



## **PUBLIC DISCLOSURE**

March 25, 2019

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Union S & LA  
Charter Number 704369

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Connersville, IN 47331-2048

Office of the Comptroller of the Currency

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**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 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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## Overall CRA Rating

The Lending Test is rated: “Satisfactory”.

- The average loan-to-deposit ratio is more than reasonable;
- The majority of loans are originated inside the bank’s assessment areas;
- The overall borrower distribution is reasonable, and;
- The overall geographic distribution of loans is reasonable.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Census Tract (CT):** 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 areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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:** 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

**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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and 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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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) 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.

**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.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

Union Savings and Loan Association (Union or bank) is a federally chartered, mutual thrift headquartered in Connersville, Indiana. Union serves Connersville, Indiana and the surrounding areas. As of December 31, 2018, the bank had total assets of \$162.8 million and tier 1 capital of \$15.9 million. Union was founded in 1937 and has maintained its mutual structure throughout history, operating without a holding company. The bank does not have any subsidiaries.

Union is an intrastate bank operating three branches, including its main office, and three automated teller machines (ATMs). The bank did not open any new branches during the evaluation period. The bank plans to expand into the Rushville, IN area in 2019. Union has two assessment areas (AAs), which include all of Fayette County (Fayette County AA) and a portion of Hancock County (Hancock County AA). Hancock County falls within the Indianapolis-Carmel-Anderson, IN Metropolitan Statistical Area (MSA). Fayette County is located in a non-MSA portion of Indiana. According to the June 30, 2018 FDIC Deposit Market Share Report, Union had deposits totaling \$128.1 million, or 9.4 percent of the market share in its AAs. The bank was ranked fifth in deposit market share out of 10 institutions.

Union offers traditional, non-complex products and services to the local community. Union offers an array of deposit products through its branches, as well as wealth management services. The bank provides a variety of lending services, including residential mortgages, commercial loans, and consumer loans. Union's delivery channels include internet and mobile banking, telephone banking, and ATMs, in addition to its branches.

As of December 31, 2018, Union's loan portfolio totaled \$143.9 million. The portfolio is composed of 57.8 percent residential mortgages, 22.6 percent commercial, 15.1 percent consumer, and 4.5 percent farm loans. Net loans and leases represent 87.2 percent of average assets and 104.6 percent of total deposits.

Union does not have any legal, financial, or other factors that would impede its ability to meet credit needs in the AA. Union received a "Satisfactory" rating at the previous Community Reinvestment Act (CRA) evaluation, dated April 21, 2014.

# Scope of the Evaluation

## Evaluation Period/Products Evaluated

Union was evaluated using the Small Bank procedures to assess the bank's record of meeting the credit needs of its community. Small Bank procedures include an evaluation of:

- The bank's loan-to-deposit (LTD) ratio;
- The percentage of loans within the bank's AAs;
- The bank's record of lending to borrowers of different income levels;
- The geographic distribution of the bank's loans; and
- The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its AAs.

The evaluation period for this review was from April 22, 2014 through December 31, 2018. We evaluated home mortgage loan originations from January 1, 2016 through December 31, 2018 reported under the HMDA. Home mortgage loans include home purchase, home refinance, and home improvement loans. Two separate analyses were performed, one for 2016 loan originations and one for 2017 through 2018 originations. This is due to the changes instituted by the 2015 American Community Survey (ACS), which updated population and housing information. The ACS also resulted in changes to the income designations of some CTs. Union did not change its lending strategy during the two analysis periods.

## Data Integrity

Union is subject to the data collection and reporting requirements of the HMDA. We tested the accuracy of Union's 2016, 2017, and 2018 HMDA data and determined it to be accurate. This data was used in the evaluation of the bank's performance.

## Selection of Areas for Full-Scope Review

Union has two AAs, as described above in the *Description of Institution* section. We performed full-scope reviews of both AAs. The full-scope review considers performance context, quantitative, and qualitative factors. Refer to Appendix A: Scope of Examination section for more information.

## Ratings

As full scope reviews were performed on both AAs, the overall rating incorporates the performance of both areas. The 2017 through 2018 analysis period received more weight than the 2016 analysis period, as this represents the majority of the evaluation period.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's performance under the lending test is rated "Satisfactory."

