



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

November 27, 2017

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

United Fidelity Bank, F.S.B.  
Charter Number 703676

18 NW 4th St, Evansville, IN 47708-1778

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, and should not 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.

## Table of Contents

<b>OVERALL CRA RATING: UNITED FIDELITY BANK IS RATED SATISFACTORY.</b> .....	<b>2</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS</b> .....	<b>3</b>
<b>DESCRIPTION OF INSTITUTION</b> .....	<b>7</b>
<b>SCOPE OF THE EVALUATION</b> .....	<b>8</b>
<b>DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW</b> .....	<b>10</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA</b> .....	<b>11</b>
<b>STATE RATING</b> .....	<b>12</b>
STATE OF COLORADO .....	12
STATE OF FLORIDA .....	16
STATE OF ILLINOIS .....	18
STATE OF INDIANA.....	22
STATE OF OHIO .....	28
<b>TERRITORY RATING</b> .....	<b>32</b>
TERRITORY OF U.S. VIRGIN ISLANDS .....	32
<b>APPENDIX A: SCOPE OF EXAMINATION</b> .....	<b>A</b>
<b>APPENDIX B: SUMMARY OF MULTISTATE METROPOLITAN AREA AND STATE RATINGS</b> .....	<b>B</b>
<b>APPENDIX C: COMMUNITY PROFILES FOR FULL-SCOPE AREAS</b> .....	<b>C</b>

## **Overall CRA Rating: United Fidelity Bank is rated Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

United Fidelity Bank (UFB or bank) has a satisfactory record of meeting the credit needs of its community. Factors supporting the Satisfactory rating include:

- Reasonable loan-to-deposit (LTD) ratio;
- Substantial majority of primary product loans made inside the assessment areas (AAs);
- Meets the standards for satisfactory performance in lending to borrowers of different income levels and businesses of different sizes;
- Exceeds the standards for satisfactory performance in lending in low- and moderate-income geographies; and,
- Adequate responsiveness to the needs of its AAs through community development (CD) loans, qualified investments, and CD services.

## 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

United Fidelity Bank, F.S.B is a federally chartered savings association, established in 1914 and headquartered in Evansville, IN. UFB is a wholly owned subsidiary of Fidelity Federal Bancorp, also headquartered in Evansville, IN. As of September 30, 2017, the bank had total assets of \$622.1 million and tier one capital of \$49.1 million.

UFB is a multistate bank that operates 18 branches and 16 deposit-taking automated teller machines (ATMs). They have nine AAs in five states and one territory; Colorado, Florida, Illinois, Indiana, and Ohio, and the U.S. Virgin Islands. The AAs are further detailed in the Selection of Areas for Full-Scope Review section below.

UFB purchased three failed banks from the Federal Deposit Insurance Corporation (FDIC) in January 2015, July 2015, and May 2017, adding AAs in Illinois and Colorado. They purchased a branch of a bank in December 2016, adding an AA in Florida. They also purchased a bank in the U.S. Virgin Islands in January 2017, adding St. Croix to their AAs. Further, UFB opened three new branches during the review period, adding two additional AAs in the state of Indiana.

UFB employs a unique business strategy which involves financing affordable housing projects by investing in Government National Mortgage Association (GNMA) mortgage backed securities. UFB also supports affordable housing projects through its wholly owned subsidiary, Village Capital Corp. (VCC). VCC develops and invests in the development of affordable housing projects. UFB received consideration for activities undertaken by VCC during the review period. In addition to the bank's focus on affordable housing, UFB does offer traditional lending products. The bank's primary lending focus is residential real estate loans and business loans. UFB developed a New Hope Mortgage program, which encourages lending in low- and moderate-income areas and to low- and moderate-income borrowers. The New Hope Mortgage program is available in all the bank's AAs. Since implementing the program, originations increased from \$283,000 in 2014 to over \$5.0 million in 2017. UFB also participates in the Homeownership Opportunities Program, which assists first time homebuyers, and partners with the Small Business Administration to provide loans to small businesses.

As of September 30, 2017, the bank reported \$173.1 million in outstanding loans and leases and had a net loans and leases to total assets ratio of 27.8 percent. The following table shows the portfolio composition as of September 30, 2017.

<b>Loan Portfolio Composition</b>			
<b>Loan Category</b>	<b>Amount (\$000's)</b>	<b>Percent of Total Loans</b>	<b>Percent of Total Assets</b>
Residential Loans	\$84,575	48.9%	13.6%
Business Loans	\$82,830	47.9%	13.3%
Farm Loans	\$3,983	2.3%	0.6%
Consumer Loans	\$1,665	0.9%	0.3%
<b>Total Loans</b>	<b>\$173,053</b>	<b>100.0%</b>	<b>27.8%</b>

Source: Call Report September 30, 2017



Based on the number and dollar volume of loan originations in 2015 and 2016, residential real estate and business loans are the bank's primary products. The following table shows number of loans originated and the percent of loans originated by number and dollar.

<b>Loan Originations</b>			
<b>Loan Category</b>	<b>Number of Loans Originated</b>	<b>Percent of Number of Loans Originated</b>	<b>Percent of Dollar of Loans Originated</b>
Residential Loans	116	45.3%	38.7%
Business Loans	87	34.0%	57.5%
Farm Loans	1	0.4%	0.2%
Consumer Loans	52	20.3%	3.6%
Total Loans	256	100.0%	100.0%

Source: Internal Bank Loan Origination Report for 2015 and 2016

UFB did not have any legal, financial or other factors impeding the bank's ability to help meet the credit needs in its AAs. UFB received a "Satisfactory" rating at their last Community Reinvestment Act (CRA) evaluation, dated September 8, 2014.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

UFB was evaluated using the Intermediate Small Bank (ISB) procedures to assess the bank's record of meeting the credit needs of its community. ISB procedures include a Lending Test and a Community Development (CD) Test.

The Lending Test focuses on the bank's primary lending products, which are determined by AA and detailed in the Scope of Evaluation section under each state rating. UFB's primary lending products are residential real estate loans and business loans. The Lending Test evaluates the bank's record of meeting the credit needs of its AAs through lending activities. The Lending Test focused on loan originations from January 1, 2015 through December 31, 2016.

The CD Test evaluates the bank's performance based on its responsiveness in meeting the needs of its AAs through eligible CD loans, qualified investments, and CD services. The CD Test included all activities from September 9, 2014 through November 27, 2017.

### **Data Integrity**

We tested the accuracy of UFB's Home Mortgage Disclosure Act (HMDA) data and determined it to be accurate. UFB is not subject to the data collection and reporting requirements of CRA; therefore, business lending performance was evaluated using data collected during our review of bank loan files. We verified that CD loans, investments, and services submitted by UFB met the regulatory definition for qualified CD activities and excluded those activities that did not meet the definition.

## Selection of Areas for Full-Scope Review

In each state where UFB had a branch, one AA was selected for a full-scope review. Due to the purchase of five banks and addition of new branches, some AAs were not in existence during the entire review period and were not evaluated under the Lending Test. This will be detailed in the Scope of Evaluation section under each state rating.

In Colorado, UFB has only one AA, the Denver-Aurora-Lakewood, CO MSA (Denver MSA) AA, which received a full-scope review. In Florida, UFB has one AA, the Cape Coral-Ft. Myers, FL MSA (Fort Myers MSA) AA, which received a full-scope review. In Illinois, UFB has two AAs, the Chicago-Naperville-Elgin, IL-IN-WI MSA (Chicago MSA) AA and the Illinois non-MSA (IL non-MSA) AA. The Chicago MSA received a full-scope review, and the IL non-MSA received a limited-scope review. In Indiana, UFB has three AAs, the Evansville, IN-KY MSA (Evansville MSA) AA, the Indianapolis-Carmel-Anderson, IN MSA (Indianapolis MSA) AA, and the Indiana non-MSA (IN non-MSA) AA. The Evansville MSA AA received a full-scope review, while the Indianapolis MSA and the IN non-MSA AAs received limited-scope reviews. In Ohio, UFB has one AA, the Cincinnati, OH-KY-IN MSA (Cincinnati MSA) AA, which received a full-scope review. St. Croix in the U.S. Virgin Islands was also an AA and received a full-scope review. For additional information on the AAs, refer to Appendix A: Scope of Examination.

## Ratings

The bank's overall rating is a blend of ratings from five states and one U.S. territory in which the bank has branch offices. UFB's performance in the state of Indiana received the most weight. Indiana represents 48.8 percent of total deposits and 50 percent of the bank's branches. Chicago represents 9.3 percent of deposits and 16.7 percent of branches. Ohio represents 4.3 percent of deposits, with 5.6 percent of branches. Colorado has 4.0 percent of deposits and 11.1 percent of branches. Florida and the Island of St. Croix represents 5.6 and 28.1 percent of deposits, respectively; however, these areas were added at the end of 2016 and the beginning of 2017 and only received a CD Test rating. Less weight is assigned to these areas.

The state ratings are based primarily on those areas that received full-scope reviews. Areas receiving limited-scope reviews were considered to the extent that they were not consistent or not inconsistent with the bank's performance in the full-scope AAs. Refer to the Scope of Evaluation section under each state rating for details regarding how the areas were weighted in arriving at the respective ratings.

