



## **Small Bank**

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Comptroller of the Currency  
Administrator of National Banks

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### **Public Disclosure**

October 2, 2006

## **Community Reinvestment Act Performance Evaluation**

**United Communities National Bank  
Charter Number 24487**

**122 West Washington Street  
Winchester, IN 47394-0000**

**Comptroller of the Currency  
Central Illinois & Central Indiana  
8777 Purdue Road, Suite 105  
Indianapolis, IN 46268**

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

### **General Information**

**Institution's CRA Rating:** This institution is rated Satisfactory

**State Name: Indiana**                      **Rating: Satisfactory**

**State Name: Ohio**                         **Rating: Satisfactory**

The major factors that support this rating include:

The lending test is rated satisfactory.

- A more than reasonable average loan to deposit ratio is reflected during the evaluation period.
- A majority of UCNB's small loans to businesses, home mortgage loans, and consumer loan originations are within the bank's assessment areas.
- The borrower distribution of loans to businesses of different sizes and to borrowers and households of different income levels reflects satisfactory penetration.
- The geographic distribution of small loans to businesses, home mortgage loans, and consumer loans reflects satisfactory dispersion throughout the assessment areas (AAs).

### **Scope of Examination**

United Communities National Bank (UCNB) is the result of a merger, which occurred on January 1, 2005 between Randolph County Bank and Union County National Bank. Randolph County Bank converted from a State Charter to a National Charter prior to the merger. Randolph County was the surviving charter, and the bank's name was changed to UCNB.

This Performance Evaluation assesses UCNB's capacity to help meet the credit needs of the communities in which it operates. A Small Bank is subject to a lending test. The lending test evaluates a bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities.

Conclusions regarding the bank's lending performance are based on commercial loans and consumer loans originated or purchased from January 1, 2005 through September 13, 2006 and on residential mortgage loans originated or purchased from January 1, 2005 through June 30, 2006. Commercial loans, residential mortgages and consumer loans are the bank's primary products based on a review of the number and dollar of originations during this period. As a majority of the residential mortgage loans were either home purchase or home refinance, these were the mortgage products reviewed.

In each state where the bank has an office, one assessment area (AA) within the state must be selected for full-scope review. The bank has only one AA in Indiana and one AA in Ohio. Therefore, our analysis included full-scope examination procedures for the Indiana non-MSA AA and the Ohio MSA AA.

As part of this CRA evaluation, we reviewed publicly filed information for HMDA reportable loans and small loans to businesses and farms and determined the data integrity to be accurate.

## **Ratings**

The bank's overall rating is a blend of the state ratings for Indiana and Ohio. Most weight was allocated to UCNB's performance in the Indiana AA when reaching conclusions on the bank's overall performance. The Indiana AA contains the vast majority of the bank's branch offices, including the main office, loan originations, and deposit customers.

## **Description of Institution**

UCNB is a full service financial institution, headquartered in Winchester, Indiana. UCNB is an interstate bank with seven branch offices and seven automated teller machines (ATMs) located throughout its AA. Three of the seven branches and ATMs are located in moderate-income census tracts, three branches and ATMs are located in middle-income census tracts, and one branch and one ATM is located in an upper-income census tract. In July 2005, UCNB closed a branch office located in a supermarket in Connersville, IN. This branch was located in a middle-income census tract. The closing of this branch had no material impact on low- to moderate-income individuals or families.

UNCB is a wholly owned subsidiary of First Merchants Corporation (FMC), a \$3.2 billion holding company headquartered in Muncie, Indiana. FMC owns eight banks, which operate in the states of Indiana and Ohio, an insurance company, and a separately chartered Trust Company. FMC is also the majority shareholder in a title insurance company.

As of December 31, 2005, UCNB has total assets of \$303.2 million. Net loans and leases total \$243.2 million, representing 80 percent of total assets and 104 percent of deposits. By dollar volume, the loan portfolio is comprised of forty-two percent residential real estate, thirty-two percent commercial and commercial real estate, seventeen percent agriculture, nine percent consumer, and less than one percent other loans. Tier 1 Capital is \$23.7 million. The bank's business strategy is to grow through commercial and mortgage lending.

