The Bank continues to participate in a number of “silent second” transactions where the Bank makes a first trust deed loan and a non-profit organization or city advances all or a portion of the borrower’s down payment.

**V. CONSUMER LOANS AND SERVICES**

**A. Update on low-cost checking product and Cash and Save Club, including:**

1. **Volume to date 2003;**
2. **Number of accounts open; and**
3. **Other accounts opened.**

**Mid-Year 2003 Results (V.A.1 – 3):** The Bank offers three low-cost checking products described as follows:

- **Basic Checking** - This modified product (previously known as the California First Account) was made available November 1997 and is intended for individuals with minimal checking needs, low-income individuals and students. There is a \$1 minimum to open the account, no minimum balance requirement, and only a \$3 monthly service charge.
- **55 PLUS Checking** - This checking account is designed for any individual who is at least 55 years of age. There is a \$100 minimum to open the account, with no monthly service charge and no balance requirements.
- **Direct Banking Account** - This checking account is designed for individuals who have at least one electronic direct deposit to their account each month, and who prefer self-service style banking instead of relying upon banking offices. There is a \$100 minimum to open the account, with no monthly service charge and no balance requirement as long as a monthly direct deposit is made and the customer uses online bill payment. If no direct deposit is made, the account automatically converts to Regular Checking with standard fees.

Table 13 lists volume, accounts opened, and account balances as of June 30, 2003.

**Table 13: Low-Cost Checking Products as of June 30, 2003**

	<b>Basic Checking</b>	<b>55+ Checking</b>	<b>Direct Banking</b>
<b>Volume</b>	48,154	183,471	5,097
<b>Net New Accts Opened</b>	666	3,551	68

In addition to the three low-cost checking products described above, the Bank continues to offer its “CASH & SAVE” product, which is an innovative service offering check-cashing, as well as traditional and non-traditional banking services to people in LMI neighborhoods. Your attention is directed to the following tables, for first and second quarter 2003 CASH & SAVE statistics.

**V. CONSUMER LOANS AND SERVICES (Continued)**

**Table 14: Cash & Save Deposits as of March 31, 2003**

	Savings	Checking <sup>4</sup>	Electronic Transfer Acct <sup>5</sup>
<b>\$ Volume to Date</b>	\$4,033,827	\$3,152,134	\$3,539,000
<b>Number of Accounts</b>	14,216	5,458	7,078
<b>Average Balance/User</b>	\$284	\$578	\$500

**Table 15: Cash & Save Deposits as of June 30, 2003**

	Savings	Checking <sup>4</sup>	Electronic Transfer Acct <sup>5</sup>
<b>\$ Volume to Date</b>	\$4,085,019	\$2,959,364	\$3,750,000
<b>Number of Accounts</b>	14,947	5,720	7,500
<b>Average Balance/User</b>	\$273	\$517	\$500

**B. Report on low-income consumer loans.**

**Mid-Year 2003 Results (V.B.):** The Bank monitors the number of consumer loans made to borrowers in low- to moderate-income geography's, as well as those made under the CSAP. The following table provides the details relating to the Bank's consumer mid-year lending activity since 1997.

**Table 16: Consumer Lending Statistics**

Year	Loans to LMI Borrowers		CSAP Loans	
	Count	Amount (\$000s)	Count	Amount (\$000s)
<b>1997</b>	9,321	\$ 115,554	1,746	\$ 16,390
<b>1998</b>	7,781	\$ 120,032	1,292	\$ 12,986
<b>1999</b>	7,394	\$ 125,765	819	\$ 10,136
<b>2000</b>	3,874	\$ 66,880	882	\$ 10,591
<b>2001</b>	4,689	\$ 126,892	549	\$ 6,095
<b>2002</b>	4,532	\$ 149,407	631	\$ 7,704
<b>2003</b>	4,925	\$ 128,248	542	\$ 10,175

Your attention is directed to **Appendix B** for a breakdown of 2<sup>nd</sup> Quarter 2003 CSAP lending activity by loan type.

<sup>4</sup> Checking accounts are offered only at five CASH & SAVES, which have stand-a-lone operations. Other CASH & SAVE offices refer check cashing customers to New Accounts and other departments of the Bank.