#### Loan-to-Deposit Ratio

Union's LTD ratio is more than reasonable given the bank's asset size, financial condition, customer base, competition, and AA credit needs. We evaluated the LTD ratio from the quarter ending December 31, 2013, through the quarter ending December 31, 2018. The quarterly LTD ratio averaged 96.4 percent over the 21 quarters since the prior CRA evaluation. During this timeframe, the LTD ratio ranged from a high of 105.7 percent, as of September 30, 2018, to a low of 86.4 percent, as of December 31, 2013. We also considered the average LTD ratio of comparable banks with offices in the AA. There was only one peer bank, which reported an average LTD ratio of 42.9 percent, with a low of 38.9 percent to high of 52.5 percent.

#### Lending in Assessment Area

Union originated a majority of all home mortgage loan products inside the bank's AAs. The bank originated 66.0 percent of loans by number and 51.7 percent of loans by dollar inside its AAs. The percentage of lending inside versus outside the bank's AAs is calculated on a bank-wide basis. The bank is in the process of building and opening a new branch in Rushville, IN, which is currently outside the bank's AAs. The lending activity outside the bank's AAs is largely concentrated in the Rushville area. Table D (below) illustrates the number and dollar volume of loans that Union originated inside and outside its AAs.

Table D - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	129	67.5	62	32.5	191	14,027	54.2	11,841	45.8	25,868
2017	111	67.3	54	32.7	165	11,339	59.3	7,770	40.7	19,109
2018	101	62.7	60	37.3	161	10,216	42.8	13,644	57.2	23,860
<b>Total</b>	<b>341</b>	<b>66.0</b>	<b>176</b>	<b>34.0</b>	<b>517</b>	<b>35,582</b>	<b>51.7</b>	<b>33,255</b>	<b>48.3</b>	<b>68,837</b>
<i>Source: Evaluation Period: 1/1/2016 - 12/31/2018 Bank Data            Due to rounding, totals may not equal 100.0</i>										

## **Lending to Borrowers of Different Incomes**

The overall distribution of home mortgage loans to borrowers of different incomes is reasonable. The borrower distribution in both the Fayette County AA and the Hancock County AA was reasonable. Refer to Table P in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's loan originations and purchases.

### Fayette County AA

The distribution of home mortgage loans in the Fayette County AA is reasonable. In 2017 through 2018, Union originated 9.3 percent of its home mortgage loans to low-income borrowers and 18.0 percent to moderate-income borrowers. The percentage of loans to low-income borrowers was within a reasonable range below aggregate lending and significantly lower than the percentage of low-income families in the AA. The percentage of loans to moderate-income borrowers was within a reasonable range below aggregate lending and within a reasonable range below the percentage of moderate-income families in the AA. The percentage of loans to low- and moderate-income borrowers is reasonable considering vacant and rental units account for 40.6 percent of all housing in the AA and there were 69 lenders in the AA competing for 491 loans (based on 2017 Peer Mortgage data). Union's borrower distribution of home mortgage loans in 2016 was not inconsistent with the performance in 2017 through 2018.

### Hancock County AA

The distribution of home mortgage loans in the Hancock County AA is reasonable. In 2017 through 2018, Union originated 3.4 percent of its home mortgage loans to low-income borrowers and 10.3 percent to moderate-income borrowers. The percentage of loans to low-income borrowers was within a reasonable range below aggregate lending and significantly lower than the percentage of low-income families in the AA. The percentage of loans to moderate-income borrowers was within a reasonable range below aggregate lending and within a reasonable range below the percentage of moderate-income families in the AA. The percentage of loans to low- and moderate-income borrowers is reasonable considering vacant and rental units account for 28.2 percent of housing and the increased competition in the AA. In Hancock County alone, there are 234 lenders competing for loans and the bank has only one branch in this AA. Additionally, Union made only 29 home mortgage loans in the AA in 2017 through 2018 due to high competition. Union's borrower distribution of home mortgage loans in 2016 was not inconsistent with the performance in 2017 through 2018.