From January 1, 2005 through September 13, 2006, the bank originated 4,424 (\$185 million) loans. Fifty-seven percent of the dollar and fourteen percent of the number were in commercial loans, twenty-two percent of the dollar and thirteen percent of the number were in 1-4 family residential real estate loans, five percent of the dollar and five percent of the number were in agricultural loans, and sixteen percent of the dollar and sixty-seven percent of the number were in consumer loans.

UCNB does not have any legal or financial circumstances, which would impede their ability to meet the credit needs of the AA. UCNB has the resources and financial strength to meet the credit needs and to provide the products and services needed by individual and business customers in its communities.

The bank received a Satisfactory rating, under the name Union County National Bank of Liberty, IN, on its previous CRA examination dated June 11, 2001, which was performed by the Office of the Comptroller of the Currency (OCC). Additionally, the bank received a Satisfactory rating under the name of Randolph County Bank, on its previous CRA examination dated February 1, 1996, which was performed by the Federal Deposit Insurance Corporation (FDIC).

## **Loan-to-Deposit Ratio**

UCNB's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and AA credit needs. The bank's loan-to-deposit ratio averaged 106.96 percent over six quarters from January 1, 2005 to June 30, 2006, with a low of 101.30 percent and a high of 114.31 percent.

UCNB ranks second among four other similarly situated banks serving the AA. Similarly situated banks include those with assets between \$130 million and \$570 million located in Butler County, Ohio and Wayne County, Indiana. The four other banks have an average loan-to-deposit ratio of 99.30 percent, ranging from a low of 81.68 percent to a high of 125.95 percent.

## **Lending in Assessment Area**

A majority of loans, eighty-nine percent of the number (4,424) and eighty-three percent of the dollar (\$185 million), are originated within the bank's assessment area. Since the bank tracks their loans in and out of their assessment area, we utilized one hundred percent of the bank's loans originated from January 1, 2005 through September 13, 2006 for this analysis. To determine the reliability of the data, we tested a random sample of 120 loans. We determined the bank's data to be reliable.

## **State Ratings**

### **State of Indiana**

**CRA Rating for Indiana: Satisfactory**

### **Major factors that support this rating include:**

- The borrower distribution of UCNB's commercial loans, home mortgage loans, and consumer loans reflects satisfactory dispersion among borrowers of different income levels throughout the bank's Indiana Non-MSA AA.
- The overall geographic distribution of UCNB's commercial loans, home mortgage loans, and small loans to businesses reflects satisfactory penetration throughout the bank's Indiana Non-MSA AA.

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

The Indiana non-MSA AA is made up of thirty-seven census tracts in Randolph, Union, Wayne, and Fayette Counties. One tract (three percent) is designated as low-income, five tracts (fourteen percent) are designated as moderate-income, twenty-nine tracts (seventy-eight percent) are designated as middle-income, and two tracts (five percent) are designated upper-income.

This assessment area conforms to the regulation and does not arbitrarily exclude low- or moderate-income areas. The following demographic information for the AA is based on 2000 census data:

<b>Demographic Information for Assessment Area</b>	<b>Indiana Non MSA AA</b>
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Population:	131,435
Housing Stock: <i>1-4 family housing units</i>	93%
Occupancy: <i>owner-occupied, renter-occupied, vacant</i>	66%, 27%, 7%
Home Values: <i>Median home value</i>	\$76,781
Age of Homes: <i>Median year of homes built</i>	1954
Income: <i>Updated Median family income</i>	\$53,500
Family Income Levels (%): <i>Low-, moderate-, middle-, upper-income</i>	20%, 21%, 25%, 34%
Household Income Levels (%): <i>Low-, moderate-, middle-, upper-income</i>	24%, 19%, 21%, 36%
	<b>2005 Business Data</b>
Farms: <i>% of small farms in the assessment area</i>	98%
Businesses: <i>% of small businesses in the assessment area</i>	63%
<i>Percent of farms not reporting revenue figures</i>	0%
<i>Percent of businesses not reporting revenue figures</i>	32%

