

PUBLIC DISCLOSURE

July 31, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

UniBank

RSSD # 3487947

19315 Highway 99

Lynnwood, WA 98036

Federal Reserve Bank of San Francisco

101 Market Street

San Francisco, California 94105

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

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INSTITUTION RATING

Institution's Community Reinvestment Act (CRA) Rating

UniBank is rated "SATISFACTORY"

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

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

The major factors supporting the institution's rating include:

- A reasonable loan to deposit ratio.
- A majority of all loans originated within the bank's assessment area.
- A reasonable geographic distribution of small business loans.
- A reasonable lending distribution by businesses of different revenue sizes.
- An adequate level of responsiveness to the community development needs of the assessment area.

INSTITUTION

Description of Institution

UniBank commenced operations in November 2006 as a state-chartered commercial bank headquartered in Lynnwood, Washington. The bank is a minority-owned depository institution¹ that became a wholly owned subsidiary of U&I Financial Corporation, a bank holding company incorporated in the state of Washington, in September 2010. UniBank received an Outstanding rating at its March 19, 2018, Community Reinvestment Act (CRA) performance evaluation conducted by the Federal Deposit Insurance Corporation (FDIC) using the Interagency Small Institution Examination Procedures. On January 1, 2021, UniBank was approved for membership in the Federal Reserve System, and also became subject to the Interagency Intermediate Small Bank CRA Examination Procedures.² This is UniBank's first CRA performance evaluation as an Intermediate Small Bank (ISB).

UniBank operates four full-service branches located in Lynnwood, Tacoma, Bellevue, and Federal Way, Washington, with a focus of serving the Asian-American community in the greater Puget Sound area. The institution offers a full range of deposit products and banking services to consumers and businesses. UniBank provides commercial loans to small- and medium-sized businesses and professionals. Commercial products include commercial real estate, construction, equipment, and term loans, as well as lines of credit. UniBank specializes in extending government guaranteed loans and is a designated lender under the Small Business Administration's Preferred Lender Program. Other than providing accommodation loans to its employees, the bank does not generally engage in consumer lending.

On October 2020, UniBank opened a loan production office (LPO) in Atlanta, Georgia, staffed with one Business Development Officer (BDO). The office closed in February 2022, but the area is still served by the BDO on a remote basis.

Exhibit 1 represents UniBank's loan portfolio composition as stated in the December 31, 2022, Consolidated Reports of Condition and Income, which reflects the bank's commercial lending focus. Loans secured by 1-4 family real estate are business loans.

¹ Federal Deposit Insurance Corporation, Minority Depository Institutions Program, Historical Data available from: <https://www.fdic.gov/regulations/resources/minority/mdi.html>. UniBank's voting stock is 51 percent or more owned by Asians or Pacific Islanders.

² [2023_Asset_Size_Threshold.f \(ffiec.gov\)](#). UniBank's assets as of December 31, 2019, and December 31, 2020, were \$347.4 million and \$403.8 million, respectively. The bank became subject to CRA requirements for intermediate small bank as of January 1, 2021.

EXHIBIT 1		
LOANS AND LEASES AS OF DECEMBER 31, 2022		
Loan Type	\$ ('000s)	%
Commercial/Industrial & Non-Farm Non-Residential Real Estate	372,626	78.7
Secured by 1-4 Family Residential Real Estate	96,996	20.5
Multi-Family Residential Real Estate	2,762	0.6
Construction & Land Development	1,070	0.2
Consumer Loans & Credit Cards	33	0.0
Total (Gross)	473,487	100

There were no legal or financial impediments during the review period that would have prevented UniBank from helping to meet the credit needs of its assessment area consistent with its business strategy, size, financial capacity, and local economic conditions.

Description of Operations in Seattle-Tacoma-Bellevue MSA

UniBank has one assessment area that has not changed since the previous CRA performance evaluation and remains the contiguous region encompassing the Seattle-Tacoma-Bellevue, Washington Metropolitan Statistical Area (MSA). The MSA is comprised of two metropolitan divisions (MD), which are Seattle-Bellevue-Kent and the Tacoma-Lakewood. The Seattle-Bellevue-Kent MD is comprised of two counties: Snohomish and King where three of the bank's branches, (Lynnwood, Federal Way, and Bellevue), are located. The Tacoma-Lakewood MD consists of Pierce County in its entirety, which is south of and shares a border with King County, and where the Tacoma branch is situated. In 2020, the three-county assessment area was home to about 4.02 million people.