## **Geographic Distribution of Loans**

The overall geographic distribution of loans is reasonable. The geographic distribution of loans is reasonable in the Fayette County AA and reasonable in the Hancock County AA. Based on 2016, 2017, and 2018 activity, there were no conspicuous lending gaps.

Refer to Table O in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's loan originations and purchases.

### Fayette County AA

The geographic distribution of home mortgage loans in the Fayette County AA is reasonable. The AA had no low-income CTs in 2016, 2017 or 2018. The AA had one moderate-income CT in 2016 and three moderate-income CTs in 2017 and 2018. In 2017 through 2018, the percentage of loans in the moderate-income CTs was 42.6 percent, which was within a reasonable range above aggregate lending and within a reasonable range above the percentage of owner-occupied housing units. The bank's performance in 2016 was not inconsistent with the performance in 2017 through 2018.

### Hancock County AA

The geographic distribution of home mortgage loans in the Hancock County AA is reasonable. The AA did not have any low-income CTs in 2016 and no low- or moderate-income CTs in 2017 and 2018. The AA had one moderate-income CT in 2016. In 2016, the percentage of loans in the moderate-income CT was 5.9 percent, which was within a reasonable range below the percentage of owner-occupied units and was within a reasonable range above aggregate lending.

## **Responses to Complaints**

During the evaluation period, Union did not receive any complaints related to its performance in helping to meet the credit needs of its AAs.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (January 1, 2016 – December 31, 2018)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Union Savings and Loan Association (Union) Connersville, IN		Home Mortgage Loans
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
No affiliate products reviewed.	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Fayette County non-MSA	Full Scope	All of Fayette County
Hancock County MSA	Full Scope	Portion of MSA #26900 – Hancock County

# Appendix B: Community Profiles for Full-Scope Areas

## Fayette County AA

2016

Table A – Demographic Information of the Assessment Area						
Assessment Area: Fayette County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	7	0.0	28.6	71.4	0.0	0.0
Population by Geography	24,277	0.0	31.0	69.0	0.0	0.0
Housing Units by Geography	10,994	0.0	33.3	66.7	0.0	0.0
Owner-Occupied Units by Geography	7,302	0.0	27.9	72.1	0.0	0.0
Occupied Rental Units by Geography	2,562	0.0	44.3	55.7	0.0	0.0
Vacant Units by Geography	1,130	0.0	43.6	56.4	0.0	0.0
Businesses by Geography	1,082	0.0	40.1	59.9	0.0	0.0
Farms by Geography	123	0.0	6.5	93.5	0.0	0.0
Family Distribution by Income Level	6,720	23.2	21.8	23.2	31.9	0.0
Household Distribution by Income Level	9,864	28.5	19.7	19.1	32.7	0.0
Median Family Income Non-MSAs - IN		\$53,037	Median Housing Value			\$86,224
			Median Gross Rent			\$622
			Families Below Poverty Level			11.9%
<p><i>Source: 2010 U.S. Census and 2016 D&amp;B Data</i>  <i>Due to rounding, totals may not equal 100.0</i>  <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i></p>						

**2017-2018**

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Fayette County AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	7	0.0	42.9	57.1	0.0	0.0
Population by Geography	23,773	0.0	39.9	60.1	0.0	0.0
Housing Units by Geography	10,831	0.0	45.4	54.6	0.0	0.0
Owner-Occupied Units by Geography	6,429	0.0	34.7	65.3	0.0	0.0
Occupied Rental Units by Geography	2,907	0.0	61.0	39.0	0.0	0.0
Vacant Units by Geography	1,495	0.0	61.1	38.9	0.0	0.0
Businesses by Geography	1,074	0.0	51.3	48.7	0.0	0.0
Farms by Geography	113	0.0	9.7	90.3	0.0	0.0
Family Distribution by Income Level	6,359	25.9	21.1	22.6	30.3	0.0
Household Distribution by Income Level	9,336	30.8	17.0	19.8	32.3	0.0
Median Family Income Non-MSAs - IN		\$55,741	Median Housing Value			\$80,453
			Median Gross Rent			\$648
			Families Below Poverty Level			16.6%
<i>Source: 2015 ACS Census and 2018 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Fayette County AA consists of seven CTs and is located in a non-MSA portion of Indiana. Union has two branches, including the main office, and two deposit-taking ATMs in the AA. According to the 2010 US Census, there were two moderate-income CTs and five middle-income CTs in the AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income CTs.