The local economy is currently stable and driven by services, retail trade, industry, and agriculture. The major employers in the area are Visteon (Ford) and Reid Hospital. Other employers include Anchor Glass Container (Bottle Company) and the local school district. The December 2005 unemployment rate for the combined counties in the Indiana Non-MSA AA is eight percent, compared to the State unemployment rate of six percent, and the National rate of five percent. It should be noted that Randolph County, which is located in the Indiana non-MSA AA, has been designated as a “distressed and underserved area” due to a reduction in the automobile components industry and a reduction in the number of employees in the major companies that have survived. Within the past year, the closing of the Union City Body Company resulted in approximately 300 additional job losses. The economy in the AA is expected to decline further, with the recent announcement of an additional reduction of 400 employees by year end at Visteon.

UCNB faces competition from five larger regional banks, as well as several community banks, a saving bank, and a savings and loan. This includes Old National Bank, Mutual Federal Savings Bank, First Financial Bank, Bath State Bank, U.S. Bank, First Bank Richmond, Union Federal Savings and Loan, and FCN.

A local community development official and an official of an affordable housing program were contacted during the examination. The officials indicated that there is additional need in the area for affordable housing programs for rehabilitation projects, rehabilitation grants, reverse mortgages, innovative first- time homebuyer programs, construction financing at affordable terms, and small business loans for start-up businesses. These individuals noted that the local community banks are involved in the community, have participated on community development boards, and are willing to listen and strategize.

**Lending Test**

UCNB’s performance under the lending test in the Indiana Non-MSA AA is satisfactory. UCNB has satisfactory borrower and geographic distribution of loans within the AAs.

## Distribution of Loans by Income Level of the Borrower – Indiana Non-MSA AA

The borrower distribution of UCNB's consumer loans reflects excellent dispersion among borrowers of different income levels throughout the bank's AA. The borrower distribution of UCNB's commercial and residential real estate loans reflects satisfactory dispersion among borrowers of different income levels throughout the bank's AA.

### Small Loans to Businesses

The overall borrower distribution of commercial loans by income levels is satisfactory in the Indiana Non-MSA AA.

The borrower distribution of small loans to businesses is reasonable. While the percent of the number and dollar of loans exceeds the percent of small business in the AA, thirty-two percent of the businesses in the AA did not report income information.

<b>Borrower Distribution of Loans to Businesses in the Indiana Non-MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	63.25%	5.10%	31.65%	100%
% of Bank Loans in AA by #	70.00%	30.00%	0%	100%
% of Bank Loans in AA by \$	71.17%	28.83%	0%	100%

*Source: Random Sample of 20 business loans originated from January 1, 2005 through September 13, 2006.*

### Home Mortgage Loans

The overall borrower distribution of home mortgage loans by income levels is satisfactory in the Indiana Non-MSA AA.

The borrower distribution of home purchase loans and refinance loans is reasonable. The percentage of home purchase loans made to moderate-income borrowers and the percentage of home refinance loans made to low-income borrowers exceeds the percentages of low- and moderate-income families in the AA. While the percentages of home purchase loans made to low-income borrowers and home refinance loans made to moderate-income borrowers are below the percentages of low- and moderate-income families in the AA, the performance is considered reasonable in light of a poverty level of eleven percent. Additionally, the weighted average of median housing in the AA is \$77 thousand, making it difficult for low-income borrowers to be able to afford a home.

<b>Borrower Distribution of Residential Real Estate Loans in the Indiana Non-MSA AA</b>				
Borrower Income Level	Low	Moderate	Middle	Upper

Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.70%	16.46%	21.28%	24.05%	24.59%	29.11%	34.43%	30.38%
Home Refis	19.70%	21.28%	21.28%	17.02%	24.59%	32.98%	34.43%	28.72%

Source: HMDA LAR information from January 1, 2005 through June 30, 2006

### Consumer Loans

The overall borrower distribution of consumer loans by income levels is excellent in the Indiana Non-MSA AA.