As of June 30, 2022, the area had 51 FDIC insured institutions operating 779 offices with deposits totaling \$157.7 billion. Of the 51 FDIC insured institutions, 37 had asset sizes ranging from \$1.3 billion to \$3.4 trillion during the same timeframe. UniBank operated 4 offices in the area and held deposits totaling \$427.7 million, representing 0.27 percent of the deposit market share. UniBank's asset size as of June 30, 2022, was \$522.9 million.

Exhibit 2 on the following page presents key demographic and business information used to help develop a performance context for the assessment area.

EXHIBIT 2								
Assessment Area Demographics								
2022 Seattle-Tacoma-Bellevue, WA (MSA)								
2022 FFIEC Census and 2022 Dunn & Bradstreet Data								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	42	4.9	40,944	4.2	7,513	18.3	195,890	20.3
Moderate	187	21.7	200,195	20.8	17,547	8.8	171,432	17.8
Middle	353	40.9	402,326	41.8	18,131	4.5	208,485	21.6
Upper	264	30.6	315,768	32.8	7,624	2.4	387,716	40.2
Unknown	17	2.0	4,290	0.4	411	9.6	0	0.0
Total AA	863	100.0	963,523	100.0	51,226	5.3	963,523	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	82,140	21,131	2.3	25.7	55,995	68.2	5,014	6.1
Moderate	342,462	161,717	17.6	47.2	161,015	47.0	19,730	5.8
Middle	660,608	405,125	44.0	61.3	219,406	33.2	36,077	5.5
Upper	511,310	329,671	35.8	64.5	156,013	30.5	25,626	5.0
Unknown	21,260	3,508	0.4	16.5	16,294	76.6	1,458	6.9
Total AA	1,617,780	921,152	100.0	56.9	608,723	37.6	87,905	5.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	11,304	5.1	10,066	4.9	1,155	9.2	83	4.3
Moderate	40,504	18.3	37,768	18.3	2,459	19.7	277	14.4
Middle	87,451	39.5	81,910	39.6	4,808	38.5	733	38.1
Upper	79,322	35.8	74,600	36.1	3,920	31.4	802	41.7
Unknown	2,697	1.2	2,508	1.2	159	1.3	30	1.6
Total AA	221,278	100.0	206,852	100.0	12,501	100.0	1,925	100.0
Percentage of Total Businesses:				93.5		5.6		0.9

Economic Conditions

The assessment area economy expanded early in the review period and was primarily driven by growth in aerospace manufacturing, information technology, data science, and logistics industries. Also providing economic stability in the area is the presence of a large military base, as well as the maritime ports of Seattle and Tacoma. As shown in Exhibit 3, Pierce County’s 2019 unemployment rate was higher than Snohomish and King counties, which had rates at historic lows and well below the statewide unemployment rate. However, in 2020 the area joined a statewide lockdown to prevent the spread of COVID-19, causing a near-halt in business activities and disrupting employment and business cycles in the area. The unemployment rate for all the counties in the area escalated in 2020, also illustrated in Exhibit 3. The area’s economic environment subsequently entered a recovery stage late in the review period and trends in each county of the assessment area are described below.

EXHIBIT 3				
Unemployment Rates				
Seattle-Tacoma-Bellevue MSA				
Area	2018	2019	2020	2021
Snohomish County, WA	3.6%	3.0%	8.8%	5.0%
King County, WA	3.3%	2.7%	7.8%	4.3%
Pierce County, WA	5.1%	5.2%	9.5%	6.1%
Seattle-Tacoma-Bellevue, WA (MSA)	3.8%	3.3%	8.4%	4.8%
Washington	4.4%	4.3%	8.5%	5.2%
<i>Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics</i>				

The major economic driver in Snohomish County is the manufacturing sector, which lost 13,700 jobs or 21 percent from February 2020 to October 2021 during the height of the pandemic. Although manufacturing employment has expanded since October 2021, job losses during the pandemic put a damper on Snohomish County’s recovery relative to the rest of the state. In 2021, about 50,000 jobs (18.1 percent of total Snohomish County nonfarm employment) were in the manufacturing industries. This is proportionally higher than any other county in Washington and above the national average.³

Snohomish County’s manufacturing is made up of many types of industries with aerospace products and parts manufacturing making up the largest portion of employment. Aerospace manufacturers supplied 31,600 jobs in 2021. The manufacturing base, coupled with proximity to a major urban center, provides the foundation for a diverse local economy. Other major industry sectors employing more than 20,000 included government (37,600), educational and

³ [Snohomish County Profile, Employment Security Department, Washington State June 2022](#)

health services (36,500), retail trade (34,000), professional and business services (28,300), leisure and hospitality (23,900) and construction (24,800).⁴

