PUBLIC DISCLOSURE

January 8, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

United Bank & Capital Trust Company
RSSD #728742

125 West Main Street
Frankfort, Kentucky 40601

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

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 the 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 CRA RATING: This institution is rated SATISFACTORY.

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

United Bank & Capital Trust Company (United Bank) meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- A substantial majority of loans and other lending-related activities are in the assessment areas.
- Distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income (LMI) and businesses of different revenue sizes.
- Geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas.
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.
- The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of its assessment areas, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas. The bank has responded to these needs through community development loans, qualified investments, and community development services.

SCOPE OF EXAMINATION

The bank's CRA performance was reviewed using the Federal Financial Institutions Examination Council's (FFIECs) intermediate small bank procedures. The intermediate small bank examination procedures entail two performance tests: the Lending Test and the Community Development Test. These two tests were applied to bank performance in the bank's four delineated assessment areas in the state of Kentucky.

The following table details the number of branch offices and breakdown of deposits for each assessment area. Deposit information in the following table and deposit information throughout this evaluation is taken from the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2017.

Assessment Area	Offices		Deposits as of 6/30/17	
	#	%	$ (000s)	%
Cincinnati	7	20.6%	$201,680	14.6%
Lexington	13	38.2%	$366,436	26.6%
Louisville	6	17.6%	$224,435	16.3%
Nonmetropolitan Statistical Area (NonMSA) Kentucky	8	23.5%	$584,950	42.5%
OVERALL	**34**	**100%**	**$1,377,501**	**100%**

All four assessment areas were reviewed using full-scope procedures. However, in light of loan and deposit activity, CRA performance in the Cincinnati assessment area was given less weight in the analysis.

Furthermore, residential real estate loans, small business loans, and home equity lines of credit (HELOCs) were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy. Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on consumer real estate lending, performance based on the Home Mortgage Disclosure Act (HMDA) and 1–4 family residential real estate loan categories carried the most significance toward the bank's overall performance conclusions, followed by performance in the small business category, and finally HELOCs. The following table details the performance criterion and the corresponding time periods used in each analysis.[1]

Performance Criterion	Time Period
LTD Ratio	December 31, 2014 – September 30, 2017
Assessment Area Concentration	January 1, 2016 – December 31, 2016
Loan Distribution by Borrower's Profile	January 1, 2016 – December 31, 2016
Geographic Distribution of Loans	January 1, 2016 – December 31, 2016
Response to Written CRA Complaints	October 27, 2014 – January 7, 2018
Community Development Activities	October 27, 2014 – January 7, 2018

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2010 U.S. Census data and certain business demographics are based on 2016 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic data and aggregate lending data, greater emphasis is generally placed on the aggregate lending data

[1] Due to merger activity that occurred during the review period, the time periods used for community development activities date back to the last CRA examination for each of the former institutions. The dates used in the table reflect the CRA review period of the surviving institution. See the *Description of Institution* section for the last CRA examination dates.

because it is expected to describe many factors affecting lenders in an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three other banks were identified as similarly situated peers, with asset sizes ranging from $961.4 million to $2.4 billion as of September 30, 2017.

As part of the Community Development Test, the bank's performance was evaluated using the following criteria, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas.

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and grants.
- The extent to which the bank provides community development services.

The review included community development activities initiated from the date of the bank's previous CRA evaluation to this review date. In addition, investments made prior to the date of the previous CRA evaluation but still outstanding as of this review date were also considered.

To augment this evaluation, eight community contact interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions in the bank's assessment areas. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these community contact interviews are included in the *Description of Assessment Area* section, applicable to the assessment area in which they were conducted.

DESCRIPTION OF INSTITUTION

United Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Farmers Capital Bank Corporation, a one-bank holding company. The bank and its holding company are both headquartered in Frankfort, Kentucky, which is located in Franklin County.

On February 18, 2017, Farmers Bank & Capital Trust Company merged with United Bank & Trust Company, First Citizens Bank, and Citizens Bank of Northern Kentucky, Inc. Prior to the merger, the four banking institutions were affiliated through common ownership by Farmers Capital Bank Corporation. At the time of the merger, the surviving institution, Farmers Bank & Capital Trust Company, was renamed United Bank & Capital Trust Company. The combined organization retained all of the acquired facilities as branches.

The following table outlines the results of the previous CRA evaluations for the four separate institutions prior to the merger.

Institution	Regulatory Agency	Previous CRA Exam Date	Previous CRA Rating	Previous CRA Exam Procedures
Farmers Bank & Capital Trust Company (surviving institution)	Federal Reserve Bank	October 27, 2014	Satisfactory	Intermediate Small Institution
United Bank & Trust Company	FDIC	July 27, 2015	Satisfactory	Intermediate Small Institution
First Citizens Bank	Federal Reserve Bank	May 9, 2016	Satisfactory	Intermediate Small Institution
Citizens Bank of Northern Kentucky, Inc.	FDIC	May 14,2015	Satisfactory	Small Institution

During the review period, United Bank did not open any de novo branch offices; however, two branch offices closed. The branch office located in Danville, Kentucky, closed in July 2015, and the branch office located in Independence, Kentucky, closed in November 2015. The bank's current branch network consists of 34 offices (including the main office), of which 24 offices have full-service automatic teller machines (ATMs) on site and 10 offices have cash-dispensing only ATMs on site. In addition, the bank operates three stand-alone ATMs that are cash-dispensing only. Based on this branch network and other service delivery systems, such as extended banking hours of operation and full-service online banking capabilities, the bank is well positioned to deliver financial services to most portions of its assessment areas.