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

Pursuant to 12 C.F.R. §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 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 Criteria

### Lending Test

UFB's performance in helping meet the credit needs of its AAs through lending is rated Satisfactory due to lending satisfactory performance in Indiana, Colorado, and Ohio and outstanding lending performance in Illinois.

### Loan-to-Deposit Ratio

UFB's LTD ratio is reasonable given their asset size, financial condition and AA credit needs. The bank's average LTD ratio since the last exam was 37.25 percent, calculated on a bank-wide basis. This considers all quarterly LTD ratios from September 30, 2014 through September 30, 2017. The quarterly LTD ratios ranged from a high of 45.34 percent, at December 31, 2014, to a low of 29.24 percent, at December 31, 2016. This LTD ratio does not consider deposits and loans from their wholly owned subsidiary, VCC, unused lines-of-credit, or sold loans. When the average LTD ratio was adjusted to account for these items, it increased to 43.7 percent. Other banks in their AAs, with assets between \$400MM and \$1B, had LTD ratios that ranged between 50.03 percent and 92.84 percent. In reaching the reasonable rating, we also considered the large volume of affiliate funds on deposit, which averaged \$39.3 million per month during the review period, as well as the purchase of three failed banks during the review period, all of which had low lending volume given their troubled status.

### Lending in Assessment Area

UFB originates a substantial majority of loans to borrowers located within its designated AAs. All HMDA reportable residential real estate loans and a random sample of business loans for the period of January 1, 2015 through December 31, 2016 were analyzed to determine UFB's lending in its AAs. The number of business loans sampled varied depending on the number of originations in each AA (see the Scope of Evaluation section under each state rating for additional information). The proportion of lending inside versus outside the bank's AAs was calculated on a bank-wide basis. The following table illustrates the number and dollar volume of loans originated inside and outside the bank's AAs during the evaluation period.

Table 1 – UFB Lending in Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential RE Loans	104	90.43	11	9.57	115	\$19,788	91.42	\$1,856	8.58	\$21,644
Business Loans	40	90.91	4	9.09	44	\$10,716	95.66	\$486	4.34	\$11,202
Total Loans	144	90.57	15	9.43	159	\$30,504	92.87	\$2,342	7.13	\$32,846

Source: Data reported under HMDA for residential real estate loans; Loan sample for business loans

## State Rating

### State of Colorado

#### **CRA rating for Colorado: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

The major factors that support the overall rating for Colorado include:

- The bank's distribution of loans among low- and moderate-income geographies exceeds the standards for satisfactory performance; and,
- The bank's community development lending demonstrates adequate responsiveness to the community development needs of the AA.

### **Description of Institution's Operations in Colorado**

UFB has one AA in Colorado, the Denver MSA AA, located in the central part of the state. See Appendix C: Community Profiles for Full-Scope Areas for detailed information about this AA.

### **Scope of Evaluation in Colorado**

The Denver MSA AA received a full-scope review. This AA was added July 10, 2015, after an FDIC assisted acquisition. This transaction added \$25.4 million in deposits and \$11.6 million in loans to the bank's portfolio. Prior to being acquired by UFB, lending volumes were low due to the condition of the bank. UFB only received credit during this evaluation for loans originated or purchased after the transaction date. While total lending in Colorado was low, with a total of 13 loans originated, we gave consideration to the time necessary to improve lending volumes after an acquisition. The Colorado state rating is based solely on the results of the full-scope review.

The primary lending product in the AA is business loans. Business loans represented 76.9 percent of loans by number and 83.5 percent of loans by dollar volume. A total of 10 business loans were made in Colorado, eight of which were in the bank's AA. Two residential real estate loans were made since the acquisition date. We will briefly discuss the borrower and geographic distribution of these loans below.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN COLORADO**

UFB's CRA performance in Colorado is rated Satisfactory. The bank's performance is Satisfactory under the Lending Test and Satisfactory under the CD Test.

## LENDING TEST

The bank's performance under the Lending Test in Colorado is rated Satisfactory. The bank did not meet the standards of satisfactory performance when lending to businesses of different sizes. The bank exceeds the standards of satisfactory performance in lending among low- and moderate-income geographies in Colorado.

### Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The overall distribution of loans to businesses of different sizes did not meet the standards of satisfactory performance and is considered poor.

#### Business Loans

The borrower distribution of business loans in the Denver MSA AA did not meet the standards of satisfactory performance. UFB originated eight business loans in the AA during the review period. UFB's performance is within a reasonable range of aggregate peer data by percentage of number of loans originated to businesses with revenues of \$1.0 million or less but is significantly lower than the percentage of those businesses in the AA.

Table 2 - Borrower Distribution to Businesses in Denver AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	87.39%	4.95%	7.66%	100.00%
% of Loans by AA Lenders	43.56%	56.44%	0.00%	100.00%
% of Bank Loans in AA by #	37.50%	62.50%	0.00%	100.00%

Source: Business loan sample; 2010 U.S. Census data

While residential real estate loans are not considered a primary product in the AA, with only two originated during the review period, it is worth noting that both were made to moderate-income borrowers.

### Geographic Distribution of Loans

The geographic distribution of loans exceeds the standards of satisfactory performance and is considered excellent.

#### Business Loans

The geographic distribution of business loans exceeds the standards of satisfactory performance in the Denver MSA AA. UFB made eight business loans in the AA during the review period. UFB's performance in both low- and moderate-income CTs exceeds the standards of satisfactory performance when compared to other AA lenders and the percent of businesses in those CTs.

<b>Table 3 - Geographic Distribution of Business Loans in Denver AA</b>				
<b>Census Tract Income Level</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
% of AA Businesses	9.62%	22.20%	30.23%	37.53%
% of Loans by AA Lenders	10.69%	22.57%	28.74%	38.01%
% of Bank Loans in AA by #	37.50%	50.00%	0.00%	12.50%

Source: Business loan sample; 2010 U.S. Census data

While residential real estate loans are not considered a primary product in the AA, with only two originated during the review period, it is worth noting that one was made in a low-income CT and one was made in a moderate-income CT.

### **Responses to Complaints**

UFB did not receive any complaints regarding its CRA performance during the evaluation period.

### **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the Community Development Test in the State of Colorado is rated Satisfactory. The bank's CD performance demonstrates adequate responsiveness to the CD needs of its AA, considering the bank's capacity and the need and availability of such opportunities.

#### **Number and Amount of Community Development Loans**

UFB's CD lending in the Denver MSA AA is adequate. UFB originated one loan for \$4.1 million to build affordable housing in the Denver MSA. While the affordable housing complex was not located in the bank's AA, it was in the broader Denver MSA, just north of the bank's AA.

#### **Number and Amount of Qualified Investments**

UFB's qualified investment activity in the Denver MSA AA is adequate in relation to the bank's capacity, identified area needs and available investment opportunities. The bank made two investments in GNMA mortgage backed securities, which benefit the broader statewide or regional area including the bank's AA, totaling \$25.5 million.

#### **Extent to Which the Bank Provides Community Development Services**

UFB provides a poor amount of CD services in the Denver MSA AA. One bank employee provided financial services to LMI individuals in the AA during the review period. Both of the bank's branches in the Denver MSA AA are located in moderate-income CTs.

## **Responsiveness to Community Development Needs**

UFB's CD loans and investments reflect adequate responsiveness to the community development needs of the Denver MSA AA. CD services reflect poor responsiveness to the needs of the AA.



## State Rating

### State of Florida

#### CRA rating for Florida: Needs to Improve

The Lending Test is rated: Not Applicable

The Community Development Test is rated: Needs to Improve

The major factors that support the overall rating for Florida include:

- The bank's CD lending demonstrates very poor responsiveness;
- The level of qualified investments demonstrates very poor responsiveness; and,
- The bank provides an adequate amount of CD services.

### Description of Institution's Operations in Florida

UFB has one AA in Florida, the Fort Myers MSA AA, located on the southwestern tip of the state. See Appendix C: Community Profiles for Full-Scope Areas for detailed information about this AA.

### Scope of Evaluation in Florida

The Fort Myers MSA AA was added December 3, 2016 after the purchase of one branch office. The purchase added \$21.3 million in deposits. Since the Lending Test considers activity from January 1, 2015 through December 31, 2016 and the AA was not added until the last month of this review period, the Fort Myers AA did not receive a Lending Test rating. Sufficient time had not passed to effectively evaluate the bank's performance in meeting the credit needs of the AA through lending. The AA receives a CD Test rating, and all activity undertaken since the purchase will be considered. Consideration is given for the amount of time the AA has been in existence.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FLORIDA

UFB's CRA performance in Florida is rated Needs to Improve based on the CD Test.

### Responses to Complaints

UFB did not receive any complaints regarding its CRA performance during the evaluation period.

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD Test in the State of Florida is rated Needs to Improve. The bank's CD performance demonstrates poor responsiveness to the CD needs of its AA

through CD loans and qualified investments, considering the bank's capacity and the need and availability of such opportunities. CD services demonstrate adequate responsiveness.