The average annual wage in Snohomish County was \$66,912 for all industries in 2020. This is below the statewide average wage of \$73,504, but significantly higher than the statewide average when King County is excluded. The average wage in Snohomish County is also higher than the national average (\$64,021). The area's median hourly wage was \$30.08 in 2021, compared to a statewide median wage of \$30.50 per hour.⁵

Prior to the pandemic-induced recession of 2020, King County was well-situated, with long-term growth observed in all major industry sectors. The COVID-19 pandemic disrupted all industries at a local level, with employment patterns varying substantially from one industry to the next. Leisure and hospitality lost the largest number of jobs of any sector (65,100 jobs from February to May, not seasonally adjusted). As of March 2022, this set of industries was still down 44,000 jobs or about 30 percent. At the other end of the continuum, industries such as information and professional and business services, maintained or even expanded employment levels, even early on, insulated by the ability to establish telecommuting arrangements for their workforces. King County's information sector added 700 jobs during the initial months of the pandemic. As of March 2022, employment in the information sector was 15,500 above the level observed in March 2020.⁶

Comparing March 2022 against March 2020, the following industries in King County have fully recovered or expanded total employment: professional and business services (up 15,600 jobs), information (up 15,500 jobs), retail trade (up 9,000 jobs), financial activities (up 4,000 jobs), and construction (up 1,400 jobs).⁷ Referencing the same time frame, the following industries have yet to recover the number of jobs lost in the pandemic recession: leisure and hospitality (down 19,400 jobs), manufacturing (down 9,900 jobs), government (down 9,200 jobs), other services (down 8,600 jobs), wholesale trade (down 3,700 jobs), transportation, education, and health services (down 2,800 jobs), and warehousing and utilities (down 1,400 jobs).⁸

All industry sectors in the area are building their employment bases. While innovations such as telecommuting directly reduced the total number of potential job losses, they

⁴ Ibid

⁵ Ibid

⁶ [King County Profile, Employment Security Department, Washington State May 2022](#)

⁷ Ibid

⁸ Ibid

simultaneously contributed to indirect job losses from sectors that rely on in-person service delivery in King County's downtown areas (e.g., restaurants and coffee shops).⁹

The 2020 average wage in King County was \$105,520. For comparison, the statewide average annual wage was \$73,504.¹⁰ The median hourly wage in 2020 was \$38.86, above the state's median hourly wage of \$29.28.¹¹

Pierce County was headed for a robust 2020 when the pandemic hit in March. The 2020 COVID-19 related shutdown immediately reduced jobs in many sectors of the economy with the trade and hospitality sectors particularly hard hit. The 2021 numbers showed a bounce back from those sectors though the challenge was finding the workforce to match public demand for those services.¹² The size of the Pierce County labor force in 2020 rose to an average of 453,641, up over 6,345 from 2019. In 2021, that total fell by 5,133 to 448,508. The average annual unemployment rate declined from the 9.5 percent rate in 2020 to 6.1 percent in 2021.

Early in 2022, Pierce County's economy struggled to keep pace with its peers. The jobs recovery is trailing and nonfarm employment growth since October 2021 lag the state average. The key transportation industry, which drove employment gains in the second half of 2021, shifted into lower gear. The unemployment rate is below its pre-pandemic level, but the labor-force recovery is behind that nationally.¹³ The large military presence at Joint Base Lewis-McChord will lend stability to the economy but will not be a significant source of growth.¹⁴ The defense spending authorization bill, which passed with \$25 billion more in defense spending than initially expected, will provide a stable source of funding.¹⁵

Pierce County's average annual wage in 2020 was \$58,000, below the state's average annual wage of \$76,801.¹⁶ The median hourly wage in 2020 was \$26.48, which surpassed the state's median hourly wage of \$25.01 when King County is excluded but falls below the state's median hourly wage of \$29.28 when King County is included.¹⁷

⁹ Ibid

¹⁰ Ibid

¹¹ Ibid

¹² [Pierce County Profile, Employment Security Department, Washington State May 2022](#)

¹³ Moody's Analytics, Precis Report, Tacoma-Lakewood, WA March 2022

¹⁴ Ibid

¹⁵ Ibid

¹⁶ Pierce County Profile, Employment Security Department, Washing State May 2022

¹⁷ Ibid

In March 2020, the federal Paycheck Protection Program (PPP) was launched by the Treasury Department with the goal of helping small businesses survive the pandemic-related lockdowns.¹⁸ As a result, growth in lending occurred within banks of all sizes nationwide. Overall small banks increased lending to small businesses and small farms by an average of 23 percentage points more than expected during the first half of 2020, and lending by medium and large banks increased by 38 and 35 percentage points, respectively, during the same time period. According to the borrower firms that elected to report their industry, most loans under \$1 million made as of August 2020 were made to businesses in the professional, scientific, and technical services industry, followed by other services industry (except public administration), the health care and social assistance industry, and the construction industry.