The bank currently operates in four CRA assessment areas, which are all located in the state of Kentucky.

- Cincinnati assessment area – Boone, Campbell, and Kenton Counties (3 of 15 counties in the Cincinnati, Ohio-Kentucky-Indiana MSA (Cincinnati MSA)).

- Lexington assessment area – Fayette, Jessamine, Scott, and Woodford Counties (four of six counties in the Lexington-Fayette, Kentucky MSA (Lexington MSA)).

- Louisville assessment area – Bullitt, Hardin, and Jefferson Counties (3 of 17 counties in the Louisville/Jefferson County-Elizabethtown-Madison, Kentucky-Indiana Combined Statistical Area (Louisville-Elizabethtown CSA)).

- NonMSA Kentucky assessment area – Anderson, Franklin, and Mercer Counties

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting the credit needs of its assessment areas based on its available resources and financial products. As of September 30, 2017, the bank reported total assets of $1.6 billion. As of the same date, loans and leases outstanding were $995.1 million (62.2 percent of total assets), and deposits totaled $1.4 billion. The bank's loan portfolio composition by credit category is displayed in the following table.

Distribution of Total Loans as of September 30, 2017		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$112,005	11.3%
Commercial Real Estate	$360,971	36.3%
Multifamily Residential	$ 45,776	4.6%
1–4 Family Residential	$342,350	34.4%
Farmland	$20,827	2.1%
Farm Loans	$2,842	0.3%
Commercial and Industrial	$63,853	6.4%
Loans to Individuals	$8,770	0.9%
Total Other Loans	$37,717	3.8%
TOTAL	**$995,111**	**100%**

As indicated by the preceding table, a significant portion of the bank's lending resources is directed to commercial real estate loans and 1–4 family residential properties. The bank also originates and subsequently sells a significant volume of loans related to residential real estate. As these loans are subsequently sold on the secondary market, this activity is not captured in the table.

In addition, while not separately listed in the table, consumer HELOCs represent a significant product offering for the bank.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

United Bank meets the standards for a Satisfactory Lending Test rating under the intermediate small bank procedures, which evaluate bank performance under the following five criteria as applicable.

Loan-to-Deposit (LTD) Ratio.

One indication of the bank's overall level of lending activity is its LTD ratio. The following table displays the bank's average LTD ratio compared to those of regional peers. The average LTD ratio represents a 12-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of September 30, 2017**	**Average LTD Ratio**
United Bank	Frankfort, Kentucky	$1,627,864	60.1%
Regional Banks	Lexington, Kentucky	$2,350,869	92.0%
	Glasgow, Kentucky	$1,116,742	74.7%
	Louisville, Kentucky	$961,434	80.3%

Based on data from the previous table, the bank's average level of lending is below other banks in the region. However, the bank's LTD ratio experienced an increasing trend during the review period with the largest ratio occurring in 2017, which is subsequent to the merger of the four affiliated institutions. During the review period, the bank's quarterly LTD ratio ranged from a low of 55.4 percent (March 31, 2015) to a high of 71.1 percent (June 30, 2017). In comparison, the average LTD ratios for the regional peers ranged from 74.7 percent to 92.0 percent, and three peer banks also had increasing trends in their LTD ratios. Therefore, compared to data from regional banks, the bank's average LTD ratio is reasonable given the bank's size, financial condition, changes in bank structure, and the credit needs of its assessment areas.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment areas.

Lending Inside and Outside of Assessment Areas
January 1, 2016 through December 31, 2016

Loan Type[3]	Inside Assessment Areas		Outside Assessment Areas		TOTAL	
HMDA/1–4 Family Residential Real Estate	419	87.7%	59	12.3%	478	**100%**
	81,576	83.6%	16,033	16.4%	$97,609	**100%**
Small Business	100	87.0%	15	13.0%	115	**100%**
	25,574	92.6%	2,039	7.4%	$27,613	**100%**
HELOC	115	92.0%	10	8.0%	125	**100%**
	7,872	93.9%	514	6.1%	$8,385	**100%**
TOTAL LOANS	**634**	**88.3%**	**84**	**11.7%**	**718**	**100%**
	115,022	**86.1%**	**18,585**	**13.9%**	**$133,607**	**100%**

A substantial majority of loans and other lending-related activities were made in the bank's assessment areas. As shown in the preceding table, 88.3 percent of the total loans were made inside the assessment areas, accounting for 86.1 percent of the dollar volume of total loans.