### **Number and Amount of Community Development Loans**

UFB's CD lending in the Fort Myers MSA AA is very poor. The bank made no CD loans in the AA during the evaluation period.

### **Number and Amount of Qualified Investments**

UFB's qualified investment activity in the Fort Myers MSA AA is very poor in relation to the bank's capacity, identified needs and available investment opportunities. The bank did not make any qualified investments or donations in the AA during the evaluation period.

### **Extent to Which the Bank Provides Community Development Services**

UFB provided an adequate amount of CD services in the Fort Myers MSA AA. During the evaluation period, one employee provided eight hours of CD services to one organization. In addition to providing this CD service, the bank made additional efforts to ensure the banking needs of Florida residents were met after Hurricane Irma. UFB dispatched a team of four employees in a mobile banking unit which arrived in the Fort Myers area the day after the hurricane. UFB offered cash services to all consumers, local businesses, and organizations; however, no non-customers used this service.

### **Responsiveness to Community Development Needs**

UFB's CD loans and investments reflects poor responsiveness to the community development needs of the Fort Myers MSA AA. CD services demonstrate adequate responsiveness.

## State Rating

### State of Illinois

#### CRA rating for Illinois: Satisfactory

The Lending Test is rated: Outstanding

The Community Development Test is rated: Satisfactory

The major factors that support the overall rating for Illinois include:

- The bank's lending among businesses of different sizes exceeds the standards of satisfactory performance;
- The bank's distribution of loans among low- and moderate-income geographies exceeds the standards of satisfactory performance; and,
- The bank's community development performance demonstrates adequate responsiveness to the community development needs of the AA.

### Description of Institution's Operations in Illinois

UFB has two AAs in Illinois. The Chicago MSA AA, located in the northeastern part of the state, and the IL non-MSA AA, located near the central portion of the state.

#### Chicago MSA

See Appendix C: Community Profiles for Full-Scope Areas for detailed information about the Chicago MSA AA.

#### IL non-MSA

The IL non-MSA AA has one branch and one deposit-taking ATM. The AA consists of 15 CTs, encompassing all of Effingham and Fayette counties. There are no low-income CTs, two moderate-income, 10 middle-income, and three upper-income CTs in the AA. According to the June 30, 2017 FDIC Deposit Market Share Report, UFB's deposits in the AA totaled \$11.9 million, or 2.4 percent of total deposits.

### Scope of Evaluation in Illinois

The Chicago MSA AA received a full-scope review, while the IL non-MSA received a limited-scope review. The Chicago MSA AA is weighted most heavily in arriving at the overall conclusion for the state, as the bank's largest market share for deposits is concentrated in this area. Of the bank's deposits in Illinois, 74.5 percent are in the Chicago MSA AA and 25.5 percent are in the IL non-MSA AA. The Illinois state rating is based primarily on results of the area that received a full-scope review.

The Chicago MSA AA was added January 23, 2015, after an FDIC assisted acquisition. This transaction added \$48.1 million in deposits and \$21.3 million in loans to the bank's portfolio. Prior to being acquired by UFB, lending volumes were low due to the condition of the bank.

UFB receives credit during this evaluation for loans originated or purchased after the transaction date. While total lending in Illinois is low, with a total of 16 loans originated, we gave consideration to the time necessary to improve lending volumes after an acquisition.

The primary lending product in the Chicago MSA AA is business loans. Of the loans made in this AA, 58.3 percent by number and 56.8 percent by dollar volume were business loans. A total of seven business loans were made in the AA. While only three residential real estate loans were made since the acquisition date, they represented 25.0 percent of loans by number and 27.9 percent by dollar volume. We will briefly discuss the borrower and geographic distribution of these loans below.

The IL non-MSA AA was added May 26, 2017, after an FDIC assisted acquisition. This transaction added \$31.9 million in deposits and \$20.9 million in loans to the bank's portfolio. Since the Lending Test only considers activity from January 1, 2015 through December 31, 2016, this AA receives a limited-scope review and only considers community development activity undertaken from May 26, 2017 through November 27, 2017.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ILLINOIS**

UFB's CRA performance in Illinois is rated Satisfactory. The bank's performance is Outstanding under the Lending Test and Satisfactory under the CD Test.

### **LENDING TEST**

The bank's performance under the Lending Test in Illinois is rated Outstanding. The bank exceeds the standards of satisfactory performance when lending to businesses of different sizes and in lending among low- and moderate-income geographies.

#### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The overall distribution of loans to businesses of different sizes exceeds the standards of satisfactory performance and is considered excellent.

##### *Business Loans*

The borrower distribution of loans to businesses of different sizes in the Chicago MSA AA exceeds the standards of satisfactory performance. UFB originated seven business loans in the Chicago MSA AA during the review period. UFB's performance exceeds the aggregate peer group by percentage of number of loans originated to businesses with revenues of \$1.0 million or less. UFB's performance also exceeds the percentage of those businesses in the AA.

<b>Table 4 - Borrower Distribution to Businesses in Chicago AA</b>				
<b>Business Revenues (or Sales)</b>	<b>&lt;= \$1,000,000</b>	<b>&gt; \$1,000,000</b>	<b>Unavailable</b>	<b>Total</b>
% of AA Businesses	80.85%	8.12%	11.03%	100.00%
% of Loans by AA Lenders	39.81%	60.19%	0.00%	100.00%
% of Bank Loans in AA by #	83.33%	0.00%	16.67%	100.00%

Source: Business loan sample; 2010 U.S. Census data

While residential real estate loans are not considered a primary product in the AA, with only three originated during the review period, it is worth noting that two were made to low-income borrowers.

### **Geographic Distribution of Loans**

The geographic distribution of loans exceeds the standards of satisfactory performance and is considered excellent.

#### Business Loans

The geographic distribution of business loans exceeds the standards of satisfactory performance in the Chicago MSA AA. UFB made seven business loans in the AA during the review period. UFB's performance in both low- and moderate-income CTs exceeds the standards of satisfactory performance when compared to other AA lenders and the percent of businesses in those CTs.

<b>Table 5 - Geographic Distribution of Business Loans in Chicago AA</b>				
<b>Census Tract Income Level</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
% of AA Businesses	10.96%	20.68%	24.82%	43.39%
% of Loans by AA Lenders	5.14%	18.50%	33.23%	43.13%
% of Bank Loans in AA by #	66.67%	33.33%	0.00%	0.00%

Source: Business loan sample; 2010 U.S. Census data

While residential real estate loans are not considered a primary product in the AA, with only three originated during the review period, it is worth noting that two were made in moderate-income geographies.

### **Responses to Complaints**

UFB did not receive any complaints regarding its CRA performance during the evaluation period.

### **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the CD Test in the State of Illinois is rated Satisfactory. The bank's CD performance demonstrates adequate responsiveness to the CD needs of its AA

through CD loans, qualified investments and CD services, considering the bank's capacity and the need and availability of such opportunities.

### **Number and Amount of Community Development Loans**

UFB's CD lending in the Chicago MSA AA is adequate. The bank made one CD loan totaling \$300,000 to finance three apartments located in a moderate-income CT in the AA. The bank also made one loan totaling \$180,000 to finance rental properties in moderate-income CTs located in the broader Chicago MSA.

### **Number and Amount of Qualified Investments**

UFB's qualified investments in the Chicago MSA AA are adequate. The bank made two donations totaling \$2,900 in the AA. The bank also made a \$3.3 million investment in GNMA mortgage backed securities, which benefits the broader statewide or regional area including the bank's AA.

### **Extent to Which the Bank Provides Community Development Services**

UFB provides an adequate amount of CD services in the Chicago MSA AA. During the evaluation period, six employees provided community development services to 14 different organizations. Employees spent a total of 250 hours providing these CD services. The services focused on financial literacy, teaching banking basics, hosting housing seminars, and participating in financial workshops focused on home buying. Further, both branches in the Chicago MSA AA are located in moderate-income CTs.

### **Responsiveness to Community Development Needs**

UFB's community development loans, investments, and services reflect adequate responsiveness to the community development needs of the Chicago MSA AA.

### **Performance in Limited-Scope Assessment Areas in the State of Illinois**

Based on a limited-scope review, the bank's performance in the IL non-MSA AA is not consistent with the overall adequate performance in the Chicago MSA AA. Performance in the IL non-MSA AA is weaker than the overall performance in the Chicago MSA AA. The bank did not make any CD loans or qualified investments and did not provide CD services. The branch located in the IL non-MSA AA is located in a moderate-income CT. However, this AA was added May 26, 2017, and the bank did not have sufficient time to respond to the needs of this community, as the evaluation period ended November 27, 2017.

## State Rating

### State of Indiana

#### **CRA rating for Indiana: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Outstanding**

The major factors that support the overall rating for Indiana include:

- The bank's lending among businesses of different sizes and borrowers of different income levels meets the standards of satisfactory performance;
- The bank's distribution of loans among low- and moderate-income geographies exceeds the standards of satisfactory performance; and,
- The bank's community development performance demonstrates excellent responsiveness to the community development needs of the AA.

