



Building
a healthier society
on a healthier planet

**CORPORATE SOCIAL RESPONSIBILITY
REPORT 2008**



A person is sitting on a beach, their legs and feet visible. A dotted red line loops around the person's legs and extends upwards. A solid blue line arches across the sky from the left side of the frame towards the right. The background is a bright, hazy beach scene with waves in the distance.

Invest in you

As a prominent member of California's corporate community, Union Bank works hard to foster economic, social, and environmental sustainability within the scope of our business reach. Wherever possible, our actions promote financial prosperity for our customers and our company, foster socio-cultural equity and diversity, and conserve natural resources to preserve and improve our environmental life-support system for the welfare of present and future generations.

UnionBank

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The worldwide recession has had a severe impact on all of us. Union Bank's employees, our stakeholders, and our customers have all been affected by the economic turmoil. We have fared better than many of our peers, and for that we owe a tremendous debt of gratitude to everyone who helped to create a company that is strong, well managed, and carefully positioned to withstand the financial chaos swirling around us.



Because we have avoided the worst of the recession, we can continue to focus on both our business and our commitment to the communities we serve. In this Corporate Social Responsibility report, we describe some of the activities that both we and our parent company, The Bank of Tokyo-Mitsubishi UFJ, believe are essential to fulfill that responsibility. More important, we affirm that corporate citizenship is not simply window dressing, but a set of values and vigorous, proactive practices that are integral to our growth and successful business performance.

Our CSR program is based on the principle of sustainability. This means that any activity or enterprise we support must be economically viable, socially equitable, and environmentally renewable, both in the long and short term. I'm proud of the activities described in this report, and I am confident that our employees are fully committed to making meaningful contributions to their communities. One of my priorities has been to increase community involvement by our employees at all levels, and I am delighted to say that the people of Union Bank are indeed engaged and aware.

In 2008, we changed our name by shortening it to Union Bank, and this report introduces our new logo. However, we are the same company founded 145 years ago, with the same commitment to providing the absolute best in service for our customers. Through our rich lineage of predecessor companies on both sides of the Pacific, we were created to serve the needs of several very diverse cultures and populations, so it is natural, right, and good that our engagement with local communities is so much a part of who we are and what we do.

A handwritten signature in black ink that reads "M. Tanaka". The signature is fluid and cursive.

Masaaki Tanaka
President and CEO



Union Bank at a glance

Union Bank has been an integral business and community partner across the state of California for 145 years. Our dedication to this dual and inseparable role has grown along with the expansion of our business over the years to include more communities across California, as well as Washington and Oregon.



Our Businesses

Today, Union Bank has 335 banking offices in the United States and two international offices. We are a full-service commercial bank providing an array of financial services to individuals, small businesses, middle-market companies, and major corporations. Headquartered in San Francisco, Union Bank has more than 10,000 employees.

Union Bank, N.A. is the primary subsidiary of UnionBanCal Corporation, a financial holding company with assets of \$68.7 billion as of March 31, 2009. UnionBanCal Corporation is the 16th-largest commercial bank holding company in the United States based on assets, and Union Bank, N.A. is the fifth-largest bank in California by deposits.

In 2008, Union Bank became a private, wholly owned subsidiary of The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. is part of the Mitsubishi UFJ Financial Group, Inc., one of the world's leading financial companies, with assets of \$2.1 trillion as March 31, 2009.

Our Businesses

Personal Banking

Union Bank has a broad offering of banking products and services to meet the diverse needs and financial goals of our customers. We offer a full range of services, including home and auto loans, home equity lines of credit, and credit cards, as well as estate, business, and personal insurance protection.¹ Customers have access to personal service at more than 300 bank branches, in addition to online banking, telephone banking, and ATMs.

Wealth Management

Relationship managers at Union Bank and specialized investment professionals in our wholly owned subsidiaries UnionBanc Investment Services² and HighMark Capital Management collaborate to provide comprehensive advice across banking and financing services, investment and brokerage services, trust and estate services, and business services for professional firms. The result is customized solutions for loans, deposits, cash management services, foreign exchange, interest rate hedges, and a wide range of other financial needs.

Small Business Banking

Union Bank has a long-standing commitment to help small businesses grow in our communities through innovative financing, merchant, payroll, and other services. We develop financing programs and loans designed to meet our customers' business goals and growing needs of their companies, including traditional loans, lines of credit, commercial real estate financing, and financing options for businesses majority-owned by ethnic minorities, women, and service-disabled veterans.

Commercial Banking

Commercial Banking combines extensive industry knowledge with local expertise and a dedicated service model to deliver business loans and financing, global treasury management services, global trade and foreign exchange services, and investment management. We also specialize in structuring and underwriting customized transactions for selected industries, such as energy, entertainment, real estate, retail, and government.

¹ Insurance products offered through UnionBanc Insurance Services (CA Insurance License #0817733), a division of Union Bank, N.A.: *Are NOT insured by the FDIC or by any other federal government agency *Are NOT Bank Deposits *Are NOT guaranteed by the Bank or any Bank Affiliate *Are subject to investment risk, including the possible loss of principal *Are products of the insurance carrier.

² Investments available through UnionBanc Investment Services LLC, a registered broker-dealer, investment adviser, member FINRA/SIPC, and subsidiary of Union Bank, N.A. Investments: *Are NOT insured by the FDIC or by any other federal government agency *Are NOT Bank Deposits *Are NOT guaranteed by the Bank or any Bank Affiliate *Are subject to investment risk, including the possible loss of principal.

Funding from Union Bank Foundation has helped The Unity Council expand economic development efforts in Oakland by promoting homeownership and asset building through our Home Ownership Program and the launch of twelve retail small businesses at our newly opened Fruitvale Public Market.

Gilda Gonzales, CEO, *The Unity Council*

Financial Highlights

Union Bank dedicated 7.9% of total assets to Community Reinvestment Act-related loans and activities in 2008

The bank has channeled \$27.7 billion into community investments since 1996, when we created a 10-year commitment to ensure that each year we returned a certain percentage of assets. In 2005, we renewed the 10-year commitment to dedicate a minimum of 6.5% of assets in CRA-related loan commitments and activities annually. During this period we strive to exceed our goal, and we did so for the third year in a row in 2008, giving 7.9% of our assets. Our approach is not just to meet the minimum, but to share the maximum possible amount of our profits with the communities who help us thrive.