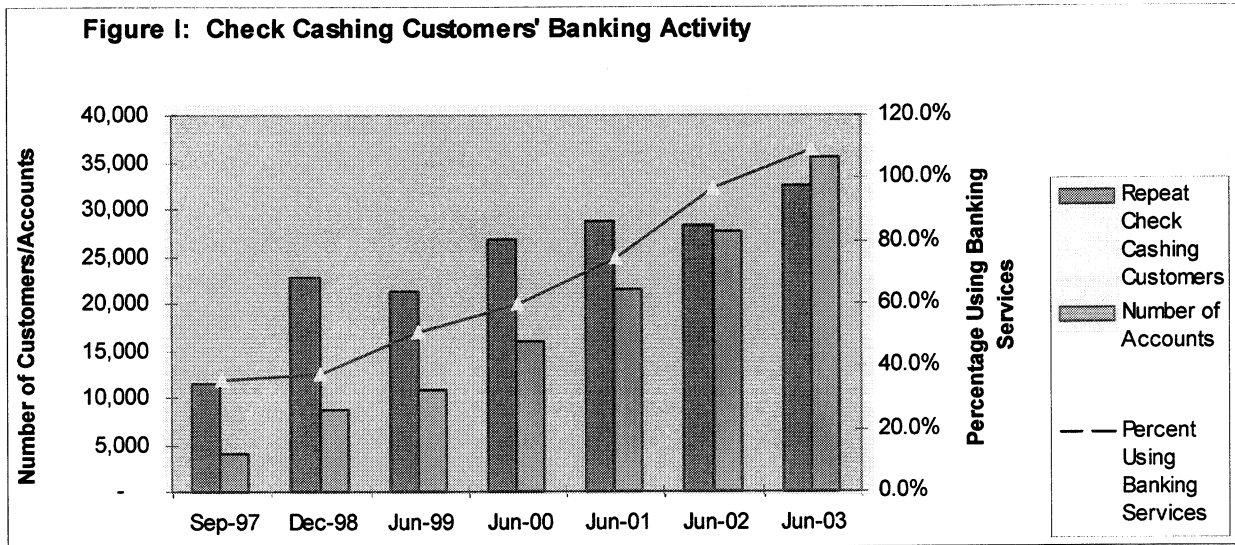
<sup>5</sup> Formerly the Benefit Transfer Account.

## V. CONSUMER LOANS AND SERVICES (Continued)

### C. Report on efforts under new commitment, including:

1. Update on reaching goal of having check-cashing customers make use of other financial services provided by the Bank; and
2. Development of procedures to allow the use of referral documents from social service agencies and nonprofit community organizations for the purpose of cashing checks or opening accounts.

**Mid-Year 2003 Results (V.C.1):** From June 1999 to June 2003, the Bank showed steady growth in the number of repeat check-cashing customers, whereas the number of accounts has continued to gain since September 1997. The following graph depicts such trend activity.



## VI. BRANCHES

### A. Update on Any Branch Closures

**Mid-Year 2003 Results (VI.A.):** The Bank opened eight branches and closed two during the period of January 1 to June 30, 2003. The closures were located in Oregon and Washington.

Your attention is directed to **Appendix C** for a copy summary of the Bank's branch activity.

## VII. CORPORATE CONTRIBUTIONS

- A. Report on the total corporate contributions year-to-date 2003, the percentage of the Bank's pre-tax earnings represented by these contributions, percentage for overhead, and the percentage of total contributions directed to affordable housing and economic development.**
- B. Report on the 2003 foundation budget, and contributions, as described above.**

**Mid-Year 2003 Results (VII.A – B):** The target for charitable contributions in 2003 is 2.0% of net-income, or \$10 Million. Table 17 below gives a breakdown of the Bank's contributions by category as of June 30, 2003:

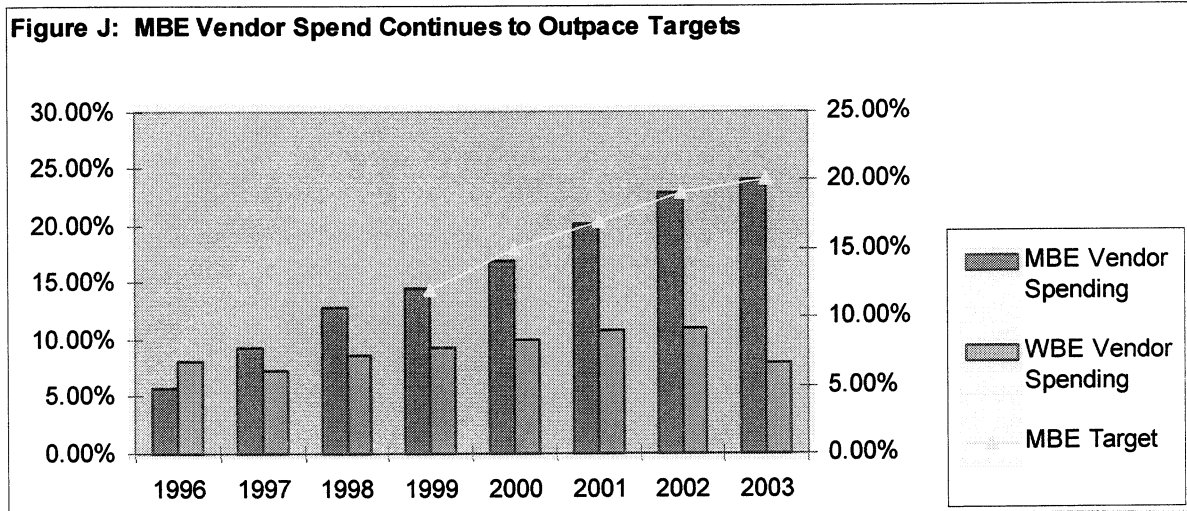
**Table 17: Charitable Contributions**

TYPE OF ORGANIZATION	AMOUNT (\$ 000's)	PERCENTAGE
Affordable Housing	\$ 496	10.3%
Community Economic Development	\$ 1,244	26.0%
Culture & Arts	\$ 210	4.4%
Education	\$ 1,562	32.6%
Emergency Services	\$ 24	0.5%
Environment	\$ 49	1.0%
Health & Human Services	\$ 1,189	24.8%
Miscellaneous	\$ 3	0.1%
No Code Specified	\$ 16	0.3%
<b>TOTAL CASH GRANTS</b>	<b>\$ 4,793</b>	<b>100.0%</b>
Foundation Reserve Fund	\$ --	
In-Kind Grants	\$ --	
Contribution Activity Expense	\$ 620	
<b>TOTAL CHARITABLE INVESTMENTS</b>	<b>\$ 5,413</b>	

## VIII. SUPPLIER DIVERSITY INITIATIVE

### A. Report on the Bank's activity in this program for mid-year 2003

**Mid-Year 2003 Results (VIII.A.):** The 2003 target for Minority Business Enterprise Purchases is 20% of discretionary purchases. The actual MBE Purchases for mid-year 2003 is 24.1%, exceeding the target; actual WBE Purchases were 8.0%; the combined total of MWBE Purchases for the period ending June 30, 2003 is 32.1% of the Bank's discretionary purchases.



**Appendix D** is included for additional reference relative to the MBE program.

## IX. OTHER

### A. Report on activities of the Community Advisory Board (Point 20).

**Mid-Year 2003 Results (IX.A.):** The Community Advisory Board (CAB) meets periodically to assist the Bank with the implementation of its CRA commitment by providing advice and recommendations. The annual retreat was held in January, with additional meetings scheduled throughout the year.