### Description of Institution's Operations in Indiana

UFB has three AAs in Indiana. The Evansville MSA AA, is located in the southwestern tip of the state and the Indianapolis MSA AA is located in the central part of the state. The IN non-MSA AA is also located in the southwestern tip of the state.

#### Evansville MSA

See Appendix C: Community Profiles for Full-Scope Areas for detailed information about the Evansville MSA AA.

#### Indianapolis MSA

The Indianapolis MSA AA has one branch and one deposit-taking ATM. The AA consists of 39 CTs, encompassing all of Hamilton County. There are no low-income CTs; three moderate-income, five middle-income, and 31 upper-income CTs in the AA. According to the June 30, 2017 FDIC Deposit Market Share Report, UFB's deposits in the AA totaled \$34.1 million, or 6.8 percent of total deposits.

#### IN non-MSA

The IN non-MSA AA has one branch and one deposit-taking ATM. The AA consists of seven CTs, encompassing all of Gibson County. There are no low- or moderate-income CTs; five middle-income, and two upper-income CTs in the AA. According to the June 30, 2017 FDIC Deposit Market Share Report, UFB's deposits in the AA totaled \$5.3 million, or 2.2 percent of total deposits.

### Scope of Evaluation in Indiana

The Evansville MSA AA received a full-scope review, while the Indianapolis MSA AA and the IN non-MSA AA received limited-scope reviews. The Evansville MSA AA is weighted most

heavily in arriving at the overall conclusion for the state, as the bank's largest market share for deposits is concentrated in this area. Of the bank's deposits in Indiana, 83.8 percent are in the Evansville MSA AA, 14.0 percent are in the Indianapolis MSA AA, and 2.2 percent are in the IN non-MSA AA. The Indiana state rating is based primarily on results of the area that received a full-scope review.

The primary lending products in the Evansville MSA AA are residential real estate loans and business loans. Of the loans made in this AA, 35.1 percent by number and 26.3 percent by dollar volume were residential real estate loans. Business loans represented 33.8 percent by number and 68.2 percent by dollar volume.

The Indianapolis MSA AA was added May 1, 2015, after a branch was built in Carmel, IN. This AA received a limited-scope review, which considered lending and CD activity. The primary lending product in the AA is residential real estate loans. Of the loans made in this AA, 79.2 percent by number and 72.4 percent by dollar volume were residential real estate loans.

The IN non-MSA AA was added February 1, 2017, after a branch was built in Fort Branch, IN. Since the Lending Test only considers activity from January 1, 2015 through December 31, 2016, this AA received a limited-scope review and only considers CD activity undertaken from February 1, 2017 through November 27, 2017.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN INDIANA**

UFB's CRA performance in Indiana is rated Satisfactory. The bank's performance is Satisfactory under the Lending Test and Outstanding under the CD Test.

### **LENDING TEST**

The bank's performance under the Lending Test in Indiana is rated Satisfactory. The bank meets the standards of satisfactory performance when lending to borrowers of different incomes and businesses of different sizes and exceeds the standards of satisfactory performance in lending among low- and moderate-income geographies.

#### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The overall distribution of loans to borrowers of different incomes and businesses of different sizes meets the standards of satisfactory performance and is considered reasonable. The borrower distribution of residential real estate loans and business loans meets the standards of satisfactory performance.

##### *Residential Real Estate Loans*

The borrower distribution of residential real estate loans among borrowers of different income levels meets the standards of satisfactory performance when compared to aggregate lending data and the AA demographics in the Evansville MSA AA. UFB's lending to low-income borrowers meets the standards of satisfactory performance and is within a reasonable range when compared to aggregate lending data and the percentage of low-income families in the



AA. UFB's lending to moderate-income borrowers meets the standards of satisfactory performance and is within a reasonable range when compared to aggregate lending data and the percentage of moderate-income families in the AA.

<b>Table 6 - Borrower Distribution of Residential Real Estate Loans in Evansville AA</b>			
<b>Borrower Income Level</b>	<b>% Total UFB Loans</b>	<b>% of Loans by AA Lenders</b>	<b>% of AA Families by Income Level</b>
Low	13.46	9.07	20.50
Moderate	13.46	22.29	16.93
Middle	15.38	22.95	22.02
Upper	44.23	37.11	40.55
Not Available	13.46	8.57	-----

Source: 2015 and 2016 HMDA LAR; 2010 U.S. Census data

Business Loans

The borrower distribution of loans to businesses of different sizes in the Evansville MSA AA meets the standards of satisfactory performance. UFB's performance is within a reasonable range of aggregate peer data by number of loans originated to businesses with revenues of \$1.0 million or less.

<b>Table 6A – Borrower Distribution to Businesses in Evansville AA</b>				
<b>Business Revenues (or Sales)</b>	<b>&lt;= \$1,000,000</b>	<b>&gt; \$1,000,000</b>	<b>Unavailable</b>	<b>Total</b>
% of AA Businesses	77.53%	8.02%	14.46%	100.00%
% of Loans by AA Lenders	40.70%	59.30%	0.00%	100.00%
% of Bank Loans in AA by #	45.00%	45.00%	10.00%	100.00%

Source: Business loan sample; 2010 U.S. Census data

**Geographic Distribution of Loans**

The geographic distribution of loans exceeds the standards of satisfactory performance and is considered excellent. The geographic distribution of residential real estate loans and business loans exceeds the standards of satisfactory performance.

Residential Real Estate Loans

The geographic distribution of residential real estate loans exceeds the standards of satisfactory performance in the Evansville MSA AA. UFB's percentage of residential real estate loans exceeds the standards of satisfactory performance in low-income CTs, exceeding the percentage of loans made by other AA lenders and the percentage of owner-occupied housing units in low-income CTs. UFB's percentage of residential real estate loans exceeds the standards of satisfactory performance in moderate-income CTs, exceeding the percentage of loans made by other AA lenders and the percentage of owner-occupied housing in moderate-income CTs.

<b>Table 7 - Geographic Distribution of Residential Real Estate Loans in Evansville AA</b>			
<b>Census Tract Income Level</b>	<b>% Total UFB Loans</b>	<b>% of Loans by AA Lenders</b>	<b>% of AA Owner Occupied Housing</b>
Low	3.85	1.25	3.34
Moderate	32.69	14.44	18.09
Middle	30.77	35.01	37.96
Upper	32.69	49.30	40.61

Source: 2015 and 2016 HMDA LAR; 2010 U.S. Census data

Business Loans

The geographic distribution of business loans exceeds the standards of satisfactory performance in the Evansville MSA AA. UFB’s lending in low-income CTs exceeds the percentage of loans made by other AA lenders and the percentage of businesses in low-income CTs, exceeding the standards of satisfactory performance. UFB’s lending in moderate-income CTs is within a reasonable range of the percentage of loans made by other AA lenders and the percentage of businesses in moderate-income CTs, meeting the standards of satisfactory performance.

<b>Table 7A - Geographic Distribution of Business Loans in Evansville AA</b>				
<b>Census Tract Income Level</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
% of AA Businesses	5.04%	24.73%	37.51%	32.72%
% of Loans by AA Lenders	5.12%	24.28%	34.43%	36.07%
% of Bank Loans in AA by #	15.00%	25.00%	40.00%	20.00%

Source: Business loan sample; 2010 U.S. Census data

**Performance in Limited-Scope Assessment Areas in the State of Indiana**

Based on a limited-scope review, UFB’s performance under the Lending Test in the Indianapolis MSA AA is not inconsistent with the bank’s overall performance under the Lending Test in the Evansville AA. The bank originated 33 HMDA reportable loans in the AA. UFB did not originate any loans to low-income borrowers; however, only 9.4 percent of AA families are low-income and other AA lenders originated only 3.5 percent of loans to low-income borrowers. UFB originated 6.1 percent of loans to moderate-income borrowers, compared to other AA lenders who originated 12.7 percent of loans to moderate-income borrowers. There are no low-income CTs in the AA and only three moderate-income CTs. UFB did not originate any loans in the moderate-income CTs; however, other AA lenders only originated 2.4 percent of loans in these CTs and only 2.7 percent of homes in the moderate-income CTs are owner-occupied.

**Responses to Complaints**

UFB did not receive any complaints regarding its CRA performance during the evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the CD Test in the State of Indiana is rated Outstanding. The bank's CD performance demonstrated excellent responsiveness to the CD needs of its AA through CD loans, qualified investments, and CD services, considering the bank's capacity and the need and availability of such opportunities. The bank also made two CD loans in Indiana totaling \$5.2 million and \$41.9 million in investments, which benefit the broader statewide or regional area

### **Number and Amount of Community Development Loans**

UFB's CD lending in the Evansville MSA AA demonstrates excellent responsiveness. The bank made 18 CD loans totaling approximately \$11.3 million. Loans were to build affordable housing, finance rental properties in low- and moderate-income CTs, and to support school programs in low- and moderate-income areas.