Based upon the bank's balance sheet for 2007, average assets reported at year-end equated to \$53.468 billion¹, making the 2008 commitment \$3.48 billion. The bank's overall CRA-related loans and activities for 2008 totaled \$4.26 billion, which equates to 7.9% of 2007 average annual assets, or 121.8% of the targeted goal.

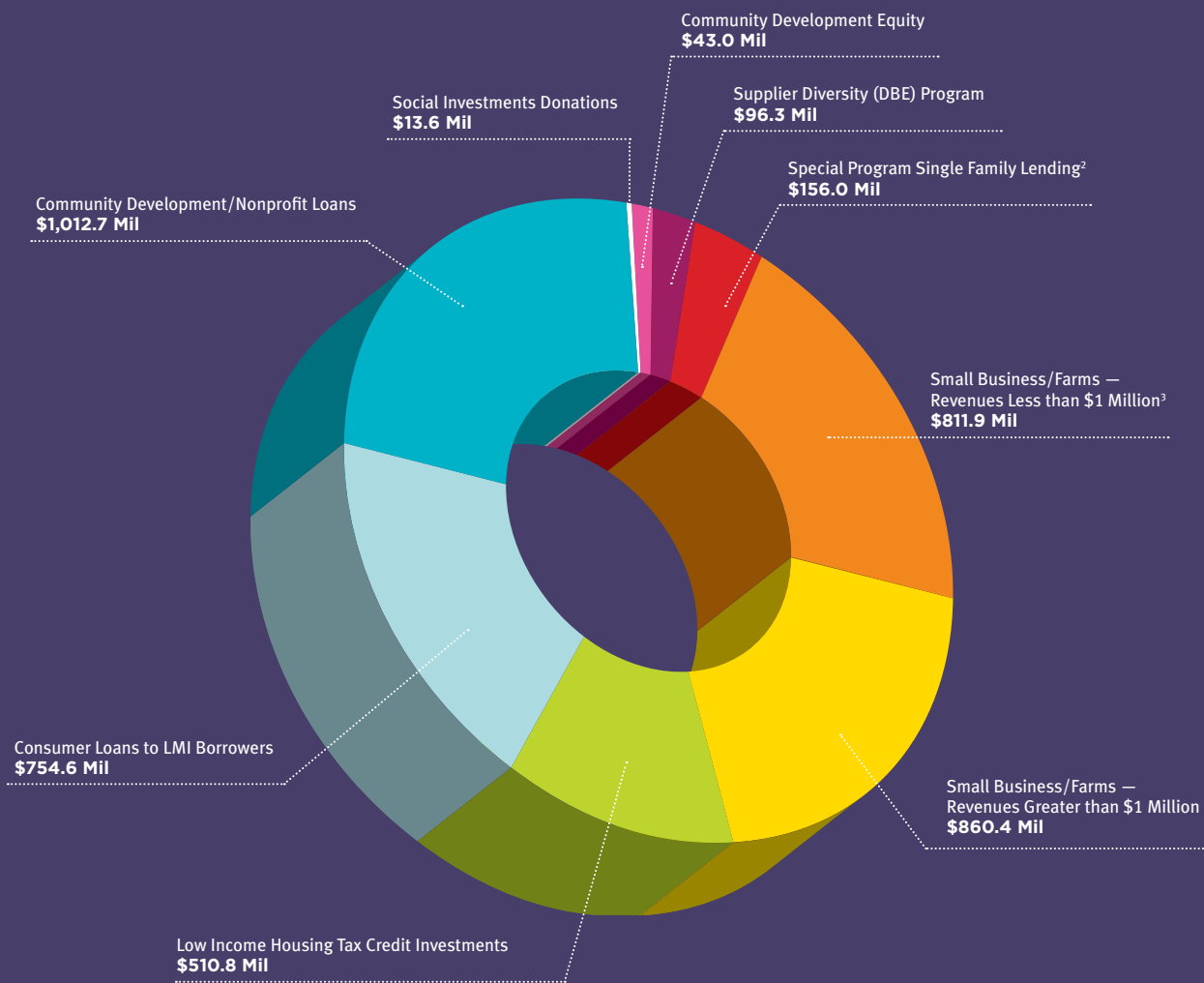
	2008 TARGET (\$000s)	2008 RESULTS (\$000s)	% DIFFERENCE
Small Business/Farms	\$1,600,000	\$1,673,399	104.59%
Community Development Loans	600,000	1,012,683	168.78%
Low Income Consumer Loans	550,000	754,632	137.21%
Tax Credit Investments	425,000	510,759	120.18%
Single-family Affordable Housing ²	150,000	156,017	104.01%
Diverse Business Enterprise Vendor Purchasing	90,000	96,292	106.99%
CRA Investments	70,000	43,030	61.47%
Social Investing / Donations	12,000	13,604	113.37%
Totals	\$3,497,000	\$4,259,384	121.80%

¹ Per Financial Highlights (Form 84906, Rev 02/2008) published by Investor Relations

² Includes \$20.016 million in CRA purchase loans

³ The \$811.9 million in loans to small business/farms with revenues less than \$1 million includes \$286.1 million where the borrowers are believed to primarily represent smaller businesses, but the revenue size is unknown.

2008 Activity

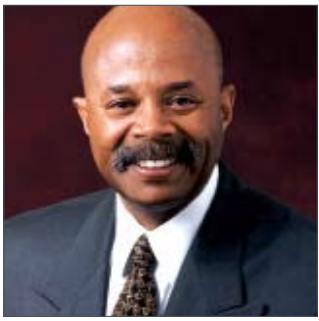


- Social Investments Donations
- Community Development Equity
- Supplier Diversity (DBE) Program
- Special Program Single Family Lending
- Small Business/Farms – Revenues Less than \$1 Million
- Small Business/Farms – Revenues Greater than \$1 Million
- Low Income Housing Tax Credit Investments
- Consumer Loans to LMI Borrowers
- Community Development/Nonprofit Loans



CSR governance





Robert A. McNeely
Executive Vice President — Group
Head, Corporate Social Responsibility

Our view at Union Bank is that we have a responsibility to return some of our profits to our communities. To fulfill that responsibility, we have strong internal partnerships between the Corporate Social Responsibility Group and other departments within the bank. We receive invaluable external guidance from our Community Advisory Board, and I am grateful to past and current members of the CAB for their insight and commitment to help forge a better society for everyone.