The AA changed due to the 2015 ACS census updates. According to the updated census information, the AA has three moderate-income CTs and four middle-income CTs.

**Competition**

Deposit competition in the Fayette County non-MSA AA is low. According to the June 30, 2018, FDIC Deposit Market Share Report, Union’s deposits in the AA totaled \$104.8 million, or 31.3 percent of the total market share. Union ranked first out of six deposit-taking institutions in the AA.

Competition for loans is high, considering the size of the AA. Based on 2017 peer mortgage data, 69 lenders originated or purchased residential real estate loans in the AA. Union ranked first, with 18.9 percent of the market share by number of loans originated.

## Employment and Economic Factors

According to the Bureau of Labor Statistics, the average unemployment rate for Fayette County improved during the review period. The unemployment rate of Fayette County was above the unemployment rate of the state of Indiana during the review period. The table below summarizes the average annual unemployment rate for the state and Fayette County.

<b>Average Unemployment Rate</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
State of Indiana	4.4%	3.5%	3.4%
Fayette County	5.7%	5.0%	4.7%

*Source: Bureau of Labor Statistics; Not Seasonally Adjusted*

According to the website, Hoosiers by the Numbers, in 2017, the leading industries in the area are health care and social assistance, manufacturing, and federal, state, and local government. The top five area employers are Fayette Regional Health System, Stant Corp, Walmart, Issues and Answers Network Inc., and Kenley Corp.

According to the 2010 U.S. Census, the total population of the AA was 24,277, with 11.9 percent of families living below the poverty level. Low-income families represented 23.2 percent of families in the AA and moderate-income families represented 21.8 percent of families. According to the 2015 ACS, the total population of the AA was 23,773, with 16.6 percent of families living below the poverty level. Low-income families represent 25.9 percent of families in the AA and moderate-income families represent 21.1 percent of families.

### Housing

According to the 2010 U.S. Census, 66.4 percent of housing the AA was owner-occupied, 23.3 percent were rental properties, and 10.3 percent were vacant. In moderate-income CTs in the AA, 55.6 percent of houses were owner-occupied, 31.0 percent were renter occupied, and 13.4 percent were vacant. There were no low-income CTs in 2016. Moderate-income CTs accounted for 38.7 percent of multi-family housing units in the AA. The median age of the housing stock in the AA was 57 and the median housing value was \$88,187.

According to the 2015 ACS, 59.4 percent of housing the AA was owner-occupied, 26.8 percent were rental properties, and 13.8 percent were vacant. In moderate-income CTs in the AA, 45.3 percent of houses were owner-occupied, 36.1 percent were renter occupied, and 18.6 percent were vacant. There were no low-income CTs in 2017 and 2018. Moderate-income CTs accounted for 49.9 percent of multi-family housing units in the AA. The median age of the housing stock in the AA was 54 and the median housing value was \$83,372.

### Community Contact

One community contact was performed with a community-based development organization that serves the Fayette County area. The representative felt that financial institutions generally met their needs. However, there continues to be many opportunities for financial institutions to be involved in community projects through donations and sponsorships.

**Hancock County AA**

**2016**

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Hancock County AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	10	0.0	10.0	80.0	10.0	0.0
Population by Geography	70,002	0.0	7.2	79.9	12.9	0.0
Housing Units by Geography	27,577	0.0	8.1	79.4	12.5	0.0
Owner-Occupied Units by Geography	20,341	0.0	6.5	79.4	14.1	0.0
Occupied Rental Units by Geography	5,075	0.0	14.0	78.2	7.8	0.0
Vacant Units by Geography	2,161	0.0	8.7	82.7	8.6	0.0
Businesses by Geography	3,792	0.0	9.2	77.7	13.1	0.0
Farms by Geography	311	0.0	2.9	85.9	11.3	0.0
Family Distribution by Income Level	19,447	15.1	17.6	24.1	43.2	0.0
Household Distribution by Income Level	25,416	17.1	13.8	20.2	48.9	0.0
Median Family Income MSA - 26900 Indianapolis-Carmel-Anderson, IN MSA		\$64,663	Median Housing Value			\$157,462
			Median Gross Rent			\$766
			Families Below Poverty Level			5.9%
<i>Source: 2010 U.S. Census and 2016 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