As shown in Exhibit 4, the number of small business loans originated within the assessment area increased steadily over the course of the review period and kept pace with statewide trends. Small business loans in the assessment area increased by 23.0 percent between 2018 and 2021, with the largest growth occurring in 2021. Within the State of Washington, loans to small businesses increased by 23.8 percent during that same period. Lending to small businesses is critical for the support of the local economy given that small businesses represent 93.5 percent of all businesses in the assessment area, as depicted in Exhibit 2 above.

EXHIBIT 4				
Small Business Loan Trends				
Seattle-Tacoma-Bellevue MSA				
Area	2018	2019	2020	2021
Snohomish County, WA	13,955	15,892	16,166	19,106
King County, WA	56,978	60,310	64,743	72,522
Pierce County, WA	13,570	14,150	15,290	18,122
Seattle-Tacoma-Bellevue, WA (MSA)	84,503	90,352	96,199	109,750
Washington	137,483	147,250	156,842	180,536
<i>Source: Federal Financial Institutions Examination Council (FFIEC) Community Reinvestment Act Aggregate Data</i>				

Between 2015 and 2020, King County’s median family income increased by 17.1 percent, surpassing the median family increases of Pierce and Snohomish Counties, as well as the state. Exhibit 5 on the following page shows the change in median family income during the five-year timeframe.

¹⁸ [Federal Reserve Bank of San Francisco, Economic Letter, Small Business Lending during COVID-19, November 23, 2020; available from https://www.frbsf.org/economic-research/publications/economic-letter/2020/november/small-business-lending-during-covid-19/](https://www.frbsf.org/economic-research/publications/economic-letter/2020/november/small-business-lending-during-covid-19/)

EXHIBIT 5			
Median Family Income Change			
Seattle-Tacoma-Bellevue MSA			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
King County, WA	\$105,819	\$123,939	17.1%
Pierce County, WA	\$77,905	\$88,892	14.1%
Snohomish County, WA	\$90,473	\$104,452	15.5%
Seattle-Tacoma-Bellevue, WA (MSA) 2022	\$93,212	\$108,690	16.6%
Washington	\$80,878	\$92,422	14.3%

Source: 2011 - 2015 U.S. Census Bureau American Community Survey
2016 - 2020 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.

The cost burden for renters indicates a need for affordable housing in the assessment area, as a high percentage of renters are spending 30 percent or more of their household income on rent. Affordable housing options for both low- and moderate-income individuals were limited in the assessment area, with the greatest need being for low-income individuals and families. Exhibit 6 below shows the percentages of cost-burdened renters and homeowners within the assessment area and statewide.

EXHIBIT 6						
Housing Cost Burden						
Seattle-Tacoma-Bellevue MSA						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Seattle-Tacoma-Bellevue, WA (MSA)	78.3%	48.5%	42.8%	67.8%	45.1%	23.4%
Washington	77.6%	43.4%	43.0%	64.6%	39.7%	22.2%

Cost Burden is housing cost that equals 30 percent or more of household income

Source: U.S. Department of Housing and Urban Development (HUD), 2015-2019 Comprehensive Housing Affordability Strategy

Credit and Community Development Needs

The economic data described above and feedback from community contacts indicate that there remains credit and community development needs in the area. As previously discussed, small business lending levels remained steady during the review period before increasing in 2020 as PPP loans were distributed to meet the credit needs of small businesses enduring the impacts of COVID-19. According to the U.S. Census Bureau's Weekly Small Business Pulse Survey, as of April 17, 2022, 21.0 percent of small businesses in Washington were still experiencing a negative effect on their businesses because of the pandemic.¹⁹ At that time, 12.9 percent of small businesses reported that obtaining financial assistance would be needed in the next six months.²⁰ In addition, the survey found that 37.1 percent of small businesses in Washington reported it would take more than six months before the business returned to normal levels of operation relative to its usual level of operations.²¹ Based on the survey results, small businesses in Washington appeared to have ongoing credit needs and expected additional time would be needed to recover business operations.