### **Number and Amount of Qualified Investments**

UFB's qualified investments in the Evansville MSA AA demonstrates excellent responsiveness in relation to the bank's capacity, identified area needs and available investment opportunities. The bank made 15 donations totaling \$12,900 in the AA. UFB also made three qualified investments totaling approximately \$3.2 million. The donations and investments supported affordable housing projects, schools that had a majority of low- and moderate-income students, and organizations that assist low- and moderate-income individuals.

### **Extent to Which the Bank Provides Community Development Services**

UFB provides an excellent amount of CD services in the Evansville MSA AA. During the evaluation period, eight employees performed 1,400 hours of CD service activities. These activities support 28 different organizations in the AA. CD services include providing interview preparation, financial literacy classes, job mentoring, and banking basics.

### **Responsiveness to Community Development Needs**

UFB's CD loans, investments, and services reflect excellent responsiveness to the community development needs of the Evansville MSA AA.

### **Performance in Limited-Scope Assessment Areas in the State of Indiana**

Based on a limited-scope review, the bank's performance in the Indianapolis MSA AA is not inconsistent with the overall excellent performance in the Evansville MSA AA. The bank made \$29.4 million in qualified investments in the AA. One employee performed 155 hours in CD services during the evaluation period.

The performance in the IN non-MSA AA is not consistent with the overall excellent performance in the Evansville MSA AA. Performance in the IN non-MSA AA was weaker than the performance in the Evansville MSA AA. The bank did not make any CD loans or qualified

investments in the AA. One employee provided 38 hours of CD service during the review period. It should be noted however that the IN non-MSA AA was added February 1, 2017.

## State Rating

### State of Ohio

#### **CRA rating for Ohio: Satisfactory**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

The major factors that support the overall rating for Ohio include:

- The bank's lending among businesses of different sizes and borrowers of different income levels meets the standards of satisfactory performance;
- The bank's distribution of loans among low- and moderate-income geographies meets the standards of satisfactory performance; and,
- The bank's community development performance demonstrates adequate responsiveness to the community development needs of the AA.

### **Description of Institution's Operations in Ohio**

UFB has one AA in Ohio, the Cincinnati MSA AA, located in the southwestern corner of the state. See Appendix C: Community Profiles for Full-Scope Areas for detailed information about this AA.

### **Scope of Evaluation in Ohio**

The Cincinnati MSA AA received a full-scope review. The primary lending products in the AA are residential real estate loans and business loans. Residential real estate loans represented 60.0 percent of loans by number and 71.7 percent by dollar volume, and receive the most weight in the Ohio Lending Test rating. Business loans represented 28.0 percent of loans by number and 19.5 percent by dollar volume.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN OHIO**

UFB's CRA performance in Ohio is rated Satisfactory. The bank's performance is Satisfactory under the Lending Test and Satisfactory under the Community Development Test.

### **LENDING TEST**

The bank's performance under the Lending Test in Ohio is Satisfactory. The bank meets the standards of satisfactory performance when lending to borrowers of different income levels and businesses of different sizes and meets the standards of satisfactory performance in lending among low- and moderate-income geographies.

**Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The overall distribution of loans to borrowers of different incomes and businesses of different sizes meets the standards of satisfactory performance and is considered reasonable. The borrower distribution of residential real estate loans meets the standards of satisfactory performance. The distribution of loans to businesses of different sizes exceeds the standards of satisfactory performance.

Residential Real Estate Loans

The borrower distribution of residential real estate loans among borrowers of different income levels meets the standards of satisfactory performance when compared to aggregate lending data and the AA demographics in the Cincinnati MSA AA. UFB originated 14 residential real estate loans in the Cincinnati MSA AA during the review period. UFB’s lending to low-income borrowers met the standards of satisfactory performance and was within a reasonable range when compared to aggregate lending data. Lending to low-income borrowers was significantly lower than the percentage of low-income families, but is reasonable considering the disproportionate impact of the poverty level on lending opportunities, with 14 percent of households living below the poverty level in the AA. UFB’s lending to moderate-income borrowers exceeds the standards of satisfactory performance and is significantly higher when compared to aggregate lending data and the percentage of moderate-income families in the AA.

<b>Table 8 - Borrower Distribution of Residential Real Estate Loans in Cincinnati AA</b>			
<b>Borrower Income Level</b>	<b>% Total UFB Loans</b>	<b>% of Loans by AA Lenders</b>	<b>% of AA Families by Income Level</b>
Low	7.14	10.03	22.63
Moderate	50.00	19.64	17.18
Middle	21.43	21.05	20.24
Upper	14.29	40.42	39.95
Not Available	7.14	8.86	-----

Source: 2015 and 2016 HMDA LAR; 2010 U.S. Census data

Business Loans

The borrower distribution of loans to businesses of different sizes in the Cincinnati MSA AA exceeds the standards of satisfactory performance. UFB originated seven business loans in the Cincinnati MSA AA during the review period. UFB’s performance exceeds the aggregate peer data by the number of loans originated to businesses with revenues of \$1.0 million or less. UFB’s performance also exceeds the percentage of those businesses in the AA.

Table 8A - Borrower Distribution to Businesses in Cincinnati AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	79.35%	7.92%	12.72%	100.00%
% of Loans by AA Lenders	45.72%	54.28%	0.00%	100.00%
% of Bank Loans in AA by #	85.71%	14.29%	0.00%	100.00%

Source: Business loan sample; 2010 U.S. Census data

### Geographic Distribution of Loans

The geographic distribution of loans meets the standards of satisfactory performance and is considered reasonable. The geographic distribution of residential real estate loans meets the standards of satisfactory performance and the geographic distribution of business loans exceeds the standards of satisfactory performance.

#### Residential Real Estate Loans

The geographic distribution of residential real estate loans meets the standards of satisfactory performance in the Cincinnati MSA AA. UFB originated 14 residential real estate loans in the AA during the review period. UFB's percentage of residential real estate loans meets the standards of satisfactory performance in low-income CTs. While no loans were made in low-income CTs, other AA lenders only made 2.7 percent of loans in these CTs and only 4.3 percent of housing is owner-occupied in the low-income CTs. UFB's percentage of residential real estate loans exceeds the standards of satisfactory performance in moderate-income CTs, exceeding the percentage of loans made by other AA lenders and the percentage of AA families in moderate-income CTs.

Table 9 - Geographic Distribution of Residential Real Estate Loans in Cincinnati AA			
Census Tract Income Level	% Total UFB Loans	% of Loans by AA Lenders	% of AA Owner Occupied Housing
Low	0.00	2.67	4.30
Moderate	28.57	14.92	18.94
Middle	57.14	38.87	41.18
Upper	14.29	43.52	35.58

Source: 2015 and 2016 HMDA LAR; 2010 U.S. Census data

#### Business Loans

The geographic distribution of business loans exceeds the standards of satisfactory performance in the Cincinnati MSA AA. UFB made seven business loans in the AA during the review period. UFB's performance in both low- and moderate-income CTs exceeds the standards of satisfactory performance when compared to other AA lenders and the percentage of businesses in those CTs.

<b>Table 9A - Geographic Distribution of Business Loans in Cincinnati AA</b>				
<b>Census Tract Income Level</b>	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
% of AA Businesses	8.51%	24.15%	34.08%	33.19%
% of Loans by AA Lenders	7.96%	20.82%	32.88%	38.33%
% of Bank Loans in AA by #	14.29%	42.86%	28.57%	14.29%

Source: Business loan sample; 2010 U.S. Census data

## Responses to Complaints

UFB did not receive any complaints regarding its CRA performance during the evaluation period.

## COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD Test in the State of Ohio is Satisfactory. The bank's CD performance demonstrates adequate responsiveness to the CD needs of its AA through CD loans, qualified investments, and CD services, considering the bank's capacity and the need and availability of such opportunities.

### Number and Amount of Community Development Loans

UFB's CD lending in the Cincinnati MSA AA demonstrates adequate responsiveness. The bank made one CD loan totaling approximately \$105,000. The loan financed a rental property in a moderate-income CT.

### Number and Amount of Qualified Investments

UFB's qualified investments in the Cincinnati MSA AA demonstrates excellent responsiveness in relation to the bank's capacity, identified area needs and available investment opportunities. UFB made three qualified investments totaling approximately \$30.5 million in its AA. They also made one investment for \$11.3 million, which benefits the broader statewide or regional area including the bank's AA. The investments all support affordable housing.

### Extent to Which the Bank Provides Community Development Services

UFB provides an adequate amount of CD services in the Cincinnati MSA AA. During the evaluation period, two employees performed 155 hours of CD service activities. These activities support five different organizations in the AA. CD services include providing career aid to women and home buying presentations.

### Responsiveness to Community Development Needs

UFB's CD loans, investments, and services reflect adequate responsiveness to the community development needs of the Cincinnati MSA AA.



## **Territory Rating**

### **Territory of U.S. Virgin Islands**

#### **CRA rating for the U.S. Virgin Islands: Satisfactory**

**The Community Development Test is rated: Satisfactory**

The major factors that support the overall rating for the U.S. Virgin Islands include:

- The bank's qualified investment activity demonstrates adequate responsiveness; and,
- The bank provides an excellent level of CD services.