The bank's performance of lending to households of different income levels is more than reasonable. Performance to low- and middle-income borrowers exceeds the demographic comparators.

<b>Borrower Distribution of Consumer Loans in the Indiana Non-MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	24.48%	31.58%	18.91%	21.05%	20.84%	21.05%	35.77%	26.32%

Source: Sample of 20 consumer loans originated from January 1, 2005 through September 13, 2006.

### Distribution of Loans by Income Level of the Geography – Indiana Non-MSA AA

The overall geographic distribution of UCNB's residential real estate loans reflects excellent penetration throughout the Indiana Non-MSA AA. The overall geographic distribution of UCNB's commercial and consumer loans reflects satisfactory penetration throughout the Indiana Non-MSA AA.

### Small Loans to Businesses

The geographic distribution of commercial loans reflects satisfactory distribution among low- and moderate-income geographies.

Although the geographic distribution of small loans to businesses made in low- and moderate-income geographies is less than the percentage of businesses located in the low- and moderate-income geographies, the distribution is considered reasonable given the fact that seventy-six percent of the businesses are located in middle- and upper-income census geographies.

<b>Geographic Distribution of Loans to Businesses in the Indiana Non-MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	7.87%	5.00%	16.02%	10.00%	67.47%	75.00%	8.64%	10.00%

*Source: Sample of 20 loans originated from January 1, 2005 – September 13, 2006.*

### Home Mortgage Loans

The geographic distribution of home mortgage loans reflects an excellent distribution among the different income-level geographies.

The bank's level of home purchase and home refinance lending exceeds the percentage of owner-occupied housing in the low- and moderate-income geographies. This level of lending is considered more than reasonable in light of the fact that there are a limited number of owner-occupied units in these geographies. While the low-income geography has 2,327 housing units, only two percent of them are owner occupied. Moderate-income geographies contain 8,860 housing units, with only fourteen percent of these being owner-occupied.

<b>Geographic Distribution of Residential Real Estate Loans in the Indiana Non-MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	1.57%	2.41%	13.93%	28.92%	76.35%	67.47%	8.15%	1.20%
Home Refis	1.57%	2.00%	13.93%	25.00%	76.35%	73.00%	8.15%	0.00%

*Source: HMDA LAR information from January 1, 2005 through June 30, 2006.*

### Consumer Loans

The geographic distribution of consumer loans among the different income level geographies is satisfactory.

Although the geographic distribution of loans made in low- and moderate-income geographies is less than the percentage of AA households in those geographies, this is considered reasonable due to the fact that approximately eighty-one percent of the AA households are located in middle- and upper-income geographies.

<b>Geographic Distribution of Consumer Loans in the Indiana Non-MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	3.76%	0%	15.55%	10.53%	72.75%	84.21%	7.94%	5.26%

*Source: Sample of 20 loans originated from January 1, 2005 through September 13, 2006*

### ***Lending Gap Analysis***

Reports and maps detailing UCNB's lending activity over the evaluation period for commercial loans, home mortgage loans, and small loans to businesses were reviewed to identify gaps in the geographic distribution of these loans. No unexplained conspicuous gaps were identified in the assessment area receiving a full scope review.

### **State of Ohio**

#### **CRA Rating for Ohio MSA: Satisfactory**

#### **Major factors that support this rating include:**

- The borrower distribution of UCNB's commercial loans, home mortgage loans, and consumer loans reflects a satisfactory dispersion among borrowers of different income levels throughout the bank's AA.
- The overall geographic distribution of UCNB's commercial loans, home mortgage loans, and small loans to businesses reflects satisfactory penetration throughout the full-scope AA geographies.