The Small Business Credit Survey, a collaboration of the 12 Federal Reserve Banks, conducted approximately six months after the onset of the pandemic, highlighted the pandemic's impact on small businesses and their credit needs. The survey results found that 37 percent of small business survey respondents that applied for credit in the prior 12-month period, received all the financing they sought. This share of applicant was a decrease from the prior year's survey that found 51 percent of applicant firms received all the financing they sought.²² Small business applicants most often sought loans for lines of credit. A majority, 58 percent, of applicant firms cited that their reason for applying for credit was to meet operating expenses.²³ Only 48 percent of firms applied for less than \$100,000, a decrease since the prior year.²⁴ Despite the increase in small business lending during the pandemic described previously, the survey results indicate there are unmet credit needs for small businesses.

According to community representatives, credit needs remain in the area. One contact stated that revolving lines of credit from \$2,000 to \$10,000 would help micro businesses with managing operational expenses like supplies and payroll or for increasing inventory. The credit amount needed by more established small businesses and non-profits is generally up to

¹⁹ U.S. Census Bureau, available from [Small Business Pulse Survey Data \(census.gov\)](https://www.census.gov/data/tables/economic-recovery/small-business-pulse-survey.html)

²⁰ Ibid

²¹ Ibid

²² Small Business Credit Survey, Report on Employer Firms 2021; available from: <https://www.fedsmallbusiness.org/survey/2021/report-on-employer-firms>

²³ Ibid

²⁴ Ibid

\$150,000 for working capital purposes. These smaller loan amounts are crucial for most small, family-owned, or independent businesses to stay afloat. The contact also explained that technical assistance, from loan application support to understanding how to hire employees, is invaluable, especially for micro-enterprises owned by women, people of color, low-income and rural entrepreneurs. Additionally, most small businesses that are service oriented (i.e., cleaning service) are accepting payments via apps such as Venmo. These businesses can benefit from receiving financial coaching on how to record their income and expenses so they can provide projections and supporting financial statements/records when they are ready to apply for a loan. There are opportunities for banks to provide technical assistance/coaching to small businesses before promoting the products they offer.

A community contact from an organization focused on affordable housing indicated that the number of cost-burdened households in the assessment area have increased because housing cost has been rising faster than income. Moderate-income households are pushed into older rental housing stock, which typically provides the bulk of housing supply for lower-income residents, because higher income households are now occupying those units that were once affordable to moderate-income households. The overall result is diminished housing supply for moderate- and low-income residents. The contact stated that the number one barrier to increasing the rate of affordable housing production is the limited availability of funding and financing. Bringing local financial institutions to the discussion table is one effective way of getting private capital investments to support affordable housing developments and forging relationships between developers and private funding sources. The contact also stated that banks should be knowledgeable about downpayment assistance loan programs available from local government. Knowing about and informing first time home buyers about down payment assistance would alleviate some of the financial insecurity that are faced by potential homeowners that are attempting to qualify for a mortgage loan.

Scope of Examination

UniBank's performance was evaluated using the Interagency Intermediate Small Institution CRA Examination Procedures, consisting of the lending and community development tests. The evaluation period for the lending test was January 1, 2018, through December 31, 2022. The evaluation period for the community development test was January 1, 2019, through July 31, 2023. Although UniBank became an ISB on January 1, 2021, management provided community development loans and investments made prior to this date for CRA consideration.

LENDING TEST

The lending test was based on the following:

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

The lending test evaluation was based on a representative sample of small business loans originated or renewed from January 1, 2018, through December 31, 2022. A statistical sample of 156 small business loans were considered in the evaluation of Lending in Assessment Area. Of that total, 104 were extended within the bank's assessment area and used in the evaluation of Lending Distribution by Geography and Lending Distribution by Business Revenue. UniBank's responsiveness to consumer complaints was not evaluated since the bank did not receive any CRA-related complaints during the review period.

COMMUNITY DEVELOPMENT TEST

The community development test included an evaluation of the responsiveness of UniBank's community development activities in relation to local needs and opportunities, as well as the bank's capacity to participate in such activities. The evaluation was based on a sample of qualified community development loans, as well as qualified investments, and services provided by the bank from January 1, 2019 through July 31, 2023.

In addition, community representatives were contacted in connection with the examination regarding credit needs and market conditions within the assessment area. The contacts represented organizations working in small business development and affordable housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Lending Test

UniBank's performance under the lending test is satisfactory.

LOAN-TO-DEPOSIT RATIO

UniBank's loan-to-deposit ratio is reasonable and reflects the bank's willingness to extend credit given the demands and opportunities in the assessment area. The bank's 20-quarter average loan-to-deposit ratio for the period ending December 31, 2022, was 87.6 percent, comparing reasonably with similarly situated banks whose loan-to-deposit ratios ranged from 82.8 percent to 107.7 percent within the same time period.

