

# **PUBLIC DISCLOSURE**

October 21, 2002

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

United Community Bank of Lisle  
RSSD# 2883001

1026 Ogden Avenue  
Lisle, Illinois 60532

Federal Reserve Bank of Chicago

230 South LaSalle Street  
Chicago, IL 60604-1413

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

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**INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING:** This institution is rated **Satisfactory**.

This document presents the first evaluation of this new (*de novo*) bank's CRA performance. The bank has provided its community with credit consistent with the bank's size, financial capacity, location, economic conditions, and the competitive factors within its assessment area. The bank's loan-to-deposit ratio is slightly above its peer group and considered satisfactory. The bank's lending in its assessment area to consumers and businesses is considered adequate. The distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses with different revenue levels. Although the assessment area is comprised primarily of middle- and upper-income tracts, the loans are reasonably dispersed throughout the assessment area, given the performance context in which the bank is currently operating. No CRA-related complaints have been received by the institution or this Reserve Bank since United Community Bank of Lisle opened for business.

#### **DESCRIPTION OF INSTITUTION**

United Community Bank of Lisle is a wholly owned subsidiary of United Financial Holdings Corp. The bank's main office is located at 1026 S. Ogden Avenue, Lisle, Illinois, and offers full-service banking including a drive-up and an automated teller machine (ATM). The bank's only branch is located at 880 N. York Road, Elmhurst, Illinois.

According to the Uniform Bank Performance Report, the bank had \$148,668 in total assets as of June 30, 2002. The bank offers traditional loan products and services. Based on the Uniform Bank Performance Report (UBPR) dated June 30, 2002, approximately 69% of the bank's loans are commercial. At approximately 27%, real estate loans represent the next largest loan product. The deposit products offered by the bank include checking accounts (both interest and non-interest bearing accounts), savings accounts, money market accounts, and certificates of deposit.

The bank's peer group includes all commercial banks having assets between \$100 and \$300 million, with two or fewer banking offices located in a metropolitan area. The bank's local competitors for loans and deposits include Oakbrook Bank, Oakbrook; Lisle Savings Bank, Lisle; Midwest Bank, Hinsdale; and Charter One Bank, NA, Lisle branch.

There are no apparent factors relating to the bank's financial condition, size, products offered, prior performance, legal impediments, or local economic conditions that would prevent the bank from meeting the community's credit needs.

#### **DESCRIPTION OF ASSESSMENT AREA**

*An institution's assessment area(s) will include the towns, counties, or other political subdivisions where its branches are located and a substantial portion of its loans are made. Assessment area(s) must consist of one or more geographies defined by block numbering areas (BNAs) or census tracts, which are statistical subdivisions of a county. Census tracts are primarily used in metropolitan areas, while BNAs are used in non-metropolitan areas. 1990 U.S. Bureau of Census data is used in this evaluation, unless stated otherwise.*

United Community Bank's assessment area, shown in Appendix A, consists of parts of DuPage, Cook, and Will counties with 118 census tracts. Sixty-eight are upper-income; 46 are middle-income, 3 are moderate-income, and 1 is categorized as having no income information available.

### Population Changes

According to the 2000 census, DuPage County has seen its 1990 population of 781,666 increase to 904,161, representing a change of 15.7%.

### Income Characteristics

Exhibit 1 shows the income levels for the assessment area in comparison to the Chicago Metropolitan Statistical Area (MSA) and the State of Illinois based on 1990 U.S. Bureau of Census data. In contrast to the 1990 data, the 2002 Department of Housing and Urban Development adjusted median family income for the MSA and the State of Illinois is \$75,400 and \$66,500 respectively.

#### Exhibit 1 – Distribution of Families by Income Level

Location	Median Family Income(\$)	Percent of Families				
		Low	Moderate	Middle	Upper	Below Poverty Level
Assessment Area	\$56,514	8.1%	13.1%	23.6%	55.2%	3.1%
Chicago MSA	\$42,758	19.8%	17.4%	24.0%	38.8%	8.6%
State of Illinois	\$38,664	20.0%	17.9%	24.2%	38.0%	9.0%

Low-income is defined as less than 50% of median family income; moderate-income as 50% to less than 80% of median family income; middle-income as 80% to less than 120% of median family income; and upper-income as 120% or more of median family income.