**2017-2018**

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Hancock County AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	10	0.0	0.0	60.0	40.0	0.0
Population by Geography	71,328	0.0	0.0	43.8	56.2	0.0
Housing Units by Geography	28,685	0.0	0.0	44.9	55.1	0.0
Owner-Occupied Units by Geography	20,608	0.0	0.0	40.5	59.5	0.0
Occupied Rental Units by Geography	5,732	0.0	0.0	59.3	40.7	0.0
Vacant Units by Geography	2,345	0.0	0.0	49.0	51.0	0.0
Businesses by Geography	3,912	0.0	0.0	44.4	55.6	0.0
Farms by Geography	327	0.0	0.0	45.0	55.0	0.0
Family Distribution by Income Level	19,093	13.8	14.7	23.2	48.3	0.0
Household Distribution by Income Level	26,340	15.6	14.8	17.5	52.0	0.0
Median Family Income MSA - 26900 Indianapolis-Carmel-Anderson, IN MSA		\$66,803	Median Housing Value			\$152,602
			Median Gross Rent			\$844
			Families Below Poverty Level			4.6%
<i>Source: 2015 ACS Census and 2018 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Hancock County AA consists of ten CTs within the Indianapolis-Carmel-Anderson, IN MSA and includes all of Hancock County. Union has one branch and one deposit-taking ATM in the AA. According to the 2010 US Census, there was one moderate-income CT, eight middle-income CTs, and one upper-income CT in the AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income CTs.

The AA changed due to the 2015 ACS updates. According to the updated census information, the AA had six middle-income CTs and four upper-income CTs.

**Competition**

Deposit competition in the Hancock County AA is low. According to the June 30, 2018 FDIC Deposit Market Share Report, Union’s deposits in the AA totaled \$23.2 million, or 2.3 percent of the total market share. Union ranked seventh out of seven deposit-taking institutions. The top three institutions, for deposit market share in the AA, are Greenfield Banking Company, PNC Bank, and Fifth Third Bank. These institutions account for 75.0 percent of deposit market share.

Competition for loans is strong. Based on 2017 peer mortgage data, 234 lenders originated or purchased residential real estate loans in the AA. Union ranked 11<sup>th</sup>, with 2.2 percent of the market share by number of loans originated. The top three lenders are Caliber Home Loans,

Wells Fargo, and JP Morgan Chase. These lenders account for 20.6 percent of market share by number of loans originated.

### Employment and Economic Factors

According to the Bureau of Labor Statistics, the average unemployment rate for Hancock County improved during the review period. The unemployment rate for Hancock County was below the unemployment rate of the state of Indiana during the review period. The table below summarizes the average annual unemployment rate for the state and Hancock County.

<b>Average Unemployment Rate</b>			
	<b>2016</b>	<b>2017</b>	<b>2018</b>
State of Indiana	4.4%	3.5%	3.4%
Hancock County	3.8%	3.0%	3.0%

*Source: Bureau of Labor Statistics; Not Seasonally Adjusted*

According to the website, Hoosiers by the Numbers, in 2017, the leading industries in the area are federal, state, and local government, manufacturing, and retail trade. The top five area employers are Keihin Ipt Manufacturing LLC, Executive Management Services Inc., Hancock Regional Hospital, Indiana Automotive Fasteners, and Walmart.

According to the 2010 U.S. Census, the total population of the AA was 70,002, with 5.9 percent of families living below the poverty level. Low-income families represent 15.1 percent of families in the AA and moderate-income families represent 17.6 percent of families. According to the 2015 ACS, the total population of the AA was 71,328, with 4.6 percent of families living below the poverty level. Low-income families represent 13.8 percent of families in the AA and moderate-income families represent 14.7 percent of families.

### Housing

According to the 2010 U.S. Census, 73.8 percent of housing the AA was owner-occupied, 18.4 percent were rental properties, and 7.8 percent were vacant. In moderate-income CTs in the AA, 59.6 percent of houses were owner-occupied, 31.9 percent were renter occupied, and 8.5 percent were vacant. There were no low-income CTs in 2016. Moderate-income CTs accounted for 12.5 percent of multi-family housing units in the AA. The median age of the housing stock in the AA was 35 and the median housing value was \$160,792.