I am also very proud of our employee volunteers. In 2008, Union Bank employees donated more than 11,500 hours of time to help improve the lives of their neighbors. A study by the Independent Sector, a coalition of major charities and foundations, published in the *Chronicle of Philanthropy* determined that in 2008, volunteer time was worth an average of \$20.25 an hour. At that rate, Union Bank's 2008 volunteer hours equated to almost \$233,000 — collectively, our largest grant for the year.

Corporate Social Responsibility Group

The core group that helps us fulfill our commitment to good citizenship is the bank's Corporate Social Responsibility (CSR) Group. Annual goals are set within a Community Service Action Plan. The CSR Group guides our community development activities, philanthropy, and compliance with the Community Reinvestment Act (CRA). The group works closely with the bank's Community Development Finance Division, Public Policy Committee, Bank Environmental Advisory Committee, and our governing executive committees. Externally, we partner with our Community Advisory Board, regulatory agencies, and public policy research and advocacy organizations such as The Greenlining Institute. We also work with the U.S. Environmental Protection Agency to calculate the environmental impact of our activities.

Union Bank Foundation

It's a simple fact that many critical services could not exist without the work of nonprofit organizations. Since its earliest days, the Union Bank Foundation has reflected the bank's commitment to supporting the diverse communities we serve. In 1953, bank management created a Welfare Fund with \$19,000 to give away. Today, the Union Bank Foundation distributes a minimum of 2% of the company's after-tax net profits to community organizations, which totaled \$13.6 million in 2008. Grants focus on four primary areas: affordable housing, community economic development, education, and the environment. Our unique program,

the Cornerstone Awards, helps emerging nonprofit housing developers build operating capacity.

Union Bank volunteers find many opportunities to give back through our P.A.L.S. (People Applauding Life and Service) program. In addition, the P.A.L.S. "Invest in Life" employee giving campaign, which is held each November, most recently raised more than \$640,000 in pledges and donations, including a matching grant from the bank for employees' chosen charities.

Community Advisory Board

The CAB helps guide us through our reinvestment commitment. Ten prominent private citizens, representing the full diversity of the West, give us invaluable help in understanding the needs of the communities where we do business.

Rudy Johnson III, Chair
Neighborhood House Association

Selma Taylor, Co-Chair
CARAT

Michael Banner
Los Angeles Local Development
Corporation, Inc.

Bharat Patel
URS Corporation

Carlos Antonio H. Vaquerano
Salvadoran American Leadership and
Educational Fund

Jill Dominguez
Essergy Consulting

Arthur M. Flippin, MD
Kaiser Permanente

Craig Scharton
Downtown and Community
Revitalization, City of Fresno

Kathy Li
Consumer Action

Chanchanit (Chancee) Martorell
Thai Community Development Center

Visit unionbank.com for Community Advisory Board member biographies.

Community Development Finance Division

Everyone deserves a place they call home. Union Bank's Community Development Finance (CDF) Division helps needy Californians acquire decent shelter by providing essential private capital (both debt and equity) to projects that produce quality housing for low- and middle-income (LMI) households. Through the CDF Division, a unit of our Real Estate Investment Group, Union Bank has underwritten or invested in more than 75,000 affordable housing units sheltering 200,000 people since 1994, including 3,700 units in 2008 that equated to \$360 million in loans and investments.

Most of these projects incorporate social sustainability features such as child care and job training for residents. Because it makes financial sense and is sustainable, CDF's clients also are leading the way in integrating "green" building elements, such as recycled construction materials, solar panels, energy-efficient lighting and utilities, use of grey water, and drought-resistant landscaping. These projects therefore go beyond housing. They help rehabilitate blighted neighborhoods; improve health and welfare services by addressing such issues as substance abuse, crime, and unemployment; and support growth.

**Corporate Social
Responsibility Group**
Union Bank Foundation
Community Advisory Board
**Community Development
Finance Division**

We are a strong bank because many of our business practices incorporate social responsibility. This extends from the careful lending policies that have mitigated our exposure to the current financial crisis — and protected our customers — to our focus on exceptional service. Our geographic organization, with a strong regional and sub-regional focus, enables us to deliver CSR benefits to our communities more effectively because it increases our awareness of local issues and needs.

In 2008, we increased the number of our retail regions from 16 to 30 within the same geographic footprint. The change enhances our ability to provide faster and more efficient customer service, and ensures that region managers will be closer to their employees and customers and better able to provide effective leadership.

We recognize that we have a responsibility as a good corporate citizen to understand and respond to the needs and problems that exist in the communities we serve. We do this through various lines of business and in a number of ways.



Community



Union Bank's investment in the Asian Business Association of Los Angeles and the Asian Business Center has helped small minority businesses in Greater Los Angeles get ahead. It's only with your support that our services are possible. Thank you.

Dennis Huang, Executive Director, *Asian Business Association*

Government Services

Native American Banking

Union Bank's relationship with Native Americans is an example of how our commitment to social responsibility and our duties as a trusted financial partner can be combined to support the well being of whole communities.

Casinos owned and/or operated by many Native American governments are creating a stream of revenue that some communities are beginning to use as leverage to build diversified economies. All tribes are actively pursuing other avenues for generating revenue. Tribes such as the Aqua Caliente Band of the Cahuilla Nation, the Sycuan Band of the Kumeyaay Nation, the Paiute-Shoshone Indians of the Bishop Community, the Tule River Bands of the Tule River Indian Community, and the Hoopa Valley Tribe are at the leading edge of an important emerging market for Union Bank. We're honored that they have put their trust in our Government Services Division for their financial needs. Union Bank has become a trusted partner through our commitment to maintain the vitality of traditional tribal culture, advise individuals and tribes about wealth management practices, and overcome barriers to entrepreneurship and community economic development.

UC Regents

We currently have loan commitments to the University of California Regents for almost \$157 million that support eight different campus construction projects. The Regents' construction policies subscribe to a variety of environmentally friendly, energy-saving initiatives.

In addition, the Union Bank Foundation provides grant support to numerous colleges and universities, including college and university foundations.