#### **Description of Institutions Operations in Ohio**

The Ohio-MSA AA is made up of six census tracts in Butler County, Oxford Township. One tract (seventeen percent) is designated as low-income, one tract (seventeen percent) is designated as moderate-income, two tracts (thirty-three percent) are designated as middle-income, and two tracts (thirty-three percent) are designated upper-income.

This assessment area conforms to the regulation and does not arbitrarily exclude low- or moderate-income areas. The following demographic information for the AA is based on 2000 census data:

<b>Demographic Information for Assessment Area</b>	<b>Ohio-MSA AA</b>
Population:	26,701
Housing Stock: <i>1-4 family housing units</i>	71%
Occupancy: <i>owner-occupied, renter-occupied, vacant</i>	44%, 52%, 4%
Home Values: <i>Median home value</i>	\$131,958
Age of Homes: <i>Median year of homes built</i>	1972
Income: <i>Updated Median family income</i>	\$56,663
Family Income Levels (%): <i>Low-, moderate-, middle-, upper-income</i>	17%, 18%, 24%, 41%
Household Income Levels (%): <i>Low-, moderate-middle-, upper-income</i>	40%, 16%, 15%, 29%
	<b>2005 Business Data</b>
Farms: <i>% of small farms in the assessment area</i>	95%
Businesses: <i>% of small businesses in the assessment area</i>	66%
<i>Percent of farms not reporting revenue figures</i>	3%
<i>Percent of businesses not reporting revenue figures</i>	30%

The local economy is stable and driven by services, retail trade, industry, finance, insurance, and real estate. The major employers in the area are Miami University, AK Steel, Cincinnati Insurance Company, local government, and two regional hospitals. Other employers include the local school district, the city and other small local businesses. The December 2005 unemployment rate for the Ohio MSA AA (Butler County) was five percent, compared to the State unemployment rate of six percent, and the National rate of five percent.

UCNB faces competition from eight larger regional banks, as well as several community banks and six savings and loan associations. This includes Fifth Third, U.S. Bank, JP Morgan Chase, National City and Huntington National.

An official of a local neighborhood housing program was contacted during the examination. The official indicated that there is a need for affordable construction loans and end mortgages in the area. The official indicated that several of the area banks had worked with the neighborhood housing program.

### **Lending Test**

UCNB's performance under the lending test in the Ohio MSA AA is satisfactory. UCNB has satisfactory borrower and geographic distribution of its loans within the AA.

### **Distribution of Loans by Income Level of the Borrower – Ohio MSA AA**

The borrower distribution of UCNB's commercial loans, home mortgage loans, and consumer loans reflects a satisfactory dispersion among borrowers of different income levels throughout the bank's Ohio MSA AA.

### Small Loans to Businesses

The overall borrower distribution of commercial loans by income levels is satisfactory in the Ohio MSA AA.

Although the percent of the number and the percent of the dollar of loans made in the AA exceed the percent of small businesses located in the AA, this is considered reasonable, as approximately thirty percent of the business in the AA did not report revenues.

<b>Borrower Distribution of Loans to Businesses in the Ohio MSA AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	66.2%	4.14%	29.66%	100%
% of Bank Loans in AA by #	90.00%	10.00%	0%	100%
% of Bank Loans in AA by \$	92.91%	7.09%	0%	100%

Source: Random Sample of 20 business loans originated from January 1, 2005 through September 13, 2006.

### Home Mortgage Loans

The overall borrower distribution of home mortgage loans by income levels is satisfactory in the Ohio MSA AA.

While the percentage of home purchase loans to moderate-income families significantly exceeds the percent of moderate-income families in the AA, the percentage of home purchase loans to low-income families and the percentage of home refinance loans to both low- and moderate-income families are significantly lower than the percentage of low- and moderate-income families in the AA. The performance for home purchase loans is considered to be reasonable in light of a poverty level of thirty percent. Additionally, the weighted average of median housing in the AA is \$132 thousand, making it difficult for low- and moderate-income borrowers to be able to afford a home. The performance for home refinance loans is considered to be weak. It should be noted, however, that during this evaluation period there are no denied home purchase or refinance applications based on our analysis of the bank's HMDA data.