Borrower and Geographic Distribution

As displayed in the following table, overall performance by borrower's income/revenue profile is reasonable, based on the analyses of lending in the bank's assessment areas.

Assessment Area	Loan Distribution by Borrower's Profile
Cincinnati	Poor
Lexington	Reasonable
Louisville	Poor
NonMSA Kentucky	Reasonable
OVERALL	**REASONABLE**

[3] 1–4 family residential real estate, small business, and HELOC loan types were sampled for this review according to CA Letter 01-8, "CRA Sampling Procedures."

Overall, the bank's distribution of lending by income level of census tract reflects reasonable penetration throughout the bank's assessment areas.

Assessment Area	Geographic Distribution of Loans
Cincinnati	Reasonable
Lexington	Poor
Louisville	Reasonable
NonMSA Kentucky	Reasonable
OVERALL	**REASONABLE**

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (October 27, 2014 through January 7, 2018).

COMMUNITY DEVELOPMENT TEST

United Bank's performance under the Community Development Test is rated Satisfactory. The bank demonstrates adequate responsiveness to the community development needs of the Kentucky assessment areas, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment areas.

Full-Scope Assessment Area	Community Development Test Performance Conclusions
Cincinnati	Adequate
Lexington	Adequate
Louisville	Poor
NonMSA Kentucky	Adequate

During the review period, the bank made nine qualifying loans in its assessment areas totaling approximately $12.1 million. Of those loans, three were to community service organizations, three were for affordable housing, and three were for revitalization or stabilization of LMI census tracts.

The bank also made community development investments and donations in its assessment areas totaling $1.9 million. This amount included seven new qualified investments totaling $1.5 million, one continuing investment made in a prior review period totaling $250,000, and 104 donations totaling $63,228. The investments included five municipal bonds issued by qualifying school districts for community services, and three deposits made to a community development financial institution (CDFI) for economic development. Furthermore, the 104 donations were to 47 separate organizations having a community development purpose.

During the review period, bank personnel used financial expertise to conduct 74 service activities to 49 different community development organizations in the bank's assessment areas. Service activities included delivering financial education in schools that primarily serve LMI families and providing financial expertise to community service organizations as board members.

In addition to adequately meeting the overall community development needs of its own assessment areas, the bank made 17 community development investments outside its assessment areas totaling $4.2 million. These investments were in municipal bonds for various school districts that have a majority of students who qualify for free or reduced lunch.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified

CINCINNATI, OHIO-KENTUCKY-INDIANA METROPOLITAN STATISTICAL AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE CINCINNATI ASSESSMENT AREA

Bank Structure

The bank operates seven branches, representing 20.6 percent of its total branches, in this assessment area, all of which have ATMs. One branch is located in a moderate-income census tract, two branches are located in middle-income census tracts, and four branches are located in upper-income census tracts. In addition, there is one stand-alone, cash-only ATM. During this review period, the bank did not open any branches in this assessment area but did close one branch located in an upper-income census tract in Kenton County. Based on this branch network and other service delivery systems, the bank is adequately positioned to deliver financial services to the entire assessment area.

General Demographics

The assessment area is comprised of Boone, Campbell, and Kenton Counties in their entireties, 3 of the 15 counties that comprise the Cincinnati MSA. The assessment area is located in northern Kentucky. The urban core of the region centers around the city of Covington, which is located across the river from Cincinnati, Ohio, and lies mostly in Kenton and Campbell Counties. Outside the city of Covington, the assessment area includes suburban and more rural areas. The following table describes the counties in the bank's assessment area along with their respective populations as of the 2010 U.S Census.

County	Population
Boone	118,811
Campbell	90,336
Kenton	159,720
Total Assessment Area Population	**368,867**

This assessment area is a competitive banking market, with 21 total financial institutions operating with a branch presence in the assessment area. According to the FDIC Deposit Market Share Report as of June 30, 2017, the bank ranked ninth out of the 21 FDIC-insured depository institutions, possessing 3.0 percent of the total assessment area deposit dollars.

This assessment area covers a wide metropolitan area, and the population and demographics are diverse. As a result, credit needs in the area vary and include a blend of consumer and business credit products. Other particular credit needs in the assessment area, as noted primarily by community contacts, include small lines of credit for small businesses, credit repair services, small dollar loans for consumers to make home improvements, and down payment assistance programs. Furthermore, many community development opportunities are available for financial institution participation.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	8	18	40	21	1	**88**
	9.1%	20.5%	45.5%	23.9%	1.1%	**100%**
Family Population	3,971	14,993	46,970	27,280	0	**93,214**
	4.3%	16.1%	50.4%	29.3%	0.0%	**100%**

As shown in the preceding table, 29.6 percent of the census tracts in the assessment area are LMI geographies, but only 20.4 percent of the family population resides in these tracts. These LMI areas are primarily concentrated in and around the city of Covington.