Branches Active in Their Communities

Union Bank's retail branch employees are active in their communities, supporting organizations and events, such as festivals and parades, that build social capital and strengthen local economies. They participate in local Chambers of Commerce (including Hispanic and African American chambers), Rotary International Clubs, Kiwanis Clubs, Lions Clubs, Boys and Girls Clubs, community college foundations, hospital foundations, and many other local service organizations. Branch staff regularly volunteer in their communities.

Below: THE SWALLOWS — las golondrinas: have been good for San Juan Capistrano's image, tourism, and economy. They also benefit the environment. A single flock can consume as many as a billion mosquitoes and other insects. On March 18, the Swallows Day Parade celebrates the return of these fabled birds from Argentina by winding its way through the town's historic district toward the mission, where mariachi bands play and dance and Indian arts and crafts flourish. Local Union Bank staff volunteer to work the parade, and the branch serves as the staging area for the festival's HoosGow Day, when volunteers "arrest" people (like the branch employees below) for donations to the Fiesta Association.



Above: Community commitment: From left: Union Bank Foundation President Carl Ballton; Anne Wilson, Executive Director of United Way of the Bay Area (UWBA); Union Bank Senior Legal Counsel and UWBA member Peg Van Camp; Mike Stedman, head of the bank's Real Estate Industries Group; and Julius Robinson, Deputy Director of our Corporate Social Responsibility Group.



Government Services
Branches Active in
Their Communities
Affordable Housing

Affordable Housing

The current economic downturn brought with it the first slowing of the affordable housing industry since 1986. In 2007, investors purchased some seven billion federal Low-Income Housing Tax Credits (LIHTCs). In 2008, the number dropped to four billion, and it is estimated that in 2009, the number will fall below three billion credits. Union Bank is responding to the situation by making capital available to experienced developers with feasible projects. In some cases, we have stepped in to provide LIHTC equity to projects after the original investor has abandoned the deal.

Green affordable housing projects funded through our Community Development Finance Division include 2008's Crescent Park in Richmond (Contra Costa County), the nation's largest solar-powered affordable housing complex, where 378 residential units receive 95 percent of their electricity from photovoltaic panels that cover the rooftops.

Senior Shelter

More than 100 very low-income seniors will have a chance for a better life once the 9th and Jessie Senior Housing project in San Francisco is completed in 2010 (architect's rendering, right). Developed by Mercy Housing California and underwritten by a \$25 million construction loan from Union Bank, the 11-story building will provide 107 units affordable to seniors at or below 50 percent of the area median income. Twenty-seven of these units will be reserved for occupancy by homeless seniors referred by the city.

The project is located in a service-enriched neighborhood near public transportation and includes 20 studio apartments, 86 one-bedroom apartments, one three-bedroom staff unit, a primary health clinic for residents only, a community room, a computer lab, and 4,000 square feet of secure, landscaped outdoor space. The building was developed under the Green Communities Criteria, the first national framework to create healthy, efficient, environmentally smart affordable homes.

Underwriting projects like 9th and Jessie is augmented by foundation grants to affordable housing developers such as Community HousingWorks (San Diego), the Hollywood Housing Corporation (Los Angeles), and Bridge Housing (San Francisco). Our unique grant program, the Cornerstone Awards, also plays a special role.

Cornerstone Awards

"Nonprofits often struggle to establish themselves," says Carl Ballton, President of the Union Bank Foundation. "We established our Cornerstone Awards program to provide core operating support to a vital sector: emerging nonprofit affordable housing developers. The awards are unlike other grants, which are typically given to support existing programs."

Each Cornerstone awardee receives \$195,000 over a three-year period to build capacity, leading to the completion of new affordable housing. Applicants must meet specific requirements, including completion of at least one significant project, demonstrated need in their primary service area, and evidence that the organization would have difficulty moving forward without additional funding.

Past recipients are: 1010 Development Corporation (Los Angeles), Mexican American Community Services Agency (San Jose), Napa Valley Community Housing, Community Housing Partnership (San Francisco), Wakeland Housing and Development Corporation (San Diego), and Rancho Housing Alliance (Coachella Valley). The Cornerstone Awards helped these six organizations complete 50 projects during their three-year terms, translating into 1,360 residential units, with additional projects in pre-development.





A Hand Up for the Underserved

A number of our programs serve retail customers who have difficulty obtaining loans and other services from traditional banks.

Cash & Save

Our 16 Cash & Save offices in low- and moderate-income neighborhoods in the greater Los Angeles area offer financial counseling and discounted products to bring more individuals into mainstream banking, where they have a better chance to control their finances and their futures. Staff are trained to teach financial skills. Cash & Save has almost 45,000 customers and more than 11,000 accounts.

Equal Opportunity Mortgage (EOM)

Our main federally compliant residential loan program serves borrowers of all ethnic backgrounds who may have limited resources and credit histories, and is designed to ensure their ability to repay the debt. The EOM includes various forms of alternative credit, lower-cost mortgage insurance, and other attractive features, such as credit counseling. In 2008, the bank funded 342 EOMs. Including 247 other special loans in our Residential Lending division, the 2008 total for these borrowers is 589.

Community-Based Financing

This referral program offers an alternative resource to small businesses whose loan applications we are unable to approve through traditional Union Bank financing programs. We partner with nine nonprofit organizations throughout the state that provide opportunities for alternative financing, with the hope that Union Bank can retain the customer's depository relationship or gain a prospect's business. Once the client has established a more healthy business credit portfolio by working with one of these nonprofits, we are ready to welcome them if they eventually become a Union Bank lending client as well. Since the CBF program was launched in 2007, we have made more than 260 referrals that led to \$613,000 in booked loans.

Equal Opportunity

Business Diversity Lending (BDL)

BDL helps small and medium-sized businesses that are majority-owned by ethnic minorities, women, and/or service-disabled veterans and that have had difficulty obtaining traditional financing, offering them more flexible underwriting than our standard small business policy. In 2008, BDL made almost 1,000 new loans to eligible applicants. Including renewed loans and lines of credit, as well as business cash reserve lines, the 2008 total is 5,800 transactions. The program fosters equality of opportunity and strengthens the social fabric.