## APPENDICES

- A. UBOC CDFD Tax Credit Investments
- B. Consumer Loan CSAP Lending Activity
- C. UBOC Branch Openings and Closings
- D. UBOC Supplier Diversity Purchasing Detail

## CDFD TAX CREDIT INVESTMENTS

Booked and Proposed as of June 30, 2003

## APPENDIX A

Status	Project Name	Location (city/county)	Number of Units	Original Commitment	Amortized Commitment	Amount within CRA Assessment Areas
Closed 12/20/02	Various	Various - US		\$22,337,749	\$21,721,433	\$21,721,433
Closed 10/15/00	Northpoint Ph. II	Santa Rosa/Sonoma	70 apartment units	\$3,500,000	\$2,708,327	\$2,708,327
Closed 05/24/99	Silverado Creek	Napa/Napa County	102 apartment units	\$4,805,974	\$4,091,376	\$4,091,376
Closed 12/21/99	Chelsea Gardens	Santa Rosa/Sonoma	120 apartment units	\$1,674,565	\$1,361,140	\$1,361,140
Closed 12/05/01	San Rafael Commons	San Rafael/Marin County	83 apartment units	\$1,756,492	\$1,421,006	\$1,421,006
Closed 03/14/02	Danville Seniors	Danville/Contra Costa Cty	74 apartment units	\$6,457,466	\$6,315,333	\$6,315,333
Closed 05/05/03	Dove Canyon	4S Ranch/San Diego County	120 apartments units	\$5,424,995	\$5,427,769	\$5,427,769
Closed 07/14/00		Various - California		\$1,028,797	\$794,307	\$794,307
Closed 01/15/02		Various - California		\$1,231,923	\$1,013,953	\$1,013,953
Closed 02/05/99		Various - US		\$30,898,666	\$16,609,334	\$16,609,334
Closed 04/30/03	Eden Victoria	Hercules/Contra Costa	132 apartment units	\$8,279,068	\$8,279,068	\$8,279,068
Closed 09/15/00	Las Positas	Livermore/Alameda	72 apartment units	\$5,035,000	\$3,514,705	\$3,514,705
Closed 04/18/01	Ohlone Cheynoweth	San Jose	194 apartment units	\$9,847,000	\$7,580,076	\$7,580,076



## CDFD TAX CREDIT INVESTMENTS

Booked and Proposed as of June 30, 2003

## APPENDIX A

Status	Project Name	Location (city/county)	Number of Units	Original Commitment	Amortized Commitment	Amount within CRA Assessment Areas
Closed 06/15/99		Various - US		\$47,278,236	\$33,691,292	\$33,691,292
Closed 06/01/99	Helzer Apts.	San Jose/Santa Clara	155 apartment units	\$8,886,344	\$4,695,586	\$4,695,586
Closed 11/15/02	Lend Lease Fund II	Various - US		\$31,476,073	\$28,896,404	\$28,896,404
Closed 02/11/02	Anaheim Seniors	Anaheim/Orange	81 apartment units	\$7,870,014	\$7,743,958	\$7,743,958
Closed 12/15/99	Oroyson Village	Fremont/Alameda	60 apartment units	\$7,353,057	\$4,271,286	\$4,271,286
Closed 04/10/02	Riverwood SRO	Santa Clara/Santa Clara	148 SRO units	\$12,170,000	\$11,830,696	\$11,830,696
Closed 10/15/01	Italian Gardens	San Jose/Santa Clara	148 apartment units	\$13,871,579	\$10,185,087	\$10,185,087
Closed 05/28/99		Various - US		\$17,370,341	\$12,414,277	\$12,414,277
Closed 12/27/00	Foothill Apts. San Pablo Apts.	Oakland/Alameda San Pablo/Contra Costa	65 apartment units 82 apartment units	\$15,579,000	\$8,579,776	\$8,579,776
Closed 01/03/02	Sungrove Sr. Apts. Mendota Apts.	Garden Grove/Orange Mendota/Fresno	82 apartments units 81 apartment units	\$14,112,340	\$13,638,134	\$13,638,134
Closed 12/01/00	Anaheim	Anaheim/Orange	269 apartment units	\$15,000,000	\$12,023,902	\$12,023,902
Closed 12/15/00	Goldware Seniors	Riverside/Orange	162 apartment units	\$10,884,000	\$10,092,694	\$10,092,694
Closed 06/30/00	Villa Ciolino	Morgan Hill/Santa Clara	42 apartment units	\$4,968,638	\$3,684,122	\$3,684,122