LENDING IN ASSESSMENT AREA

A majority of the bank's lending was extended inside the bank's assessment area. As shown in Exhibit 7, a majority of loans by number of loans at 66.7 percent were made inside the assessment area. While a majority of loans by dollar volume at 54.9 percent were outside of the assessment area, these loans included four with sizable credit amounts ranging from \$898 thousand to \$994 thousand.

EXHIBIT 7 LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA [JANUARY 1, 2018 TO DECEMBER 31, 2022]								
Loan Type	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
Small Business	104	66.7	\$13,252	45.1	52	33.3	16,159	54.9
Total Loans	104	66.7	\$13,252	45.1	52	33.3	16,159	54.9

LENDING DISTRIBUTION BY GEOGRAPHY

The geographic distribution of the bank's small business loans is reasonable. As shown in Exhibits 8, 9, and 10 the bank generally extended loans in all income categories other than in low-income census tracts for some years. There were no conspicuous lending gaps

throughout the bank’s assessment area and most of the lending occurred near the bank’s branches.

UniBank’s loan dispersion in moderate-income census tracts is excellent relative to the business concentration and aggregate lending throughout the review period. Lending in low-income census tracts, where there are fewer opportunities, was not as consistent as lending in moderate-income census tracts. However, the bank was able to penetrate these geographies in 2020 and 2021, primarily through the extension of PPP loans. For those years, the bank’s lending in low-income census tracts exceeded aggregate lending levels by both number and dollar amount. This indicates the bank’s willingness to lend in low-income geographies when opportunities arise. As mentioned above, the PPP started in 2020 and UniBank actively participated in the program to help support small, local businesses survive the pandemic-related lockdowns.

EXHIBIT 8							
Distribution of 2018 Small Business Lending by Income Level of Geography							
Assessment Area: Seattle-Tacoma-Bellevue, WA (MSA)							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	5.5	0	0.0	7.8	5.7
Moderate	3	50.0	17.9	1,017	64.7	17.6	19.2
Middle	1	16.7	39.4	50	3.2	38.8	40.0
Upper	2	33.3	35.6	506	32.2	34.7	34.7
Unknown	0	0.0	0.4	0	0.0	0.4	0.4
Tract-Unk	0	0.0	1.1	0	0.0	0.7	
Total	6	100.0	100.0	1,573	100.0	100.0	100.0

Source: 2018 FFIEC Census Data
2018 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

EXHIBIT 9

Distribution of 2019 and 2020 Small Business Lending by Income Level of Geography
Assessment Area: Seattle-Tacoma-Bellevue, WA (MSA)

Geographic Income Level	Bank And Aggregate Loans by Year												Total Businesses %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	5.9	0	0.0	8.3	10	16.7	6.2	1,012	21.1	8.0	5.7
Moderate	1	33.3	18.9	270	26.7	18.4	22	36.7	19.3	1,417	29.6	18.5	19.2
Middle	2	66.7	39.0	742	73.3	38.2	21	35.0	39.5	1,044	21.8	38.7	39.9
Upper	0	0.0	34.4	0	0.0	33.9	7	11.7	34.2	1,315	27.5	33.8	34.9
Unknown	0	0.0	0.4	0	0.0	0.4	0	0.0	0.4	0	0.0	0.6	0.3
Tract-Unk	0	0.0	1.5	0	0.0	0.7	0	0.0	0.5	0	0.0	0.4	
Total	3	100.0	100.0	1,012	100.0	100.0	60	100.0	100.0	4,787	100.0	100.0	100.0

Source: 2020 FFIEC Census Data
2020 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

EXHIBIT 10

Distribution of 2021 and 2022 Small Business Lending by Income Level of Geography
Assessment Area: Seattle-Tacoma-Bellevue, WA (MSA)

Geographic Income Level	Bank And Aggregate Loans by Year												Total Businesses %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	8	27.6	6.1	501	14.1	8.3	0	0.0	5.2	0	0.0	7.2	5.1
Moderate	8	27.6	19.9	1,388	39.2	18.7	2	33.3	19.4	560	24.0	18.8	18.3
Middle	10	34.5	39.9	1,481	41.8	39.5	3	50.0	39.0	1,181	50.6	39.6	39.5
Upper	3	10.3	33.3	175	4.9	32.8	1	16.7	35.0	595	25.5	33.2	35.8
Unknown	0	0.0	0.3	0	0.0	0.6	0	0.0	1.0	0	0.0	1.0	1.2
Tract-Unk	0	0.0	0.6	0	0.0	0.1	0	0.0	0.5	0	0.0	0.2	
Total	29	100.0	100.0	3,545	100.0	100.0	6	100.0	100.0	2,336	100.0	100.0	100.0

Source: 2022 FFIEC Census Data
2022 Dun & Bradstreet Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