Supplier Diversity

Contracting diverse suppliers promotes economic vitality within our markets and helps us increase our knowledge of our community. A significant portion of bank spending is for goods and services from businesses majority-owned by ethnic minorities, women, and service-disabled veterans. Our sourcing policy ensures that diverse suppliers are included in the bid process as both primary vendors and as sub-contractors.

In 2008, Union Bank spent more than \$96.29 million on discretionary purchases provided by diverse suppliers. This represents 14% of total bank spend — above the 13.5% target — and 11% more than in 2007.

The Supplier Diversity Office works with Business Diversity Lending and with the Retail Bank, as well as with our purchasing department, to facilitate contracts. The office holds workshops for diverse suppliers and is active in councils throughout the state that work to bring diverse suppliers together with corporations to enhance business opportunities.

We also partner with the Anderson School of Business at UCLA. Each year, the Union Bank Foundation provides scholarships to send diverse suppliers to the school's certificate program, Management Development for Entrepreneurs, which teaches cutting-edge business theory and practice, with the goal of strengthening participants' ability to build effective and sustainable organizations. Scholarship recipients do not need to have existing business relationships with Union Bank; regional development councils throughout the state select suppliers from among their membership to attend the program. Since 2000, we have provided scholarships for 35 participants.

**A Hand Up for the
Underserved
Equal Opportunity
Financial Education**

Financial Education

As specialists in financial management, we consider it our responsibility to help those who, for whatever reasons, may lack the knowledge or skills to effectively control their personal finances. We are a founding member of Bank on California, a consortium of banks, NGOs, and regulatory agencies working together to address problems in low- and moderate-income communities, which several Union Bank executives helped organize and which officially launched on December 12, 2008. One of the main goals of the program is to boost financial education, to help the unbanked open starter accounts, begin saving, build a credit history, negotiate affordable credit and avoid excessive fees, and invest for their future. We expect to describe the initial results of this group effort in our next report.

Like many banks, we offer a Financial Education center on our public Web site. We also occupy a firm leadership position among California banks in extending financial education to underserved communities, not only by funding nonprofit organizations that promote financial education and through the counseling we provide in our Cash & Save offices, but also by enabling qualified employees in all areas of our company to teach the

basics of personal money management in free workshops and classroom presentations. We've helped develop teaching curricula — such as Personal Financial Literacy, which is offered to twelfth-graders in the San Diego Unified School District — and we funded a financial education DVD, Dollars and Sense, that was produced by the San Diego County Office of Education—Instructional Television and filmed at our main branch in San Diego. Aimed at youth, with a focus on checking and credit, the DVD is available to teachers in all 43 school districts in San Diego County.



Family Financial Fitness Days

In 2008, we successfully piloted Family Financial Fitness Days at several branches. Refreshments, family activities, talks by firefighters and police officers about personal safety, and an appearance by the bank's mascot, STAX, a walking bundle of strapped currency, created a fun environment in which parents could consult with staff about financial questions while their kids played in the bounce house or were introduced to our Kidz Savings accounts, which teach children sound banking habits. Designed to connect the ideas of fiscal preparedness and personal well-being, the financial fitness program is being made available to our entire network of branches during 2009.



Paid Time Off to Volunteer

We have launched a new volunteer program for the more than 4,000 employees in our branch banking organization that will give them up to 8 hours a year of paid time off to perform CRA-qualified service for nonprofit organizations. To help participants incorporate financial education into the program, we have developed a robust guide to choosing a partner organization, selecting an existing curriculum (such as FDIC MoneySmart), and planning an event. This toolkit is available to employees throughout the bank, including those who volunteer through our P.A.L.S. program.

Mentoring the Mentors

In November 2008, Anel Califano, an officer in our commercial banking division, taught a financial planning workshop for 20 middle-school Latina girls and 20 of their mentors from the Hermanitas program of San Diego MANA, a local affiliate of the national organization that empowers Latinas through leadership development, community service, and advocacy. Anel is one of many Union Bank employees who volunteer to teach financial education in the community. She taught the high-schoolers and their mentors about financial budgeting and planning, investment savings, credit choices, and identity theft and fraud.

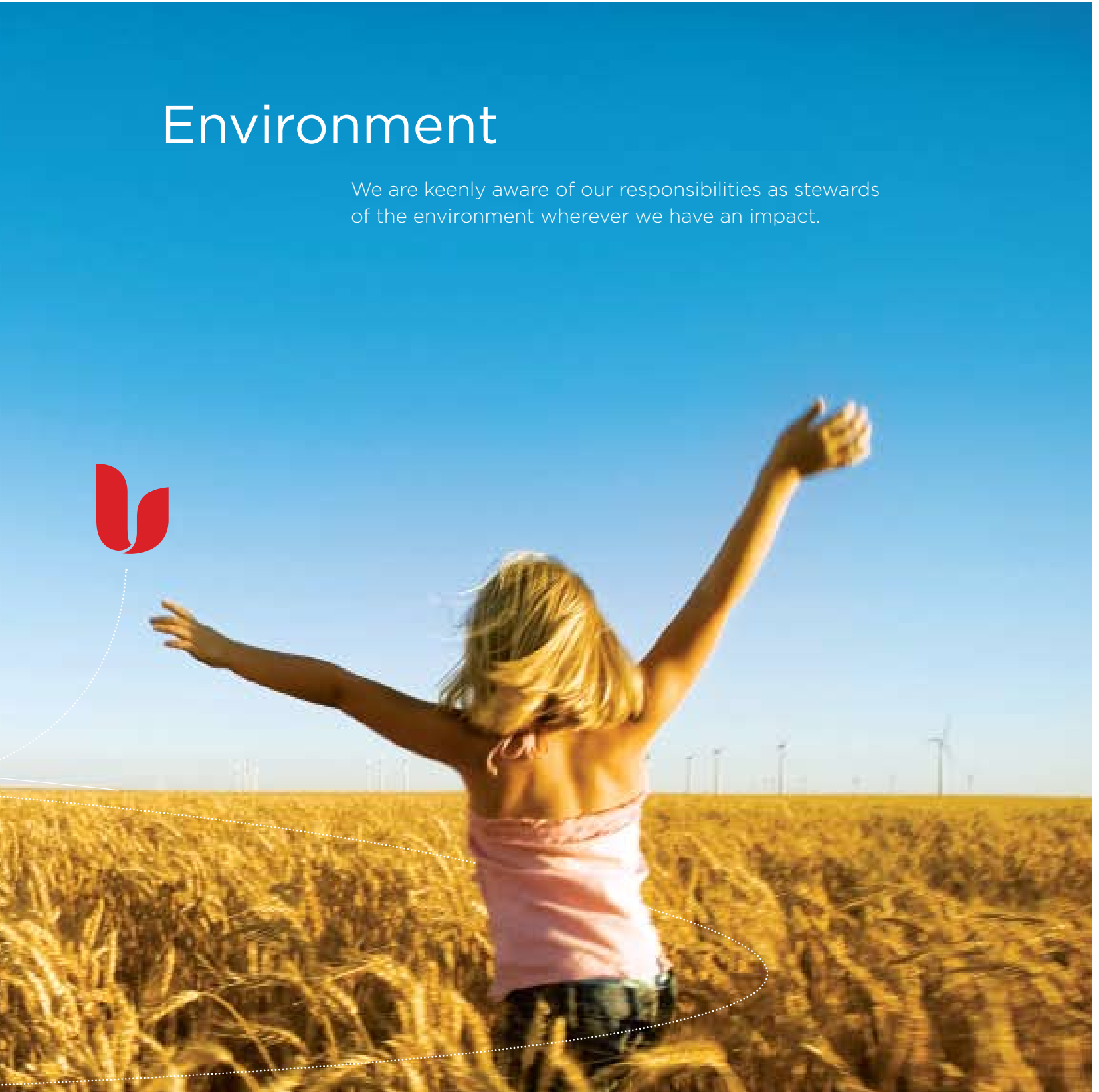
"This was a wonderful experience for me," says Anel. "The mentors' feedback was that they wish they had had a class like this when they were students themselves. Luckily, I have children in both middle and high school, which allowed me to use real-life examples and scenarios that applied to their daily lives. We played a financial-decisions game during the first session, and one of the girls asked if she could get a copy of the game because she wanted to play it with friends."