Based on 2010 U.S. Census data, the median family income for the assessment area was $69,794. At the same time, median family income for the Cincinnati MSA was $67,016. More recently, the FFIEC estimates the 2016 median family income for the Cincinnati MSA to be $68,800. The following table displays population percentages of assessment area families by income level compared to Cincinnati MSA family populations.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	17,352	15,768	20,665	39,429	**93,214**
	18.6%	16.9%	22.2%	42.3%	**100%**
Cincinnati MSA	112,104	92,817	113,549	219,175	**537,645**
	20.9%	17.3%	21.1%	40.8%	**100%**

As shown in the preceding table, 35.5 percent of families in the assessment area were considered LMI, which is lower than the LMI family percentage of 38.2 percent in the Cincinnati MSA. Additionally, the percentage of families living below the poverty level in the assessment area, 10.0 percent, falls below the 12.1 percent level in the Cincinnati MSA. Considering these factors, the assessment area appears slightly more affluent than the Cincinnati MSA.

Housing Demographics

As displayed in the following table, housing in the assessment area is more affordable compared to the Cincinnati MSA.

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (monthly)**
Assessment Area	$155,140	36.4%	$698
Cincinnati MSA	$156,232	34.3%	$691

Median gross rent in the assessment area is slightly higher than the Cincinnati MSA; however, the percentage of renters with rent costs greater than 30 percent of their incomes in the assessment area is 41.2 percent, which is below the Cincinnati MSA figure of 45.1 percent, indicating that rental costs are more affordable in the assessment area considering income levels. In addition, home purchasing is slightly more affordable in the assessment area, based on a lower median housing value and higher affordability ratio.

Industry and Employment Demographics

The assessment area supports a large and diverse business community, including a strong manufacturing sector. County business patterns indicate that there are 153,381 paid employees in the assessment area. By percentage of employees, the three largest job categories in the assessment area are manufacturing (13.2 percent), followed by retail trade (12.4 percent) and accommodation and food services (12.0 percent). The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area as a whole and the Cincinnati MSA.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**Cincinnati MSA**
2014	5.3%	5.5%
2015	4.3%	4.5%
2016	3.9%	4.3%

As shown in the preceding table, unemployment levels in the assessment area were slightly below those of the Cincinnati MSA, and numbers declined for both the assessment area and the Cincinnati MSA from 2014 to 2016.

Community Contact Information

For the Cincinnati assessment area, two community contact interviews were completed as part of this evaluation. One interview was with an individual from a community development organization, and the other was from a small business development center.

The community contact interviewees categorized the local economy as being in good shape and noted low unemployment rates. The contact from the community development organization highlighted a large manufacturing sector and a large healthcare industry but stressed that, while unemployment is low, many people are working low-wage, low-skill jobs. As a result, there is a need for workforce development programs. Moreover, the individual noted several types of programs that would significantly benefit LMI individuals and communities, including credit repair services, down payment assistance, and financial education.

Furthermore, the contacts indicated there has been significant redevelopment in the area leading to gentrification. As a result, both contacts mentioned a strong need for affordable housing. More specifically, the contact from the community development organization stressed the need for small dollar loans for individuals to make updates to their homes.

The individual specializing in small business development identified a need for small dollar lending to small businesses, specifically through lines of credit. The contact indicated this type of lending would help meet the needs of prospective and current small business owners.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE CINCINNATI ASSESSMENT AREA

LENDING TEST

In the Cincinnati assessment area, the distribution of loans reflects poor penetration among borrowers of different income levels and businesses of different sizes. However, the geographic distribution of loans reflects reasonable penetration throughout the assessment area.

<u>Loan Distribution by Borrower's Profile</u>

Overall, the bank's loan distribution by borrower's profile is poor, based on performance from all three loan categories reviewed. As previously mentioned, the greatest emphasis is placed on performance in the HMDA loan category given the bank's emphasis on HMDA lending.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($68,800 for the Cincinnati MSA as of 2016). The following table shows the distribution of HMDA reported loans by borrower income level compared to family population income demographics for the assessment area. Additionally, 2016 aggregate data is shown.

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2016 through December 31, 2016												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	3	6.0%	8	16.0%	11	22.0%	15	30.0%	13	26.0%	**50**	**100%**
Refinance	3	7.1%	3	7.1%	4	9.5%	22	52.4%	10	23.8%	**42**	**100%**
Home Improvement	0	0.0%	1	20.0%	2	40.0%	1	20.0%	1	20.0%	**5**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	2	100.0%	**2**	**100%**
TOTAL HMDA	**6**	**6.1%**	**12**	**12.1%**	**17**	**17.2%**	**38**	**38.4%**	**26**	**26.3%**	**99**	**100%**
Family Population	18.6%		16.9%		22.2%		42.3%		0.0%		**100%**	
2016 HMDA Aggregate	8.1%		19.3%		19.5%		34.6%		18.5%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (6.1 percent) is below both the low-income family population figure (18.6 percent) and the 2016 aggregate lending level to low-income borrowers (8.1 percent), reflecting poor performance. Similarly, the bank's level of lending to moderate-income borrowers (12.1 percent) is below both the moderate-income family population percentage (16.9 percent) and the aggregate lending levels of 19.3 percent, reflecting poor performance. Therefore, considering performance to both income categories, the bank's overall distribution of HMDA loans by borrower's profile is poor.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2016 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2016 through December 31, 2016								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	≤$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	9	69.2%	1	7.7%	0	0.0%	**10**	**76.9%**
Greater than $1 Million/ Unknown	2	15.4%	0	0.0%	1	7.7%	**3**	**23.1%**
TOTAL	**11**	**84.6%**	**1**	**7.7%**	**1**	**7.7%**	**13**	**100%**
Dun & Bradstreet Businesses ≤ $1million							**90.2%**	
2016 CRA Aggregate Data							**52.2%**	