LENDING DISTRIBUTION BY BORROWER INCOME AND BUSINESS REVENUE

UniBank’s lending distribution by businesses of different revenue sizes is reasonable. Lending levels to small businesses were generally above or comparable to the aggregate as shown in Exhibits 11, 12, and 13. However, in 2020 there were high levels of loans with unknown revenue amounts at 85 percent. As mentioned above, UniBank’s lending in 2020 primarily consisted of PPP loans, wherein revenue information was not collected. The bank’s lending data demonstrates willingness to extend small dollar loans. For example, the bank’s loan extensions between \$100,001 and \$250,000 was comparable or exceeded aggregate levels for most of the review period, thus meeting an articulated community credit need by small businesses. UniBank’s loans in amounts of \$100,000 or less trailed the aggregate though there was a sharp rise in this loan size in 2020, when the PPP loan program launched.

EXHIBIT 11							
Distribution of 2018 Small Business Lending by Revenue Size of Businesses							
Assessment Area: Seattle-Tacoma-Bellevue, WA (MSA)							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	5	83.3	45.0	1,367	86.9	29.3	92.0
Over \$1 Million	1	16.7		206	13.1		7.2
Revenue Unknown	0	0.0		0	0.0		0.8
Total	6	100.0		1,573	100.0		100.0
By Loan Size							
\$100,000 or Less	1	16.7	94.0	50	3.2	36.9	
\$100,001 - \$250,000	3	50.0	2.8	523	33.2	13.5	
\$250,001 - \$1 Million	2	33.3	3.2	1,000	63.6	49.6	
Total	6	100.0	100.0	1,573	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	1	20.0		50	3.7		
\$100,001 - \$250,000	2	40.0		317	23.2		
\$250,001 - \$1 Million	2	40.0		1,000	73.2		
Total	5	100.0		1,367	100.0		
Source: 2018 FFIEC Census Data 2018 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

EXHIBIT 12

Distribution of 2019 and 2020 Small Business Lending By Revenue Size of Businesses

Assessment Area: Seattle-Tacoma-Bellevue, WA (MSA)

	Bank And Aggregate Loans by Year												Total Businesses %
	2019						2020						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	2	66.7	48.6	662	65.4	30.6	8	13.3	41.3	2,334	48.8	23.4	93.0
Over \$1 Million	1	33.3		350	34.6		1	1.7		25	0.5		6.2
Revenue Unknown	0	0.0		0	0.0		51	85.0		2,428	50.7		0.8
Total	3	100.0		1,012	100.0		60	100.0		4,763	100.0		100.0
By Loan Size													
\$100,000 or Less	0	0.0	94.5	0	0.0	39.3	50	83.3	86.5	1,441	30.1	30.6	
\$100,001 - \$250,000	0	0.0	2.6	0	0.0	12.9	4	6.7	7.6	772	16.1	20.0	
\$250,001 - \$1 Million	3	100.0	2.9	1,012	100.0	47.8	6	10.0	5.9	2,574	53.8	49.4	
Total	3	100.0	100.0	1,012	100.0	100.0	60	100.0	100.0	4,787	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	0	0.0		0	0.0		2	25.0		64	2.7		
\$100,001 - \$250,000	0	0.0		0	0.0		2	25.0		410	17.6		
\$250,001 - \$1 Million	2	100.0		662	100.0		4	50.0		1,860	79.7		
Total	2	100.0		662	100.0		8	100.0		2,334	100.0		

Source: 2020 FFIEC Census Data
 2020 Dun & Bradstreet Data
 2011-2015 U.S. Census Bureau: American Community Survey
 Note: Percentages may not total 100.0 percent due to rounding.

EXHIBIT 13													
Distribution of 2021 and 2022 Small Business Lending By Revenue Size of Businesses													
Assessment Area: Seattle-Tacoma-Bellevue, WA (MSA)													
	Bank And Aggregate Loans by Year												Total Businesses %
	2021						2022						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	#%	\$(000)	%	%	#	%	#%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	25	86.2	48.9	3,110	87.7	26.6	3	50.0	54.0	407	17.4	32.8	93.5
Over \$1 Million	1	3.4		400	11.3		3	50.0		1,929	82.6		5.6
Revenue Unknown	3	10.3		35	1.0		0	0.0		0	0.0		0.9
Total	29	100.0		3,545	100.0		6	100.0		2,336	100.0		100.0
By Loan Size													
\$100,000 or Less	19	65.5	91.8	782	22.1	34.4	1	16.7	95.0	50	2.1	41.5	
\$100,001 - \$250,000	6	20.7	4.4	924	26.1	17.3	2	33.3	2.5	357	15.3	13.2	
\$250,001 - \$1 Million	4	13.8	3.8	1,839	51.9	48.3	3	50.0	2.5	1,929	82.6	45.3	
Total	29	100.0	100.0	3,545	100.0	100.0	6	100.0	100.0	2,336	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	16	64.0		747	24.0		1	33.3		50	12.3		
\$100,001 - \$250,000	6	24.0		924	29.7		2	66.7		357	87.7		
\$250,001 - \$1 Million	3	12.0		1,439	46.3		0	0.0		0	0.0		
Total	25	100.0		3,110	100.0		3	100.0		407	100.0		
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.													