# CDFD TAX CREDIT INVESTMENTS

Booked and Proposed as of June 30, 2003

## APPENDIX A

Status	Project Name	Location (city/county)	Number of Units	Original Commitment	Amortized Commitment	Amount within CRA Assessment Areas
Closed 06/29/98		Various - CA		\$30,000,000	\$15,630,083	\$15,630,083
Closed 07/15/99		Various - US		\$50,000,000	\$35,328,604	\$35,328,604
Closed 06/30/00		Various - US		\$25,000,000	\$20,312,524	\$20,312,524
Closed 12/13/02	Vintage Pointe II	Oceanside/San Diego	186 apartment units	\$5,599,768	\$5,634,768	\$5,634,768
Closed 12/01/00	North Natomas	Sacramento/Sacramento	160 apartment units	\$2,817,000	\$2,797,765	\$2,797,765
Closed 09/13/02	Quail Run	San Leandro/Alameda	104 apartment units	\$3,403,784	\$3,374,439	\$3,374,439
<b>UBOC Capital as of 03/31/03</b>	<b>\$4,061,351,000</b>			<b>\$425,917,869</b>	<b>\$325,663,224</b>	<b>\$325,663,224</b>
			<b>Total CDFD</b>		<b>\$54,136,695</b>	
			<b>Total Amount</b>		<b>\$379,799,919</b>	

APPENDIX B

COMMUNITY SERVICE ACTION PLAN (CSAP)  
2003 QUARTERLY NEW LOAN VOLUME

LOAN CLASS	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		YTD Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
001 - NEW AUTO, DIRECT	2	\$22,828	1	\$14,000	0	\$0	0	\$0	3	\$36,828
002 - NEW AUTO, DIRECT 100% FINANCING	2	\$41,287	5	\$117,181	0	\$0	0	\$0	7	\$158,468
005 - USED AUTO, DIRECT	36	\$274,443	48	\$375,546	0	\$0	0	\$0	84	\$649,989
006 - USED AUTO, DIRECT 100% FINANCING	89	\$1,020,361	105	\$1,253,256	0	\$0	0	\$0	194	\$2,273,617
030 - PERSONAL AUTO SECURED LOAN	1	\$10,015	0	\$0	0	\$0	0	\$0	1	\$10,015
031 - PERSONAL TCD SECURED LOAN	39	\$281,111	62	\$386,927	0	\$0	0	\$0	101	\$668,038
032 - PERSONAL SAVINGS SECURED LOAN	5	\$13,000	8	\$26,775	0	\$0	0	\$0	13	\$39,775
040 - PERSONAL UNSECURED LOAN	0	\$0	3	\$9,000	0	\$0	0	\$0	3	\$9,000
050 - FLEX, FIXED	13	\$475,118	29	\$1,063,582	0	\$0	0	\$0	42	\$1,538,701
052 - FLEX, VARIABLE	25	\$1,110,700	68	\$3,670,335	0	\$0	0	\$0	93	\$4,781,035
063 - REAL ESTATE LINE, NON-OWNER OCCUPIED	0	\$0	1	\$10,000	0	\$0	0	\$0	1	\$10,000
<b>CSAP BANK TOTALS</b>	<b>212</b>	<b>\$3,248,864</b>	<b>330</b>	<b>\$6,926,602</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>542</b>	<b>\$10,175,466</b>



## BRANCH OPENINGS AND CLOSURES

(January 1 to June 30, 2003)

### BRANCH OPENINGS

ASSESSMENT AREA	OFFICE NAME	CITY	DATE
Los Angeles, CA MA	Commerce Business Center	City of Commerce	01/06/2003
Los Angeles, CA MA	Porter Ranch	Porter Ranch	06/16/2003
Los Angeles, CA MA	Tampa & Nordhoff	Northridge	04/28/2003
Orange County, CA MA	Foothill Ranch	Foothill Ranch	06/02/2003
Orange County, CA MA	Yorba Linda	Yorba Linda	05/12/2003
San Diego, CA MA	4S Ranch	San Diego	04/07/2003
Stockton-Lodi, CA MA	Tracy Corral Hollow In-Store	Tracy	03/12/2003
Visalia, CA MA	Key West Plaza In-Store	Visalia	04/09/2003