Environment

We are keenly aware of our responsibilities as stewards of the environment wherever we have an impact.





Union Bank has been extremely constructive to work with during this difficult economic crisis. This funding [of the Wapsipinicon Wind Energy Project] demonstrates their commitment to renewable energy and proves again that funding is available for solid projects.

Tristran Grimbert, President & CEO, *enXco*

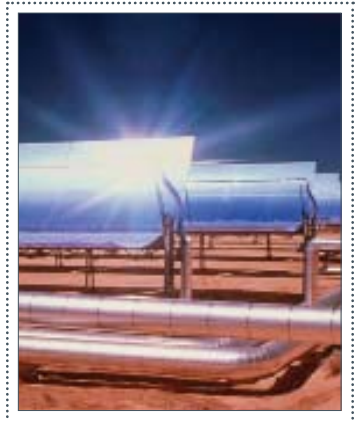
Renewable Energy Projects

Union Bank's Leasing and Asset Financing Division has become a market leader in underwriting both conventional and renewable power projects through the use of comprehensive financing solutions. Our renewable power portfolio includes wind, solar, geothermal, biomass, and hydroelectric facilities. These facilities are located in California and eight other states, as well as in Canada.

Currently, we have partnership or lease investments in 17 renewable power projects with a total generating capacity of approximately 1,650 megawatts and an aggregate value of approximately \$3 billion. One megawatt is capable of powering 900 homes, which means that our portfolio translates to clean, renewable energy for almost 1.5 million homes.

Our Leasing and Asset Financing Division is well positioned in the marketplace because of its leadership, historical success in lending and investing into the power market, expertise in structured finance capabilities, and experience with tax-advantaged investments.

- **Wind power:** The 100.5-megawatt Wapsipinicon wind farm in Mower County, Minnesota, will generate about 330,000 megawatt-hours per year and replace almost 395,000 tons of carbon dioxide that would be released into the atmosphere by a conventional power plant. Completed in 2009, the project's financing included a \$40-million equity investment from an affiliate of Union Bank.
- **Solar power:** A \$20-million portfolio of two projects with SunEdison, North America's largest solar energy services provider, produces a combined 2.3 megawatts of energy through more than 12,000 photovoltaic panels. The first project, located in Vacaville, California, began commercial operation in November 2008 and supplies power to the Mariani Packing Company, which produces premium dried fruits. The second project, located in Rifle, Colorado, went live in February 2009 and supplies energy to the municipality of Rifle.



Foundation Grants

In 2008, the Union Bank Foundation supported environmental groups throughout our franchise, including:

- San Diego River Park Foundation to restore the San Diego River; and the South Coast Conservation and Development Council, San Diego
- Miocean, Orange County, which works to curb urban run-off pollution
- Breathe California of Sacramento, which works on air quality and pollution issues as well as lung health
- Friends of the Urban Forest, SF, "Creating a greener San Francisco, tree by tree"

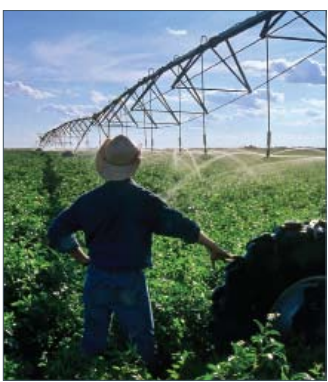
Renewable Energy Projects
Foundation Grants
Waste Management
Agriculture
Greenhouse Gas Reduction

Waste Management



Union Bank has been a leader in financing the waste and recycling industry, and, in 2007, we created a niche lending group to work with the industry. Currently, only a few banks are involved in the financing of clean, reusable material from recyclable waste — such as plastic, glass, metals, greenwaste (garden organics), organic waste (which includes agricultural manure, sewer sludge, and industrial food production waste), electronic waste, and recycled oil-based products. Our portfolio contains dozens of companies that collect, process, and recycle waste materials, which helps reduce the contamination of landfills with oil, electronics, and other pollutants. In 2008, we added Greenwaste Recovery, Inc. (San Jose), Solid Waste of Willits (Mendocino County), and Upper Valley Disposal (Napa County) to our client list. In early 2009 we closed an arrangement with Cleanscapes, Inc. of Seattle, Washington, a major municipal collection service.