### **Description of Institution's Operations in U.S. Virgin Islands**

#### **Scope of Evaluation in the U.S. Virgin Islands**

The St. Croix AA was added January 31, 2017, after the purchase of the Bank of St. Croix. The purchase added \$135.9 million in deposits. Since the Lending Test considers activity from January 1, 2015 through December 31, 2016 and the AA was not added until January 2017, the AA will not receive a Lending Test rating. The St. Croix AA received a CD Test rating, and all activity undertaken since the purchase will be considered. Consideration is given for the amount of time the AA was in existence.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN U.S. VIRGIN ISLANDS**

UFB's CRA performance in the U.S. Virgin Islands is rated Satisfactory. The bank's performance is Satisfactory under the Community Development Test.

#### **Responses to Complaints**

UFB did not receive any complaints regarding its CRA performance during the evaluation period.

### **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the CD Test in the St. Croix AA is rated Satisfactory. The bank's CD performance demonstrates adequate responsiveness to the CD needs of its AA through CD qualified investments and services, considering the bank's capacity and the need and availability of such opportunities. The bank's CD loan performance demonstrates poor responsiveness.

## **Number and Amount of Community Development Loans**

UFB's CD lending in the St. Croix AA is very poor. The bank made no CD loans in the AA during the evaluation period.

## **Number and Amount of Qualified Investments**

UFB's qualified investment activity in the St. Croix AA is adequate in relation to the bank's capacity, identified needs and available investment opportunities. The bank provided four grants to Hurricane Maria victims, which totaled \$2,500. This grant program was established in partnership with Affordable Housing Partners to assist hurricane victims by providing up to \$1,000 per family for basic necessities, such as food, medicine, furniture, and fuel for generators. The grant program continues to meet these basic needs for families still trying to recover from the hurricane. Given the short time period since the AA was added, this is considered adequate responsiveness.

## **Extent to Which the Bank Provides Community Development Services**

UFB provides an excellent amount of CD services in the St. Croix AA. The bank provided a number of services to employees and the community after the hurricane, which cannot be quantified by the number of employees serving or the hours served. The services included:

- Washers and dryers were provided at the bank for employees to use since most of the island was without power.
- A loan deferral program was implemented to allow up to 90 days before payments were due, no fees were charged during this period.
- Bug spray and citronella candles were sent to the island to help combat the mosquito problem.
- Technical assistance was provided to an insurance firm next door that was without power and could not process insurance claims, internet connectivity was shared with the firm.
- A computer was placed in the bank's lobby for consumers to use to conduct online transactions and communicate with family.
- The bank provided a safe keeping service for local businesses by allowing them to store cash and other valuables in the bank's vault.
- The bank continued to pay employees their normal wages during the disaster, while other businesses on the island were forced to lay off employees or reduce their pay.

Further, one branch in the St. Croix AA is located in a moderate-income CT.

## **Responsiveness to Community Development Needs**

UFB's CD investments, and services reflect adequate responsiveness to the community development needs of the St. Croix AA. The bank's CD loans reflect poor responsiveness.

## Appendix A: Scope of Examination

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 (excludes CD loans): 01/01/15 to 12/31/16 Community Development Test: 09/09/14 to 11/27/17	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
United Fidelity Bank, FSB Evansville, IN	Residential Real Estate Loans and Commercial Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Village Capital Corporation Evansville, IN	Wholly-owned Subsidiary	Commercial Loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<u>Colorado</u> MSA #19740 Denver-Aurora-Lakewood, CO	Full-scope	Denver, Arapahoe, and Jefferson Counties (Added July 2015)
<u>Florida</u> MSA #15980 Cape Coral-Ft. Myers, FL	Full-scope	Lee County (Added December 2016)
<u>Illinois</u> MSA #16794 Chicago-Naperville-Elgin, IL-IN-WI	Full-scope	Portion of Cook County
IL non-MSA	Limited-scope	Effingham and Fayette Counties (Added May 2017)
<u>Indiana</u> MSA #21780 Evansville, IN-KY	Full-scope	Vanderburgh, Warrick, and Posey Counties
MSA#26900 Indianapolis-Carmel-Anderson, IN	Limited-scope	Hamilton County (Added May 2015)
IN non-MSA	Limited-scope	Gibson County (Added February 2017)
<u>Ohio</u> MSA #17140 Cincinnati, OH-KY-IN	Full-scope	Hamilton and Butler Counties
<u>U.S. Virgin Islands</u> St. Croix Island	Full-scope	St. Croix Island (Added January 2017)

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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RATINGS			
United Fidelity Bank, F.S.B.			
Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
United Fidelity Bank, FSB	Satisfactory	Satisfactory	Satisfactory
Multistate Metropolitan Area or State:			
Colorado	Satisfactory	Satisfactory	Satisfactory
Florida	Not Applicable	Needs to Improve	Needs to Improve
Illinois	Outstanding	Satisfactory	Satisfactory
Indiana	Satisfactory	Outstanding	Satisfactory
Ohio	Satisfactory	Satisfactory	Satisfactory
U.S. Virgin Islands	Not Applicable	Satisfactory	Satisfactory

## Appendix C: Community Profiles for Full-Scope Areas

### State of Colorado

#### Denver-Aurora-Lakewood, CO MSA

Demographic Information for Full Scope Area: Denver-Aurora-Lakewood, CO MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	429	12.82	23.78	33.57	29.14	0.70
Population by Geography	1,706,704	13.63	24.46	34.24	27.61	0.07
Owner-Occupied Housing by Geography	433,980	7.78	20.28	37.93	34.01	0.00
Business by Geography	193,030	9.62	22.20	30.23	37.53	0.43
Farms by Geography	3,225	9.33	21.33	34.05	35.19	0.09
Family Distribution by Income Level	409,602	24.16	17.49	19.82	38.54	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	170,588	22.00	33.63	30.00	14.36	0.00
Median Family Income		\$75,101	Median Housing Value		\$267,455	
FFIEC Adjusted Median Family Income for 2016		\$80,100	Unemployment Rate		3.86%	
Households Below Poverty Level		12%	(2010 US Census)			

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

The Denver MSA is a single-state AA consisting of 429 CTs, encompassing all of Arapahoe, Denver, and Jefferson counties. There are 55 low-income CTs, 102 moderate-income CTs, 144 middle-income CTs, and 125 upper-income CTs in the AA. There are also three CTs in the AA that are not assigned an income classification. UFB has two branches and one deposit-taking ATM in the AA. The AA meets the requirements of the regulation and did not arbitrarily exclude any low- or moderate-income CTs.

#### Competition

Competition in the Denver MSA AA for deposits is strong. As of June 30, 2017, UFB's deposits in the AA totaled \$19.8 million, or 0.03 percent of the total market share. According to the FDIC Deposit Market Share Report, UFB ranked 51 out of 64 deposit-taking institutions in the AA. The top five institutions, for deposit market share in the AA, were Wells Fargo Bank, U.S. Bank, FirstBank, JPMorgan Chase Bank, and KeyBank. These institutions accounted for 69.9 percent of deposits in the AA.

Competition for loans is also strong. Based on 2016 aggregate mortgage data, 811 lenders originated or purchased residential real estate loans in the AA. The top five lenders were Wells Fargo Bank, LoanDepot.com, JPMorgan Chase Bank, American Financing Corporation, and US Bank. These lenders accounted for 23.2 percent of the market share, by number of loans originated. Based on 2016 aggregate CRA loan data, 161 lenders originated or purchased small business loans in the AA. The top five small business lenders were Citibank, American Express, Chase Bank, Wells Fargo Bank, and US Bank. These lenders accounted for 70.7

percent of the market share, by number of loans originated.

### Employment and Economic Factors

According to the Bureau of Labor Statistics, the unemployment rate for all counties in the AA improved during the review period. The annual unemployment rate for Arapahoe, Denver, and Jefferson counties were all below the unemployment rate for the state of Colorado during the review period. The table below summarizes the annual unemployment rate for the state and each county in the AA.

<b>Unemployment Rates</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>YTD 2017</b>
State of Colorado	5.0%	3.9%	3.3%	2.6%
Arapahoe County	4.9%	3.7%	3.1%	2.5%
Denver County	4.8%	3.7%	3.2%	2.5%
Jefferson County	4.6%	3.6%	3.0%	2.4%

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

The leading industries in the area were professional and business services, education and health services, government, leisure and hospitality services, and retail trade, according to the November 2017 Moody's Analytics report. The top five employers were HealthONE, University of Colorado Hospital, Lockheed Martin Corp., Centura Health, and United Airlines Inc.

According to the 2010 U.S. Census, the total population of the AA was 1.71 million, with 12 percent of households living below the poverty level. Low-income families represented 24.2 percent of families in the AA and moderate-income families represented 17.5 percent of families.

### Housing

According to the 2010 US Census, 58.3 percent of housing in the AA was owner-occupied, 34.4 percent were rental properties, and 7.3 percent were vacant. In low-income CTs in the AA, 33.7 percent of houses are owner-occupied, 55.7 percent are renter occupied, and 10.6 percent are vacant. In moderate-income CTs, 46.6 percent of houses are owner-occupied, 45.4 percent are renter occupied, and 8.0 percent are vacant. Low- and moderate-income CTs account for 54.8 percent of multi-family housing units in the AA. The median age of the housing stock in the AA is 43 years and the median housing value is \$267,455.