The bank's level of lending to small businesses is 76.9 percent, which is below demographic data (90.2 percent). However, the bank's lending level is above aggregate lending data (52.2 percent) and is considered reasonable. Additionally, the bank originated 84.6 percent of its business loans in dollar amounts less than $100,000, indicating a willingness to lend smaller dollar amounts to businesses of all sizes.

As with the bank's performance in HMDA and small business products, its distribution of HELOCs was also reviewed. The review of HELOCs reflects very poor penetration among individuals of different income levels, including LMI borrowers. The following table reflects the bank's lending activity, compared to the percent of household population in the assessment area.

Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower January 1, 2016 through December 31, 2016												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
HELOC	1	5.9%	1	5.9%	5	29.4%	10	58.8%	0	0.0%	**17**	**100%**
Household Population	21.8%		15.7%		18.4%		44.1%		0.0%		**100%**	

As shown in the preceding table, the bank's lending performance to low-income borrowers (5.9 percent) is substantially below the household population (21.8 percent), reflecting very poor performance. Similarly, the bank's lending to moderate-income borrowers is 5.9 percent and is significantly below the percent of household population of 15.7 percent, reflecting very poor performance. Therefore, the bank's overall distribution of HELOC loans is considered very poor, particularly in light of one of the community contacts stating a need for small dollar loans for individuals to make updates to their homes.

Geographic Distribution of Loans

As noted previously, the Cincinnati assessment area includes 8 low-income and 18 moderate-income census tracts, representing 29.5 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects reasonable penetration throughout these LMI census tracts, based on the HMDA, small business, and HELOC loan categories, with primary emphasis on the bank's HMDA lending. The following table displays the geographic distribution of 2016 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography
January 1, 2016 through December 31, 2016

	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	2	4.0%	5	10.0%	27	54.0%	16	32.0%	0	0.0%	**50**	**100%**
Refinance	2	4.8%	5	11.9%	22	52.4%	13	31.0%	0	0.0%	**42**	**100%**
Home Improvement	0	0.0%	0	0.0%	3	60.0%	2	40.0%	0	0.0%	**5**	**100%**
Multifamily	1	50.0%	0	0.0%	0	0.0%	1	50.0%	0	0.0%	**2**	**100%**
TOTAL HMDA	**5**	**5.1%**	**10**	**10.1%**	**52**	**52.5%**	**32**	**32.3%**	**0**	**0.0%**	**99**	**100%**
Owner-Occupied Housing	2.5%		15.2%		52.2%		30.0%		0.0%		**100%**	
2016 HMDA Aggregate	1.6%		12.2%		52.8%		33.5%		0.0%		**100%**	

The analysis of HMDA loans revealed excellent lending performance to borrowers residing in low-income geographies. The bank's total penetration of low-income census tracts by number of loans (5.1 percent) exceeds the percentage of owner-occupied housing units in low-income census tracts (2.5 percent). The bank's performance in low-income census tracts is also above that of other lenders in the assessment area based on 2016 HMDA aggregate data, which indicate that 1.6 percent of aggregate HMDA loans in this assessment area were made to borrowers residing in low-income geographies.

On the contrary, bank performance in moderate-income census tracts was below comparison data and deemed poor. The bank's total penetration of moderate-income census tracts by number of loans (10.1 percent) is below the percentage of owner-occupied housing units in moderate-income census tracts (15.2 percent) and aggregate lending data, which indicate that 12.2 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income census tracts. Combined, the bank's geographic distribution of HMDA loans in LMI geographies, 15.2 percent, is reasonable.

Second, the bank's geographic distribution of small business loans was reviewed. The following table displays 2016 small business loan activity by geography income level compared to the location of businesses throughout this assessment area and 2016 small business aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2016 through December 31, 2016												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Small Business Loans	0	0.0%	3	23.1%	8	61.5%	2	15.4%	0	0.0%	**13**	**100%**
Business Institutions	2.6%		19.5%		45.4%		32.4%		0.1%		**100%**	
2016 Small Business Aggregate	2.6%		21.2%		43.4%		32.0%		0.8%		**100%**	

The bank did not make any loans in low-income census tracts. This performance is below both the estimated percentage of businesses operating inside these census tracts (2.6 percent) and the 2016 aggregate lending levels in low-income census tracts (2.6 percent). Consequently, the bank's performance in low-income areas is poor. The bank's percentage of loans in moderate-income census tracts (23.1 percent) is slightly higher than both the 2016 aggregate lending percentage in moderate-income census tracts (21.2 percent) and the percentage of small businesses in moderate-income census tracts (19.5 percent), representing reasonable performance. When combined, the percentage of loans made in LMI geographies (23.1 percent) is in line with both the percentage of small businesses in moderate-income census tracts (22.1 percent) and the 2016 aggregate lending percentage in moderate-income census tracts (23.8 percent). Therefore, the bank's overall geographic distribution of small business loans is reasonable.