Agriculture



Our Community Agribusiness unit lends to suppliers whose work protects the environment — a matter of serious concern to farmers. Based in Modesto, Exact Corp. builds and markets nut orchard harvesting equipment that increases yield, reduces harvesting time and fuel and labor costs, and dramatically reduces the amount of polluting dust that conventional mechanical harvesters blow into the air in huge clouds. Another client, Basila Farms, located in Fresno County, operates an “insectary,” cultivating natural insect predators that replace chemical pesticides, in a process known as integrated pest management. We also are a major financier of the wine industry, which is a leader in sustainable practices among agribusinesses.

All of our agribusiness clients have suffered during the current drought, a crisis officially recognized in a June 2008 proclamation by Governor Arnold Schwarzenegger. The consequences are widespread. Without water to produce a crop, there is no harvest, and no workers are needed in the fields. With so many people unemployed, money stops flowing into the local economy.

Given the limited supply of water available to many irrigation districts because of the drought, some farmers have had to support their requirements by supplementing outside water sources with on-site wells and pumps. In response, we have provided financing to bring older, inefficient pumping units up to current standards and, in more dire cases, to drill new wells.



We currently have a Standby Letter of Credit of more than \$1,150,000 with the Imperial Irrigation District that is payable to the State for environmental mitigation regarding a project to re-line 23 miles of the American Canal, the largest irrigation canal in the world. The American Canal is the Imperial Valley’s only source of water, and provides hydro-electric power and drinking water for nine cities and the irrigation of more than half a million acres of farmland. The project will conserve an estimated 67,700 acre-feet of water (nearly 14%) per year that was previously lost to ground seepage.

Greenhouse Gas Reduction



Going green begins at home. During 2008 and early 2009, we worked to establish a baseline carbon footprint from which we could set a company wide target to reduce Union Bank’s greenhouse gas emissions. In April 2009, the bank approved the goal of 9 percent by 2013. We calculated the goal by measuring the energy and fuel we use in our buildings, our diesel generators, our small fleet of bank vehicles, and air travel. Applying industry standards as a guide, we determined that over 60 percent of our usage comes from the electricity consumed by our facilities and by our technology. This is where we want to make the greatest reductions.

Projects that will affect our GHG reduction program include rebranding signage (replacing neon with energy-efficient LED), replacement of cooling equipment, lighting retrofits, computer server enhancements, elimination of all cathode-ray-tube monitors, and employee awareness and involvement.



Working at Union Bank



Diversity
Benefits

We aim to be an employer of choice for a workforce that is as diverse as the communities we serve, by offering attractive benefits, a safe and healthy working environment, and business practices that our employees can be proud of — such as rate discounts on loans for hybrid vehicles and home loans for “green” renovations.

Diversity

Diversity has been a core value at Union Bank since long before *Fortune* magazine named us the number-one company in the United States for minorities in 1999. Nearly two-thirds of the bank’s work force are women, many in leadership positions, and more than 40% of our officers are women and/or racially diverse. Executive management incorporates three generations of unique experiences and perspectives. Our Diversity & Inclusion Office helps ensure that Union Bank’s commitment not only remains on track, but continues to grow in the breadth and depth of its scope and understanding. Our vision is to further strengthen the bank’s position as a diversity leader throughout our broad base of stakeholders by reflecting, across everything we do, the diversity of the populations we serve.

Since 1996, we have honored community activists in California’s African-American, Hispanic, and Asian Pacific American communities through our Heritage Month programs. In partnership with local public broadcasting stations, we sponsor award ceremonies in San Diego, Los Angeles, San Francisco, Fresno, and Sacramento, and produce one-minute television spots for each honoree that the PBS stations broadcast during the designated heritage month.

Benefits

Employee benefits include elder-care resources for staff who are responsible for aged loved ones; paternity as well as maternity leave; relocation leave, which enables employees who move to a location with another Union Bank office to try to find a position there if they wish; military leave for both enlisted and reserve service men and women and their family members; and flextime and telecommuting, as well as a public-transportation reimbursement plan.

Wellness

Understanding that a healthy workforce enjoys a better life and serves our customers better, we have partnered with the American Heart Association as corporate sponsors of their Start! Walking campaign, and we have established a comprehensive wellness program for our employees. The Start! Campaign encourages employees to walk for exercise, and includes our sponsorship of the Los Angeles Heart Walk. The Wellness Program offers a confidential professional health assessment using medical data and other information the employee provides, plus exercise, nutrition, and stress-reduction information, a health library and medical reference guide — even healthy recipes. We are encouraging employees to complete their individual wellness assessment by offering a cash savings on the cost of their 2010 health plan if they do so during 2009.

Safety

We increased the safety and security of employees and customers at our branch offices with the installation of controlled access units (double doors with locks controlled from inside the branch), security barriers at teller stations, or customer-queue surveillance monitors in 159 branches where robberies had occurred or that were at risk of robbery. In the first quarter of 2009, the number of robberies was half of what it was during the same period in 2008; monetary loss was one-fifth of the corresponding figure.

Greening Our Facilities

Union Bank operates out of 430 owned and leased properties with a total combined footprint of 4.8 million square feet. In 2008, we implemented numerous sustainability-oriented improvements, including energy conservation enhancements, 100% biodegradable hot/cold paper cups (replacing the use and discard of 200,000 Styrofoam cups a year), and a companywide “green cleaning” program using non-toxic chemicals based on a water-soluble hydrogen peroxide solution. In 2008, some 3,152 U.S. tons of paper were shredded and recycled through our secure document destruction program, saving an estimated 43,648 trees.

In response to the drought, we are implementing water-conservation projects including waterless urinals and low-flow toilets, sensor-automated faucets, drip irrigation, and drought-tolerant landscaping in several of our facilities and evaluating processes to roll out measures on an organization-wide scale. Our 2009 Earth Day events in Monterey Park and San Diego, which were attended by more than 500 employees, featured water-saving tips and giveaways of low-flow shower heads.

CSR consciousness is spreading rapidly through Union Bank, with individual employees and departments taking independent actions to help ensure that we are a more socially responsible company. Small green actions add up. For example, the Community Development Finance Division determined that it used 200 bank-supplied paper cups every month, at a cost of \$360 a year, which, biodegradable or not, constituted avoidable waste. Staff voluntarily participated in a mug exchange program, in which each person purchased a permanent, reusable mug for another colleague.