RESPONSE TO COMPLAINTS

UniBank did not receive any CRA-related complaints during the review period. Accordingly, the bank’s performance in responding to complaints was not considered in evaluating its overall CRA performance.

Community Development Test

UniBank’s performance under the community development test is satisfactory. The bank’s community development performance demonstrates adequate responsiveness to the community development needs of the assessment area through community development

loans, investment, and services. These activities were responsive to the need for economic development, revitalization, and stabilization of low- and moderate-income geographies as well as services benefitting low- and moderate- income individuals. The bank’s community development investments primarily supported affordable housing. Exhibit 14 shows UniBank’s community development activities during the review period within the Seattle-Tacoma-Bellevue MSA and the broader statewide or regional area.

EXHIBIT 14 COMMUNITY DEVELOPMENT ACTIVITIES								
Assessment Area	Loans		Investments				Services	
			Prior Period		Current Period			
	#	\$ ('000s)	#	\$ ('000s)	#	\$ ('000s)	#	Hours
Seattle-Tacoma-Bellevue MSA	39	32,613	0	0	17	572	66	108
Broader Statewide or Regional Area	33	36,916	0	0	0	0	4	20
Total	72	69,529	0	0	17	572	70	128

Notable community development activities included:

- Twenty-five loans totaling \$2.3 million extended under the PPP helped stabilize and revitalize low- and moderate-income geographies by providing direct capital to small businesses adversely affected by the COVID-19 pandemic. These loans helped sustain 299 full-time jobs within UniBank’s assessment area and the broader statewide or regional area.
- A \$3.5 million small business loan to finance the purchase of a pre-school and contribute to the stabilization of a low-income area by providing jobs and childcare service.
- A \$1.7 million loan to refinance a strip mall situated in a low-income area. Businesses occupying the mall include a minority-owned grocery store, restaurants, and auto repair shops. These small businesses provide services that help revitalize and stabilize the community.
- A \$5.0 million loan guaranteed by the USDA B&I²⁵ to purchase a gas station and convenience store supporting nearby low- and moderate-income neighborhoods that

²⁵ The intent of the USDA B&I (United States Department of Agriculture Business & Industry) loan guarantee program is to save and create jobs in rural America.

are in a rural area with less than 50,000 residents. The loan will support the employment of seven individuals in a broader statewide area.

- A \$500,000 investment in a local organization that provides stable housing opportunities for low- and moderate-income individuals in Snohomish County through affordable rental programs. This type of participation from local banks is a stated need by a community contact.
- Two donations totaling \$55,500 to a nonprofit group that provided community services during the pandemic, including the provision of free masks and hand sanitizers, grants to low-income residents and elderlies, and the administration/coordination of access to COVID-19 vaccination. The organization also disseminated information to small businesses about pandemic relief aids available through grants and loans from the government. In partnership with SCORE,²⁶ free mentorship was also provided to small businesses in the community.
- Bank employees provided 54 hours of community service to low- and moderate-income individuals by assisting in the preparation of tax returns in partnership with the Internal Revenue Service Volunteer Income Tax Assistance Program.
- Bank employees provided 45 hours of community service by hosting educational sessions that teach low- income and minority elderlies about banking. Participants in these sessions are primarily non-native English-speaking individuals.
- In addition to the community development service hours provided to the community, UniBank also has branches located in moderate-income census tracts, demonstrating the availability of banking services to low- and moderate-income individuals.

²⁶ SCORE is a resource partner with the U.S. Small Business Administration.

Fair Lending or Other Illegal Practices Review

Concurrent with this CRA evaluation, the Federal Reserve conducted a review of the bank's compliance with consumer protection laws and regulations and found no violations of the substantive provisions of anti-discrimination, fair lending, or other illegal credit practice rules, laws or regulations that were inconsistent with helping to meet community credit needs.

GLOSSARY OF TERMS

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

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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

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

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

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

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

Full-scope review: Performance under the lending and community development tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the lending and community development tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

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