### BRANCH CLOSURES

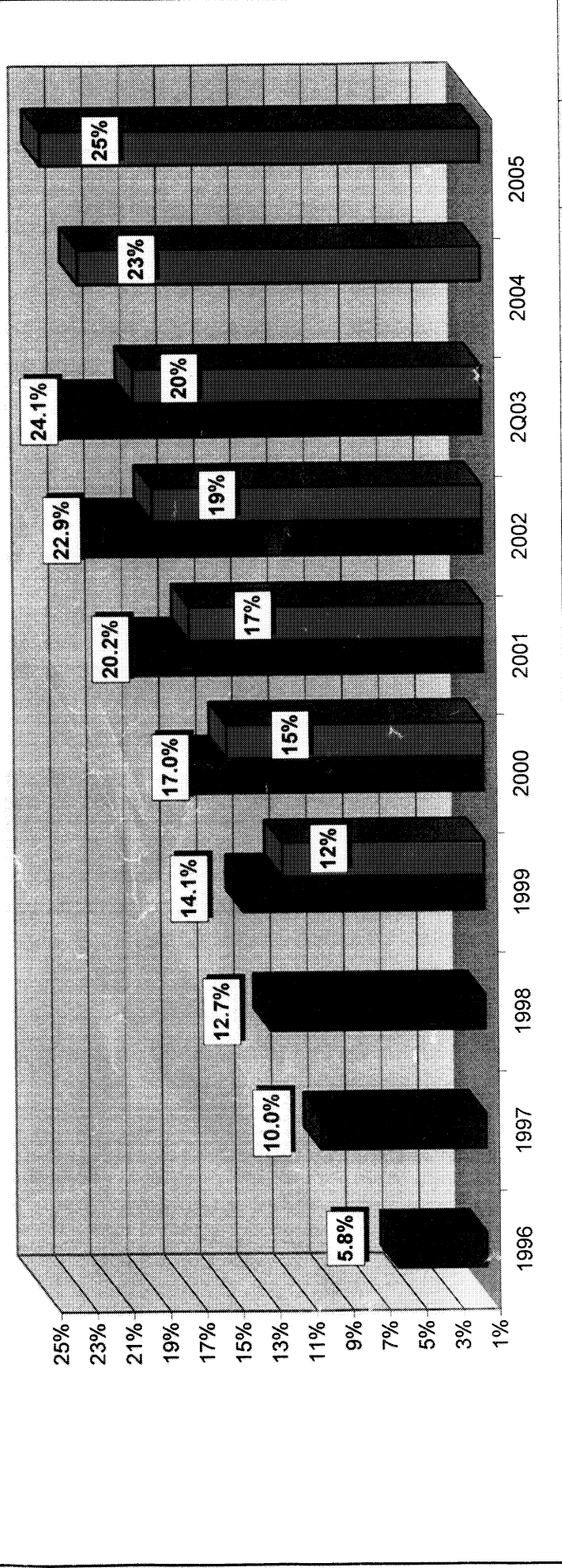
ASSESSMENT AREA	OFFICE NAME	CITY	DATE
Eugene-Springfield, OR MA	Eugene	Eugene	04/30/2003
Chelan County, WA	Wenatchee	Wenatchee	04/30/3003

# UNION BANK OF CALIFORNIA SUPPLIER DIVERSITY SPEND

## APPENDIX D

### MDVBE\* ACTUAL VS TARGET

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total Discretionary Purchases	\$ 229,681,424	\$ 176,509,254	\$ 205,857,601	\$ 195,851,862	\$ 189,218,534	\$ 231,395,185	\$ 222,957,492	\$ 113,434,356		
Total MDVBE Spend	\$ 13,399,085	\$ 17,583,642	\$ 26,052,346	\$ 27,669,698	\$ 32,207,268	\$ 46,819,787	\$ 50,990,177	\$ 27,286,337		
YE MDVBE % - Actual	5.8%	10.0%	12.7%	14.1%	17.0%	20.2%	22.9%	24.1%		
YE MDVBE % - Target				12%	15%	17%	19%	20%	23%	26%



\*NOTE: The term MDVBE is used to identify ethnic and disabled veteran minority suppliers regardless of gender