Distribution of Bank Loans Inside Assessment Area by Income Level of Geography January 1, 2016 through December 31, 2016												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
HELOC	0	0.0%	1	5.9%	11	64.7%	5	29.4%	0	0.0%	**17**	**100%**
Household Population	5.1%		18.8%		49.2%		26.9%		0.0%		**100%**	

As displayed in the preceding table, only one loan was originated in an LMI geography. While no loans were made in low-income census tracts, a single loan was originated in a moderate-income census tract (5.9 percent). Nevertheless, this performance was below the percent of the household population in the assessment area (18.8 percent). Therefore, the bank's performance in both LMI geographies is considered poor. Overall, the bank's geographic distribution of HELOC loans is poor.

Lastly, based on reviews from all three loan categories, United Bank had loan activity in 53.4 percent of all of the assessment area census tracts. While not all census tracts contain HMDA, small business, and/or HELOC loans, the urban core of the assessment area, where the majority of LMI census tracts are located, contained a variety of loans in the majority of those LMI census tracts. Therefore, no conspicuous lending gaps were noted in LMI areas.

COMMUNITY DEVELOPMENT TEST

The bank's overall community development performance demonstrates adequate responsiveness to the community development needs in this assessment area. This conclusion takes into consideration the size and capacity of the pre-merged institution, along with the needs and availability of such opportunities for community development in the assessment area. The bank has addressed the community development needs of the assessment area through qualified investments and community development services. Activities are shown in the following table, with noteworthy activities described below the table.

Community Development Activities May 14, 2015 through January 7, 2018			
Community Development Component	**#**		**$**
Loans	0		$0
Investments, Current Period	3		$722,934
Donations	12		$6,750
Services	1 Service	1 Organization	

- The bank made three current period investments totaling $722,934 in municipal bonds. The bonds were for loans to a school district in the assessment area that has a majority of students who qualify for free or reduced lunch.
- The bank made eight donations to an organization that provides services to children with severe emotional and behavioral problems. All of the children and families served come from low-income households.
- One bank employee served on a board and provided financial expertise to an organization that provides services to disabled adults.

LEXINGTON-FAYETTE, KENTUCKY METROPOLITAN STATISTICAL AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE LEXINGTON ASSESSMENT AREA

Bank Structure

United Bank operates 13 of its 34 branches (38.2 percent) in this assessment area, all of which have ATMs. Four branches are located in moderate-income census tracts, seven are located in middle-income census tracts, and two are located in upper-income census tracts. The bank did not open or close any branches in this assessment area during the review period. Based on its branch network and service delivery systems, the bank is well positioned to deliver financial services to the entire assessment area.

General Demographics

The assessment area is comprised of Fayette, Jessamine, Scott, and Woodford Counties in their entireties. This assessment area includes four of the six counties in the Lexington MSA, which is located in central Kentucky. The following table describes the counties in the bank's assessment area, along with their respective populations as of the 2010 U.S. Census.

County	Population
Fayette	295,803
Jessamine	48,586
Scott	47,173
Woodford	24,939
Total Assessment Area Population	**416,501**

As displayed in the table, the assessment area population was 416,501, a 17.1 increase from the 2000 U.S. Census. Based on the June 30, 2017 FDIC Market Share Report, the bank ranked sixth out of the 33 FDIC-insured depository institutions in the assessment area with a market share of 4.2 percent of total deposit dollars.

Credit needs in the assessment area include a standard mix of consumer and business loan products. Community contacts noted a need for flexible loans to meet the needs of consumers with less-than-perfect credit and loans to minority-owned businesses needing access to capital. For this assessment area, contacts also noted that there is a significant housing shortage, which has driven up sales prices and made affordable housing difficult to find. Both contacts agreed that the assessment area offers many opportunities for community development involvement by financial institutions.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population in those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	12	24	41	36	0	**113**
	10.6%	21.2%	36.3%	31.9%	0.0%	**100%**
Family Population	6,987	21,822	39,419	34,423	0	**102,651**
	6.8%	21.3%	38.4%	33.5%	0.0%	**100%**

As shown above, 31.8 percent of the census tracts in the assessment area are LMI geographies, and 28.1 percent of the family population resides in these tracts. These LMI areas are primarily concentrated in and around the city of Lexington, in Fayette County.