### Community Contact

Three community contacts were performed with organizations that served the Denver MSA. Small business lending was noted as a need in the area, as well as start-up funding for new businesses. One contact noted that there is little opportunity for lending to low- and moderate income borrowers due to the cost of living, construction challenges in the area, and competition from larger financial institutions. Another contact stated that there are; however, opportunities to assist focused on development of apartment buildings, which could provide housing to low- and moderate-income families. There is also a need to contribute to non-profit organizations and for banks to provide financial education.

## State of Florida

### Fort Myers MSA

Demographic Information for Cape Coral – Fort Myers, FL MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	166	3.01	19.28	48.19	28.92	0.60
Population by Geography	618,754	3.49	19.26	52.98	24.27	0.00
Owner-Occupied Housing by Geography	183,928	1.32	14.17	55.62	28.89	0.00
Business by Geography	68,907	3.62	14.68	51.54	30.01	0.15
Farms by Geography	2,217	1.49	17.55	55.12	25.76	0.09
Family Distribution by Income Level	162,925	18.96	18.96	21.42	40.66	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	61,778	5.30	26.15	52.78	15.77	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		58,950 56,400 10%	Median Housing Value Unemployment Rate (2010 US Census)	243,186 4.57%		

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MF

The Fort Myers MSA is a single-state AA consisting of 166 CTs, encompassing all of Lee County. There are five low-income CTs, 32 moderate-income CTs, 80 middle-income CTs, and 48 upper-income CTs in the AA. There is also one CT in the AA that was not assigned an income classification. UFB has one branch and one deposit-taking ATM in the AA. The AA meets the requirements of the regulation and did not arbitrarily exclude any low- or moderate-income CTs.

### Competition

Competition in the Fort Myers MSA AA is modest. According to the June 30, 2017 FDIC Deposit Market Share Report, UFB's deposits in the AA totaled \$27.8 million, or 0.2 percent of the total market share. UFB ranked 33 out of 35 deposit-taking institutions in the AA. The top five institutions, for deposit market share in the AA, were Wells Fargo Bank, Bank of America, SunTrust Bank, Fifth Third Bank, and Branch Banking and Trust Company. These institutions accounted for 58.8 percent of deposits in the AA.

### Employment and Economic Factors

According to the Bureau of Labor Statistics, the unemployment rate for Lee County declined during the review period. The annual unemployment rate for Lee County was below the state of Florida unemployment rate. The table below summarizes the annual unemployment rate for the state and Lee County.

<b>Unemployment Rates</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>YTD 2017</b>
State of Florida	6.3%	5.5%	4.8%	4.2%
Lee County	6.0%	5.1%	4.6%	4.0%

*Source: Bureau of Labor Statistics*

According to the 2010 U.S. Census, the total population of the AA was 618,754, with 10 percent of households living below the poverty level. Low-income families represented 19.0 percent of families in the AA and moderate-income families represented 19.0 percent of families.



## State of Illinois

### Chicago-Naperville-Elgin, IL-IN-WI MSA

Demographic Information for Full Scope Area: Chicago-Naperville-Elgin, IL-IN-WI MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	950	24.11	32.00	25.58	18.00	0.32
Population by Geography	3,413,798	19.20	35.43	28.71	16.66	0.00
Owner-Occupied Housing by Geography	670,305	10.22	30.36	36.65	22.77	0.00
Business by Geography	161,652	10.64	21.84	26.90	40.56	0.05
Farms by Geography	1,380	10.14	26.74	35.36	27.75	0.00
Family Distribution by Income Level	753,446	32.82	18.73	18.14	30.32	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	388,366	28.03	42.36	23.75	5.85	0.00
Median Family Income		\$72,196	Median Housing Value	\$278,172		
FFIEC Adjusted Median Family Income for 2016		\$74,700	Unemployment Rate	5.80%		
Households Below Poverty Level		17%	(2010 US Census)			

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

The Chicago MSA is a single-state AA consisting of 950 CTs, consisting of a portion of Cook County. There are 229 low-income CTs, 304 moderate-income CTs, 243 middle-income CTs, and 171 upper-income CTs in the AA. There are also three CTs in the AA that are not assigned an income classification. UFB has two branches and two deposit-taking ATMs in the AA. The AA meets the requirements of the regulation and did not arbitrarily exclude any low- or moderate-income CTs.

#### Competition

Competition in the Chicago MSA AA for deposits is strong. As of June 30, 2017, UFB's deposits in the AA totaled \$34.6 million, or 0.01 percent of the total market share. According to the FDIC Deposit Market Share Report, UFB ranked 106 out of 116 deposit-taking institutions in the AA. The top five institutions, for deposit market share in the AA, were JPMorgan Chase Bank, Bank of America, BMO Harris Bank, The Northern Trust Company, and The PrivateBank and Trust Company. These institutions accounted for 63.9 percent of deposits in the AA.

Competition for loans is also strong. Based on 2016 aggregate mortgage data, 781 lenders originated or purchased residential real estate loans in the AA. The top five lenders were JPMorgan Chase Bank, Guaranteed Rate Inc., Wells Fargo Bank, LoanDepot.com, and US Bank. These lenders accounted for 33.4 percent of the market share, by number of loans originated. Based on 2016 aggregate CRA loan data, 182 lenders originated or purchased small business loans in the AA. The top five small business lenders were Citibank, American Express, Chase Bank, US Bank, and Bank of America. These lenders accounted for 65.9 percent of the market share, by number of loans originated.

## Employment and Economic Factors

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

Unemployment Rates				
	2014	2015	2016	YTD 2017
State of Illinois	7.1%	6.0%	5.9%	5.5%
Cook County	7.5%	6.2%	6.2%	5.0%

*Source: Bureau of Labor Statistics*

The leading industries in the area were professional and business services, education and health services, government, leisure and hospitality services, and retail trade, according to the November 2017 Moody's Analytics report. The top five employers were Advocate Health Care System, University of Chicago, Northwestern Memorial Healthcare, JPMorgan Chase & Co., and United Continental Holdings Inc.

According to the 2010 U.S. Census, the total population of the AA was 3.4 million, with 17 percent of households living below the poverty level. Low-income families represented 32.8 percent of families in the AA and moderate-income families represented 18.7 percent of families.

### Housing

According to the 2010 US Census, 43.9 percent of housing in the AA was owner-occupied, 43.0 percent were rental properties, and 13.1 percent were vacant. In low-income CTs in the AA, 23.4 percent of houses are owner-occupied, 55.5 percent are renter occupied, and 21.1 percent are vacant. In moderate-income CTs, 42.1 percent of houses are owner-occupied, 44.9 percent are renter occupied, and 13.0 percent are vacant. Low- and moderate-income CTs account for 40.6 percent of multi-family housing units in the AA. The median age of the housing stock in the AA is 66 years, and the median housing value is \$278,172.

### Community Contact

Two community contacts were performed with organizations that served the Chicago MSA. Both organizations discussed the need for more lending in low- and moderate income areas. One also noted a need for more lower dollar loans in these areas. Flexible home loan products, lending for affordable multifamily housing, and small business lending were also mentioned as needs of the Chicago MSA. One organization contact stated that banks need to donate and offer volunteer support to programs that focus on needs in the community.

## State of Indiana

### Evansville, IN-KY MSA

Demographic Information for Full Scope Area: Evansville, IN-KY MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	67	10.45	25.37	35.82	26.87	1.49
Population by Geography	265,302	4.97	21.75	35.75	37.53	0.00
Owner-Occupied Housing by Geography	75,148	3.34	18.09	37.96	40.61	0.00
Business by Geography	14,470	5.04	24.73	37.51	32.72	0.01
Farms by Geography	672	0.15	10.86	43.30	45.68	0.00
Family Distribution by Income Level	69,852	20.50	16.93	22.02	40.55	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	26,141	9.53	33.58	34.34	22.55	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		60,794 61,400 13%	Median Housing Value Unemployment Rate (2010 US Census)		117,753 3.20%	

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

The Evansville MSA is a single-state AA consisting of 67 CTs, encompassing all of Posey, Vanderburgh, and Warrick counties. There are seven low-income CTs, 17 moderate-income CTs, 24 middle-income CTs, and 18 upper-income CTs in the AA. There is also one CT in the AA that is not assigned an income classification. UFB has seven branches and seven deposit-taking ATMs in the AA. The AA meets the requirements of the regulation and did not arbitrarily exclude any low- or moderate-income CTs.

### Competition

Competition in the Evansville MSA AA for deposits is notable. As of June 30, 2017, UFB's deposits in the AA totaled \$203.5 million, or 4.1 percent of the total market share. According to the FDIC Deposit Market Share Report, UFB ranked fourth out of 19 deposit-taking institutions in the AA. The top three institutions, for deposit market share in the AA, were Old National Bank, Fifth Third Bank, and German American Bancorp. These institutions accounted for 72.3 percent of deposits in the AA.