According to the 2015 ACS, 71.8 percent of housing the AA was owner-occupied, 20.0 percent were rental properties, and 8.2 percent were vacant. There were no low- or moderate-income CTs in 2017 and 2018 in the AA. The median age of the housing stock in the AA was 33 and the median housing value was \$156,549.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data is compiled by the FDIC and is available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

The following is a listing and brief description of the tables included in this Performance Evaluation:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** – Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents aggregate peer data for the years the data is available

**Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2016**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Fayette County AA	95	7,669	73.6	473	0.0	0.0	0.0	27.9	28.4	22.2	72.1	71.6	77.8	0.0	0.0	0.0	0.0	0.0	0.0
Hancock County AA	34	6,358	26.4	3,632	0.0	0.0	0.0	6.5	5.9	5.6	79.4	82.4	83.2	14.1	11.8	11.2	0.0	0.0	0.0
<b>Total</b>	<b>129</b>	<b>14,027</b>	<b>100.0</b>	<b>4,105</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>12.2</b>	<b>22.5</b>	<b>7.5</b>	<b>77.5</b>	<b>74.4</b>	<b>82.6</b>	<b>10.4</b>	<b>3.1</b>	<b>9.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2010 U.S. Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

**Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2017-18**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Fayette County AA	183	14,398	86.3	491	0.0	0.0	0.0	34.7	42.6	35.6	65.3	57.4	64.4	0.0	0.0	0.0	0.0	0.0	0.0
Hancock County AA	29	7,157	13.7	3,408	0.0	0.0	0.0	0.0	0.0	0.0	40.5	44.8	34.6	59.6	55.2	65.4	0.0	0.0	0.0
<b>Total</b>	<b>212</b>	<b>21,555</b>	<b>100.0</b>	<b>3,899</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>8.2</b>	<b>36.8</b>	<b>4.5</b>	<b>46.4</b>	<b>55.7</b>	<b>38.3</b>	<b>45.4</b>	<b>7.5</b>	<b>57.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																				<b>2016</b>
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Fayette County AA	95	7,669	73.6	473	23.2	5.3	7.8	21.8	16.8	28.1	23.2	32.6	23.5	31.9	43.2	28.3	0.0	2.1	12.3	
Hancock County AA	34	6,358	26.4	3,632	15.1	2.9	5.3	17.6	20.6	19.3	24.1	17.6	22.1	43.2	50.0	35.9	0.0	8.8	17.4	
<b>Total</b>	<b>129</b>	<b>14,027</b>	<b>100.0</b>	<b>4,105</b>	<b>17.1</b>	<b>4.7</b>	<b>5.6</b>	<b>18.7</b>	<b>17.8</b>	<b>20.3</b>	<b>23.9</b>	<b>28.7</b>	<b>22.2</b>	<b>40.3</b>	<b>45.0</b>	<b>35.1</b>	<b>0.0</b>	<b>3.9</b>	<b>16.8</b>	

*Source: 2010 U.S. Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0*

<b>Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower</b>																				<b>2017-18</b>
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Fayette County AA	183	14,398	86.3	491	25.9	9.3	13.0	21.1	18.0	26.1	22.6	30.1	20.6	30.3	38.3	25.7	0.0	4.4	14.7	
Hancock County AA	29	7,157	28.7	3,408	13.8	3.4	6.6	14.7	10.3	18.9	23.2	13.8	23.8	48.3	55.2	34.3	0.0	17.2	16.3	
<b>Total</b>	<b>212</b>	<b>21,555</b>	<b>100.0</b>	<b>3,899</b>	<b>16.8</b>	<b>8.5</b>	<b>7.4</b>	<b>16.3</b>	<b>17.0</b>	<b>19.8</b>	<b>23.0</b>	<b>27.8</b>	<b>23.4</b>	<b>43.8</b>	<b>40.6</b>	<b>33.2</b>	<b>0.0</b>	<b>6.1</b>	<b>16.1</b>	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2018 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0*