### Housing Characteristics and Affordability

According to the 1990 Census Bureau data, 719,225 individuals reside in the assessment area. Of the 270,542 housing units in the assessment area, 71.8% are owner-occupied,

24.1% are rental units, and 4.1% are vacant units. Since the assessment area is comprised of mainly upper- and middle-income geographies, approximately 79% of the owner-occupied housing units are located in upper- and middle-income census tracts. The median age of housing stock for the middle-income and upper-income census tracts is 25 and 19 years, respectively, with a median housing value for middle-income and upper-income census tracts of \$112,718 and \$180,474, respectively.

Affordability ratios, developed by dividing the median household income by the median housing-unit value for a given area or groups of geographies, are helpful in comparing costs for different areas. An area with a higher ratio generally has more affordable housing than an area with a lower ratio. The affordability ratios for the assessment area and for the State of Illinois are 32.2 and 40.3, respectively, indicating that housing is generally less affordable in the assessment area.

### Labor and Employment

The unemployment rate for DuPage County for 2001 was 4.0 percent. The most recent unemployment rate for DuPage County indicated an increase to 4.6 percent as of October 2002. Major employers in the assessment area are listed in Exhibit 2.

### Exhibit 2 – Major Employers in the Assessment Area

Company	Employees	Description
Lucent Technologies	2,385	Communication Software
Molex Incorporated	1,150	Electronic Components
Tellabs	884	Telegraph/Telephone
Computer Associates	651	Computer Software
Divine, Incorporated	524	Venture Capital
Wallace Computers	500	Business Forms
Daimler-Chrysler Services	369	Auto Finance Leasing
Industrial Security Specialists	235	Security Guard Service

Source: Illinois Department of Commerce & Community Affairs

Community representatives contacted during the examination to help determine the credit needs of the assessment area indicated that local financial institutions are actively involved in the community and are adequately meeting the credit needs of the community.

### CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

*Performance standards for small banks consist of the following, as applicable: the bank's loan-to-deposit ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income and farms and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the above standards are analyzed and evaluated within the assessment area context,*

*which includes, but not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.*

#### **LOAN-TO-DEPOSIT RATIO**

*The bank's average loan-to-deposit ratio (LTD), calculated from data contained in the Consolidated Reports of Condition, was evaluated giving consideration to the bank's capacity to lend, competitor and peers' loan-to-deposit ratios, as well as demographic factors, economic conditions and lending opportunities present in the assessment area.*

Based on the bank's LTD ratios relative to its peer group and a sample of competitors, the bank meets the standards for satisfactory performance under this criterion. Exhibit 3 shows the comparison for the seven quarters ended June 30, 2002.

#### **Exhibit 3 – LTD Ratios**

<b>Bank Name, City, 06/02 Assets (\$000s)</b>	<b>6/02 (%)</b>	<b>3/02 (%)</b>	<b>12/01 (%)</b>	<b>9/01 (%)</b>	<b>6/01 (%)</b>	<b>3/01 (%)</b>	<b>12/00 (%)</b>	<b>Avg.</b>
<b>United Community Bank, Lisle, \$148,686</b>	<b>80.07</b>	<b>83.32</b>	<b>84.03</b>	<b>88.32</b>	<b>85.36</b>	<b>67.79</b>	<b>62.86</b>	<b>78.82</b>
Peer Group	79.06	77.68	77.45	76.15	76.05	72.58	74.90	76.27
Lisle Savings Bank, Lisle, \$420,161	98.70	98.72	102.59	104.60	106.86	111.96	112.37	105.11
OakBrook Bank, OakBrook, \$1,543,411	76.44	82.21	84.38	86.70	84.06	83.75	81.45	82.71

#### **LENDING IN THE ASSESSMENT AREA**

*To assess the extent of lending within the assessment area, the following were reviewed: home equity lines of credit and small business loans. The sample period for each loan product consisted of November 2000 through September 2002. Information from the performance context, such as economic conditions present within the assessment area, loan demand, bank size, financial condition, branching network, and business strategies, were considered when evaluating the bank's performance.*

Overall, consumer and small business lending within the bank's assessment area meets the standards for satisfactory performance under this criterion.

The majority of United Community Bank's loans were not originated within the assessment area. However, for a *de novo* institution, the number and dollar amount of loans originated in the assessment area are considered satisfactory. The distribution of the examination sample of the bank's primary loan products, originated from November 2000 through September 2002, is illustrated in Exhibit 4.