Dataset	2010 U.S. Census Median Family Income
Fayette County	$66,690
Jessamine County	$55,625
Scott County	$68,219
Woodford County	$67,094
Assessment Area	$64,285
Kentucky	$52,046

The table above displays median family income data from the 2010 U.S. Census for each assessment area county, the assessment area overall, and the state of Kentucky overall. As shown in the table, Jessamine County had the lowest median family income of all assessment area counties ($55,625), and Scott County had the highest ($68,219). More recently, the FFIEC estimates the 2016 median family income for the Lexington MSA to be $66,100.

The following table displays population percentages of assessment area families by income level compared to the Lexington MSA.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	23,175	16,228	20,285	42,963	**102,651**
	22.6%	15.8%	19.8%	41.9%	**100%**
Kentucky	252,407	192,028	224,709	459,025	**1,128,169**
	22.4%	17.0%	19.9%	40.7%	**100%**

As shown in the preceding table, 38.4 percent of families in the assessment area were considered LMI, which is slightly below the percentage of LMI families in the state of Kentucky, 39.4 percent. The percentage of families living below the poverty level in the assessment area, 11.1 percent, is less than the 13.5 percent in Kentucky. Considering these factors, the assessment area is slightly more affluent than the state of Kentucky.

Housing Demographics

As shown in the following table, homeownership in the assessment area is less affordable than the state of Kentucky.

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (monthly)**
Assessment Area	$159,581	30.9%	$690
Kentucky	$116,800	35.6%	$601

As shown in the preceding table, median housing values in the assessment area are higher than the state of Kentucky. Within the assessment area, median housing values ranged from $150,200 in Jessamine County to $180,800 in Woodford County. Median gross rents are higher in the assessment area than the state of Kentucky as well. Within the assessment area, median gross rents are lowest in Jessamine County at $670 and highest in Woodford County at $724. Furthermore, affordability ratios are lower than the state of Kentucky, indicating assessment area homes are less affordable when considering income levels. The affordability ratio also varied between counties in the assessment area, from a low of 29.8 in Fayette County to a high of 36.6 in Scott County.

The assessment area has an owner occupancy ratio of 55.0 percent, with 36.6 percent of the housing stock being rental units and 8.4 percent being vacant units. Owner occupancy in this assessment area is hindered by the large college student population attending the University of Kentucky in Lexington. This is evidenced by the fact that owner occupancy in Fayette County (in which the university is located) is 51.7 percent, while the other three counties averaged 64.8 percent.

Based on the median housing values, affordability ratios, and median gross rents, homeownership in some areas of the assessment area, particularly in Fayette County, is likely out of reach for many LMI residents.

Industry and Employment Demographics

The assessment area supports a large and diverse business community and is dominated by four main industry sectors. County business patterns indicate that there are 201,759 paid employees in the assessment area as of 2015. By percentage of employees, the four top job categories are healthcare and social assistance (17.2 percent), retail trade (12.7 percent), accommodation and food services (12.0 percent), and manufacturing (11.7 percent). The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area as a whole and the state of Kentucky.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**Kentucky**
2014	4.8%	6.5%
2015	3.9%	5.3%
2016	3.5%	5.0%

As shown in the preceding table, unemployment levels in the assessment area decreased slightly during the review period and are consistently below statewide Kentucky levels.

Community Contact Information

Two community contacts were interviewed for the Lexington assessment area. One of the contacts represented a CDFI operating in the Lexington area, and the other contact specialized in economic development in the area.

Both contacts indicated that the local economy is stable and outperforming other areas of the state. Both also indicated that the economy is supported by several strong industry sectors, including healthcare, education, and auto manufacturing. The contact from the CDFI indicated that there is a shortage of available housing at all price levels, which has increased sales prices across the board, leading to a strong need for affordable housing. The contact also indicated that there is a need for more flexible loans for borrowers with marginal credit or high debt-to-income ratios. The contact specializing in economic development mentioned that minority businesses need access to capital. Both contacts agreed that banking competition is strong and that most banks are active in the community and are willing to lend to qualified applicants.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE LEXINGTON ASSESSMENT AREA

LENDING TEST

The overall distribution of loans by borrower's income/revenue profile in the Lexington assessment area reflects reasonable penetration among borrowers of different income levels and businesses of different revenue sizes. The overall geographic distribution of loans reflects poor penetration throughout the assessment area.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is reasonable, based on performance from the three loan categories reviewed. In reaching an overall conclusion, HMDA loans were given the most weight, followed by small business loans, and then HELOCs, reflecting the volume distribution of the bank's products.