Corporate social responsibility works best when we take it personally. That is our goal at Union Bank.

Wellness
 Safety
 Greening Our Facilities
 Electronic Check Processing
 Export/Import

Union Bank is a valuable partner for Ex-Im Bank in providing small U.S. companies with the financing tools they need to grow and maintain U.S. jobs by exporting during the current economic crisis.

John A. McAdams, COO and Export Finance Executive, *Ex-Im Bank*

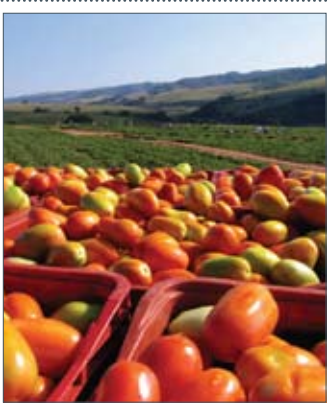
Electronic Check Processing



For decades, clearing checks and other negotiable items required transporting the original paper documents from their points of receipt to the bank's item processing centers. In our retail operations alone, this meant one or more vehicular courier runs from each branch office every day. Throughout 2008, we piloted a Remote Branch Capture (RBC) project. RBC enables us to record check images and data at the branches and electronically transmit the information to our item processing centers for forward collection and posting. This system will be up and running in the majority of our branches by the end of 2009, with rollout completed in March 2010.

In addition to the cost savings realized by eliminating courier runs, a conservative estimate of carbon savings that will result from full rollout is the elimination of approximately 8,241 miles driven per day, which equates to the removal of more than 4.1 million pounds of CO₂ that would otherwise be released into the atmosphere each year. The estimate does not include the savings resulting from the elimination of intermediate courier flights from remote branches.

Export/Import



Exporters need to leverage their working capital in order to expand international sales. Union Bank helps them do so, in our capacity as a Delegated Authority lender for the Working Capital Guarantee Program (WCGP) of the Export-Import Bank of the United States.

Ex-Im Bank's guarantee of commercial lenders' working capital loans helps small businesses build inventory to fill foreign orders. Banks that join the Delegated Authority Lender Program can approve the Ex-Im Bank-guaranteed loans without prior approval from Ex-Im Bank, greatly expediting access to financing.

Using the loan guarantee, we can virtually always provide greater availability of lendable funds to an exporting customer, and our advance rates on accounts receivable and inventory can be higher than what we would normally provide because of the Ex-Im Bank guarantee.

Union Bank has helped finance exporters with Ex-Im Bank's WCGP in the following economic subsectors: solar energy, grocery products, publishing, cosmetics, engineering, software, and seafood, and we are in the process of helping finance firms in the environmental, scrap metal, almonds, and fruit and vegetable (seeds) subsectors.

Tomorrow...

This report has presented highlights from the available data about corporate social responsibility at Union Bank. We recognize that much remains to be done and that we have a long way to go before we become as socially responsible and sustainability-oriented as we are capable of being throughout all of our lines of business and operations. We are committed to improving every aspect of our performance, and welcome your comments, suggestions, and participation.



Awards & recognition



- 2008 BENEFACTOR OF THE YEAR AWARD**
from Goodwill Industries of Southern California
- 2008 CERTIFICATE OF APPRECIATION**
from the City of Los Angeles
- 2008 CERTIFICATE OF APPRECIATION**
from Habitat for Humanity/Riverside
- 2008 CHARITABLE GIVING AWARD**
from Educate L.A.
- 2008 CIRCLE OF HUMANITARIANS AWARD**
from American Red Cross of the Bay Area
- 2008 COMMUNITY REINVESTMENT ACT AWARD**
from the Greenlining Institute for longstanding commitment to improving the lives of disadvantaged Californians (inaugural award)
- 2008 COMMUNITY SERVICE AWARD**
from the East Bay Asian Local Development Corporation
- 2008 CORPORATE BUSINESS PARTNER OF THE YEAR**
from the Greater Riverside Hispanic Chamber of Commerce
- 2008 DIVERSITY ELITE 60**
Hispanic Business magazine
- 2008 ENERGY STAR AWARDS**
from the U.S. Environmental Protection Agency for 3 major facilities in San Francisco and San Diego, all with scores in the 90s, well above the 75 needed to qualify
- 2008 EXCELLENCE IN BUSINESS AWARD**
from the UCSD Hispanic Scholarship Council
- 2008 FRIEND OF THE ELDERLY AWARD**
from the Retirement Housing Association
- 2008 HUMANITARIAN AWARD**
from Optimist Youth Homes and Family Services
- 2008 PARTNERS FOR LIFE AWARD**
from the Desert AIDS Project
- 2008 SPIRIT OF VOLUNTEERISM AWARD IN EDUCATION**
from the Volunteer Center of Orange County
- 2009 BRONZE COMMUNITY IMPACT AWARD**
from United Way of the Bay Area
- 2009 CALIFORNIA HOUSING CONSORTIUM AFFORDABLE HOUSING HALL OF FAME**
- 2009 DISTINGUISHED ACHIEVEMENT AWARD**
from B'nai B'rith International
- 2009 FUNDING PARTNER AWARD**
from Community Housing Partnership
- 2009 GOOD NEIGHBOR AWARD**
from Neighborhood Housing Services of Orange County
- 2009 PEACEMAKER AWARD**
from the City of Long Beach
- 2009 SMALL BUSINESS LENDER OF THE YEAR AWARD**
from the Export-Import Bank of the United States



Contact Information

Corporate Headquarters

Union Bank
400 California Street
San Francisco, CA 94104

Corporate Social Responsibility Group: CSRGroup@unionbank.com or 619.230.3135

Union Bank Foundation: charitablegiving@unionbank.com or 213.236.4141

Community Development Finance: 925.947.2407

Supplier Diversity: richard.chacon@unionbank.com or 800.821.5351

Business Diversity Lending: frank.robinson@unionbank.com or 619.230.4500

Native American Banking: 760.778.0225

For additional information about Union Bank's corporate social responsibility activities, visit www.unionbank.com and follow the links to "About Union Bank" and "Community Reinvestment."

www.unionbank.com