Competition for loans is also notable. Based on 2016 aggregate mortgage data, 281 lenders originated or purchased residential real estate loans in the AA. The top five lenders were Evansville Teachers Federal Credit Union, Heritage Federal Credit Union, Old National Bank, Mortgage Masters of Indiana, and LoanDepot.com. These lenders accounted for 36.4 percent of the market share, by number of loans originated. Based on 2016 aggregate CRA loan data, 68 lenders originated or purchased small business loans in the AA. The top five small business lenders were American Express, Old National Bank, Citibank, Synchrony Bank, and Capital One Bank. These lenders accounted for 53.2 percent of the market share, by number of loans originated.

## Employment and Economic Factors

According to the Bureau of Labor Statistics, the unemployment rate for all counties in the AA improved during the review period. The annual unemployment rate for Posey, Vanderburgh, and Warrick counties were all below the unemployment rate for the state of Indiana during the review period. The table below summarizes the annual unemployment rate for the state and each county in the AA.

<b>Unemployment Rates</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>YTD 2017</b>
State of Indiana	5.9%	4.8%	4.4%	4.0%
Posey County	4.8%	4.0%	4.0%	3.2%
Vanderburgh County	5.4%	4.3%	4.1%	3.4%
Warrick County	4.9%	4.1%	4.1%	3.3%

*Source: Bureau of Labor Statistics*

The leading industries in the area were education and health services, manufacturing, professional and business services, retail trade, and government, according to the November 2017 Moody's Analytics report. The top five employers were Deaconess Hospital, Toyota Motor Manufacturing, St. Mary's Medical Center, Evansville Vanderburgh School Corp., and University of Southern Indiana.

According to the 2010 U.S. Census, the total population of the AA was 265,000, with 13 percent of households living below the poverty level. Low-income families represented 20.5 percent of families in the AA and moderate-income families represented 16.9 percent of families.

## Housing

According to the 2010 US Census, 63.8 percent of housing in the AA was owner-occupied, 26.3 percent were rental properties, and 9.9 percent were vacant. In low-income CTs in the AA, 34.4 percent of houses are owner-occupied, 42.5 percent are renter occupied, and 23.1 percent are vacant. In moderate-income CTs, 46.9 percent of houses are owner-occupied, 42.8 percent are renter occupied, and 10.4 percent are vacant. Low- and moderate-income CTs account for 47.1 percent of multi-family housing units in the AA. The median age of the housing stock in the AA is 48 years and the median housing value is \$117,753.

## Community Contact

Two community contacts were performed with organizations that served the Evansville area. The organizations noted a need for more affordable housing in the area, as well as the need for home improvement and rehabilitation of housing in distressed communities. They identified the need for more extensive public transportation to allow individuals without access to reliable transportation the opportunity to get to jobs in outlying areas. One community contact noted the need for more community bank involvement in small business lending and in community development in general.

**State of Ohio****Cincinnati, OH-KY-IN MSA**

Demographic Information for Full Scope Area: Cincinnati, OH-KY-IN MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	302	15.89	26.16	33.77	23.51	0.66
Population by Geography	1,170,504	9.90	23.38	36.78	29.33	0.62
Owner-Occupied Housing by Geography	295,911	4.30	18.94	41.18	35.57	0.00
Business by Geography	69,638	8.51	24.15	34.08	33.19	0.08
Farms by Geography	1,522	4.80	15.77	45.99	33.44	0.00
Family Distribution by Income Level	289,778	22.63	17.18	20.24	39.95	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	115,343	16.31	32.23	36.74	14.72	0.00
Median Family Income		\$67,016	Median Housing Value	\$160,382		
FFIEC Adjusted Median Family Income for 2016		\$68,800	Unemployment Rate	4.08%		
Households Below Poverty Level		14%	(2010 US Census)			

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

The Cincinnati MSA is a single-state AA consisting of 302 CTs, encompassing all of Butler and Hamilton counties. There are 48 low-income CTs, 79 moderate-income CTs, 102 middle-income CTs, and 71 upper-income CTs in the AA. There are also two CTs in the AA that are not assigned an income classification. UFB has one branch and one deposit-taking ATM in the AA. The AA meets the requirements of the regulation and did not arbitrarily exclude any low- or moderate-income CTs.

**Competition**

Competition in the Cincinnati MSA AA for deposits is strong. As of June 30, 2017, UFB's deposits in the AA totaled \$21.1 million, or 0.02 percent of the total market share. According to the FDIC Deposit Market Share Report, UFB ranked 33 out of 41 deposit-taking institutions in the AA. The top five institutions, for deposit market share in the AA, were US Bank, Fifth Third Bank, PNC Bank, First Financial Bank, and The Huntington National Bank. These institutions accounted for 92.9 percent of deposits in the AA.

Competition for loans is also strong. Based on 2016 aggregate mortgage data, 476 lenders originated or purchased residential real estate loans in the AA. The top five lenders were Union Savings Bank, US Bank, Fifth Third Mortgage Company, Guardian Savings Bank, and LoanDepot.com. These lenders accounted for 29.9 percent of the market share, by number of loans originated. Based on 2016 aggregate CRA loan data, 112 lenders originated or purchased small business loans in the AA. The top five small business lenders were American Express, US Bank, Citibank, PNC Bank, and Fifth Third Bank. These lenders accounted for 64.1 percent of the market share, by number of loans originated.

## Employment and Economic Factors

According to the Bureau of Labor Statistics, the unemployment rate for all counties in the AA improved during the review period. The annual unemployment rate for Butler and Hamilton counties were below the unemployment rate for the state of Ohio during the review period. The table below summarizes the annual unemployment rate for the state and each county in the AA.

<b>Unemployment Rates</b>				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>YTD 2017</b>
State of Ohio	5.8%	4.9%	4.9%	5.7%
Butler County	5.5%	4.6%	4.4%	4.5%
Hamilton County	5.5%	4.5%	4.4%	4.4%

*Source: Bureau of Labor Statistics*

The leading industries in the area were professional and business services, education and health services, government, leisure and hospitality services, and manufacturing, according to the November 2017 Moody's Analytics report. The top five employers were Kroger Co., University of Cincinnati, Cincinnati Children's Hospital Medical Center, UC Health, and TriHealth Inc.

According to the 2010 U.S. Census, the total population of the AA was 1.17 million, with 14 percent of households living below the poverty level. Low-income families represented 22.6 percent of families in the AA and moderate-income families represented 17.2 percent of families.

## Housing

According to the 2010 US Census, 56.3 percent of housing in the AA was owner-occupied, 31.6 percent were rental properties, and 12.1 percent were vacant. In low-income CTs in the AA, 20.0 percent of houses are owner-occupied, 50.9 percent are renter occupied, and 29.1 percent are vacant. In moderate-income CTs, 41.4 percent of houses are owner-occupied, 43.4 percent are renter occupied, and 15.3 percent were vacant. Low- and moderate-income CTs account for 51.3 percent of multi-family housing units in the AA. The median age of the housing stock in the AA is 54 years and the median housing value is \$160,382.

## Community Contact

Two community contacts were performed with organizations that served the Cincinnati MSA. One organization noted a need for more micro lending and small business lending, which would support redevelopment in targeted communities within Cincinnati. Another organization discussed the need for affordable lending for repair and improvement of homes. A representative from the organization said that home loans in the area are attainable, but homeowners lack the funds to maintain their homes, and they have few options for obtaining funds to do so.

## U.S. Virgin Islands

### St. Croix AA

Demographic Information for Island of St. Croix						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	15	6.67	26.67	46.67	20.00	0.00
Population by Geography	0	0.00	0.00	0.00	0.00	0.00
Owner-Occupied Housing by Geography	0	0.00	0.00	0.00	0.00	0.00
Business by Geography	515	0.00	92.62	7.38	0.00	0.00
Farms by Geography	23	0.00	86.96	13.04	0.00	0.00
Family Distribution by Income Level	0	0.00	0.00	0.00	0.00	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	0	0.00	0.00	0.00	0.00	0.00
Median Family Income		45,058	Median Housing Value		0	
FFIEC Adjusted Median Family Income for 2016		45,100	Unemployment Rate		0.00%	
Households Below Poverty Level		0%	(2010 US Census)			

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

The St. Croix AA is part of the U.S. Virgin Islands and consists of 15 CTs. There is one low-income CT, four moderate-income CTs, seven middle-income CTs, and three upper-income CTs in the AA. UFB has two branches and two deposit-taking ATMs in the AA. The AA meets the requirements of the regulation and did not arbitrarily exclude any low- or moderate-income CTs. According to the 2010 U.S. Census, the total population of the AA was 106,405, with 22 percent of households living below the poverty level.

### Competition

Competition in the U.S. Virgin Islands is low. According to the June 30, 2017 FDIC Deposit Market Share Report, UFB's deposits in the AA totaled \$140.0 million, or 24.9 percent of total market share. UFB ranked third out of three deposit-taking institutions in the AA. The other institutions in the area are FirstBank Puerto Rico, with 43.7 percent of deposit market share, and Banco Popular de Puerto Rico, with 31.4 percent of deposit market share.