<b>Borrower Distribution of Residential Real Estate Loans in the Ohio MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	17.40%	0.00%	17.51%	50.00%	23.85%	0.00%	41.24%	50.00%
Home Refis	17.40%	0.00%	17.51%	0.00%	23.85%	0.00%	41.24%	100.00%

Source: HMDA LAR information for January 1, 2005 through June 30, 2006

### Consumer Loans

The bank's performance of lending to households of different income levels is satisfactory in the Ohio MSA AA.

Performance to moderate-income borrowers is higher than the demographic comparator, while

performance to low-income borrowers is weaker than the demographic comparator. Performance is considered to be reasonable, however, due to an AA poverty level of thirty percent, which makes it difficult for those households to qualify for a loan.

<b>Borrower Distribution of Consumer Loans in the Ohio-MSA AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	40.40%	15%	15.80%	20%	14.42%	20%	29.38%	45%

Source: Sample of 20 consumer loans originated from January 1, 2005 through September 13, 2006.

### Distribution of Loans by Income Level of the Geography – Ohio MSA AA

The overall geographic distribution of UCNB’s commercial loans, home mortgage loans, and small loans to businesses reflects satisfactory penetration throughout the Ohio MSA AA.

#### Small Loans to Businesses

The geographic distribution of small loans to businesses reflects a satisfactory distribution among low- and moderate-income geographies.

While the number of loans made in the low- and moderate-income geographies is below the percentage of businesses located in those geographies, the distribution is considered reasonable, as only forty percent of the businesses in the AA are located in low- and moderate-income geographies.

<b>Geographic Distribution of Commercial Loans in Ohio-MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Type of Loan	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	8.27%	5%	31.69%	25%	40.87%	35%	19.17%	35%

Source: Sample of 20 loans originated from January 1, 2005 through September 13, 2006.

#### Home Mortgage Loans

The geographic distribution of home mortgage loans reflects an excellent distribution among the different income-level geographies.

The bank’s level of home purchase loans exceeds the percentage of owner occupied housing in the low- and moderate-income geographies and is considered to be more than reasonable. The bank’s level of home refinance loans is also more than reasonable when compared to the

percentage of owner occupied housing in the moderate-income geographies. The level of home refinance loans in the low-income geographies is close to the percentage of owner occupied housing in the low-income geographies and is considered to be reasonable.

Again, it should be noted that during this evaluation period, there were no denied home purchase or refinance applications, based on our analysis of the bank's HMDA data.

<b>Geographic Distribution of Residential Real Estate Loans in the Ohio MSA AA]</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	.77%	14.29%	9.38%	42.86%	58.22%	14.28%	31.63%	28.57%
Home Refis	.77%	0.00%	9.38%	66.67%	58.22%	0.00%	31.63%	33.33%

Source: HMDA LAR information from January 1, 2005 through June 30, 2006

### Consumer Loans

The geographic distribution of consumer loans reflects a satisfactory distribution among the different income-level geographies.

The bank's level of consumer loans made in the low-and moderate-income geographies is lower than the percentage of households in the low- and moderate-income geographies. The level of distribution is considered reasonable as ninety percent of the households in the AA are located in middle- and upper-income geographies. It should also be noted that thirty percent of the households in the AA are considered poverty level, which makes it difficult for them to qualify for a loan.

<b>Geographic Distribution of Consumer Loans in the Ohio MSA AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	2%	0%	32%	10%	34%	50%	32%	40%

Source: Sample of 20 loans originated from January 1, 2005 through September 13, 2006.

### Lending Gap Analysis

Reports and maps detailing UCNB's lending activity over the evaluation period for commercial loans, home mortgage loans, and small loans to businesses were reviewed to identify gaps in the geographic distribution of these loans. No unexplained conspicuous gaps were identified in the assessment area receiving a full scope review.

### **Responses to Complaints**

The bank has not received any CRA-related complaints.

**Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.