**Exhibit 4 – Distribution of Loans in/out of Assessment Area (AA)**

Loan Type	Number of Loans		
	# in Sample	# in AA	% in AA
Small Business	228	101	44%
Home Equity Lines of Credit	106	57	54%
Totals	334	158	47%

**LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES AND FARMS OF DIFFERENT SIZES**

*The distribution of loans among borrowers of different income levels was determined by reviewing home equity lines of credit and small business loans. The sample period for each loan product consisted of November 2000 through September 2002. Information from the performance context, such as economic conditions present within the assessment area, demographics, loan demand, bank size, financial condition, branching network, and business strategies, were considered when evaluating the bank's performance.*

Given the demographics of the bank's assessment area, the loan distribution across borrowers of different income levels and businesses of different sizes meets the standards for satisfactory performance under this criterion.

A review of home equity lines of credit and small business loan data indicate that the distribution of United Community Bank's loans reflects a marginally adequate penetration among borrowers of different income levels and businesses of different revenue levels.

**Home Equity Lines of Credit**

Exhibit 5 shows the distribution of the sample of home equity loans, originated November 2000 through September 2002 by income level.

**Exhibit 5 – Loan Distribution of Residential Real Estate Loans by Income Level**

Income Level	Total Number Of Loans	Percent of Total Loans	Percent of Families in Assessment Area
Low	1	1.75	8.1
Moderate	4	7.02	13.1
Middle	12	21.05	23.6
Upper	38	66.67	55.2
Borrower Income Info N/A	2	3.51	-----
Totals	57	100.0	100.0

### Small Business Loans

The distribution of small business loans reflects unsatisfactory penetration among small businesses. The distribution is based on a sample of small business loans, defined as loans with an original loan amount of \$1 million or less, originated within the bank's assessment area from November 2000 through September 2002.

Out of the 101 commercial loans originated in the assessment area, 9 loans were made to businesses with gross annual revenues under \$1 million. The remaining 92 loans were made to businesses with gross annual revenues over \$1 million. Of the 101 loans, 49 loans were in amounts of \$100,000 or less while the remaining 52 loans were in amounts greater than \$100,000.

Given the demographics of the bank's assessment area, the loan distribution across borrowers of different income levels and businesses of different sizes meets the standards for satisfactory performance under this criterion. The distribution of United Community Bank's loans reflects a reasonable penetration among borrowers of different incomes.

According to community contacts, area financial institutions are meeting the needs of business owners in the area.

### GEOGRAPHIC DISTRIBUTION OF LOANS

*The distribution of lending activities among geographies of different income levels within the assessment area, particularly those defined as low- and moderate-income, was reviewed. To assess the bank's performance, the following were reviewed: home equity lines of credit and small business loans. The sample period for each loan product consisted of November 2000 through September 2002. Those loans for which census tracts were unknown were not included in the analysis. Demographic characteristics of census tracts, such as housing types and income level, were considered in the evaluation.*

Given the demographics of the bank's assessment area, the geographic distribution of loans meets the standards for satisfactory performance under this criterion.

United Community Bank's geographic distribution of home equity lines of credit and small business loans reflects reasonable dispersion throughout the assessment area. The bank's assessment area includes 3 moderate-income tracts, 46 middle-income tracts, and 68 upper-income tracts. The assessment area does not arbitrarily exclude any low- or moderate-income geographies. Exhibit 9 illustrates the number and percentage of home equity lines of credit and small business loans to geographies for the sample period of November 2000 through September 2002.



**Exhibit 9 – Loan Distribution by Census Tract Income Level**

Tract Level	Home Equity Lines of Credit		Small Business	
	#	%	#	%
Low	0	0	0	0
Moderate	0	0	1	1
Middle	20	35	27	29
Upper	37	65	64	70
<b>Totals</b>	<b>57</b>	<b>100</b>	<b>92*</b>	<b>100</b>

\* Excludes 9 loans for which tract income was not available.

**COMPLAINTS**

The bank and this Reserve Bank have not received any CRA-related complaints since United Community Bank of Lisle opened for business.

**FAIR LENDING**

A sample of the bank's lending activity was reviewed to determine whether loan policies and practices were in compliance with the fair lending laws, including the Equal Credit Opportunity and Fair Housing Acts. No evidence of prohibited discriminatory credit practices was detected.

Appendix A: Map of the Bank's Assessment Area

United Community Bank of Lisle, Lisle IL (RSSD# 2883001)  
Assessment Area is Shaded Area