The following table shows the distribution of HMDA-reported loans by borrower income level compared to family population income demographics for the assessment area. Additionally, 2016 aggregate data for the assessment area is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income January 1, 2016 through December 31, 2016												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	5	8.9%	10	17.9%	6	10.7%	20	35.7%	15	26.8%	**56**	**100%**
Refinance	3	8.8%	5	14.7%	9	26.5%	12	35.3%	5	14.7%	**34**	**100%**
Home Improvement	5	41.7%	1	8.3%	4	33.3%	1	8.3%	1	8.3%	**12**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	4	100.0%	**4**	**100%**
TOTAL HMDA	**13**	**12.3%**	**16**	**15.1%**	**19**	**17.9%**	**33**	**31.1%**	**25**	**23.6%**	**106**	**100%**
Family Population	22.6%		15.8%		19.8%		41.9%		0.0%		**100%**	
2016 HMDA Aggregate	7.0%		16.5%		20.6%		36.3%		19.5%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (12.3 percent) is substantially below the low-income family population figure (22.6 percent) but above the 2016 aggregate lending level to low-income borrowers, (7.0 percent) reflecting reasonable performance.

The bank's level of lending to moderate-income borrowers (15.1 percent) is similar to the moderate-income family population percentage (15.8 percent) and slightly below aggregate lending levels (6.5 percent) reflecting reasonable performance. Therefore, considering performance to both income categories, the bank's overall distribution of HMDA loans by borrower's profile is reasonable.

Small business loans were also reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2016 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2016 through December 31, 2016								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	≤$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	6	37.5%	4	25.0%	4	25.0%	**14**	**87.5%**
Greater than $1 Million/ Unknown	1	6.3%	0	0.0%	1	6.3%	**2**	**12.5%**
TOTAL	**7**	**43.8%**	**4**	**25.0%**	**5**	**31.3%**	**16**	**100%**
Dun & Bradstreet Businesses ≤ $1million							**90.9%**	
2016 CRA Aggregate Data							**45.8%**	

The bank's level of lending to small businesses is 87.5 percent, which is slightly below the demographic (90.9 percent), but well above aggregate lending data (45.8 percent). This performance is considered reasonable. Additionally, the bank originated 43.8 percent of its business loans in dollar amounts less than or equal to $100,000, indicating a willingness to lend small dollar amounts to businesses of all sizes.

Finally, the bank's HELOC lending was analyzed by borrower income level compared to household population income demographics for the assessment area.

Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower January 1, 2016 through December 31, 2016												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
HELOC	9	25.7%	2	5.7%	10	28.6%	14	40.0%	0	0.0%	**35**	**100%**
Household Population	24.9%		15.4%		17.1%		42.6%		0.0%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (25.7 percent) is similar to the low-income household population figure (24.9 percent), reflecting reasonable performance. The bank's level of lending to moderate-income borrowers (5.7 percent) is significantly below the moderate-income household population percentage (15.4 percent) and thus reflects very poor performance. Combined lending to LMI borrowers was 31.4 percent compared to the household population of 40.3 percent. Therefore, considering performance to both income categories, the bank's overall distribution of HELOC loans by borrower's profile is poor.

Geographic Distribution of Loans

As noted previously, the Lexington assessment area includes 12 low- and 24 moderate-income census tracts, representing 31.8 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects poor penetration throughout these LMI census tracts, based on the HMDA, small business, and HELOC loan categories with primary emphasis on the bank's HMDA lending.

The following table displays the geographic distribution of 2016 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography
January 1, 2016 through December 31, 2016

	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	3	5.4%	5	8.9%	26	46.4%	22	39.3%	0	0.0%	**56**	**100%**
Refinance	0	0.0%	3	8.8%	16	47.1%	15	44.1%	0	0.0%	**34**	**100%**
Home Improvement	0	0.0%	2	16.7%	9	75.0%	1	8.3%	0	0.0%	**12**	**100%**
Multifamily	1	25.0%	0	0.0%	1	25.0%	2	50.0%	0	0.0%	**4**	**100%**
TOTAL HMDA	**4**	**3.8%**	**10**	**9.4%**	**52**	**49.1%**	**40**	**37.7%**	**0**	**0.0%**	**106**	**100%**
Owner-Occupied Housing	4.5%		18.4%		40.6%		36.4%		0.0%		**100%**	
2016 HMDA Aggregate	3.8%		14.1%		39.1%		43.0%		0.0%		**100%**	

The analysis of HMDA loans revealed reasonable lending performance to borrowers residing in low-income geographies. The bank's total penetration of low-income census tracts by number of loans (3.8 percent) is slightly less than the percentage of owner-occupied housing units in low-income census tracts (4.5 percent). Furthermore, the bank's performance in low-income census tracts is equal to that of other lenders in the assessment area based on 2016 HMDA aggregate data, which indicate that 3.8 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in low-income geographies.

Bank performance in moderate-income census tracts was below comparison data and deemed poor. The bank's total penetration of moderate-income census tracts by number of loans (9.4 percent) is well below the percentage of owner-occupied housing units in moderate-income census tracts (18.4 percent). The bank's performance in moderate-income census tracts is also significantly below that of other lenders based on aggregate lending data, which indicate that 14.1 percent of aggregate HMDA loans inside the assessment area were made to borrowers residing in moderate-income census tracts. Combined, the bank's geographic distribution of HMDA loans in LMI geographies, 13.2 percent, is poor.

Next, the bank's geographic distribution of small business loans was reviewed. The following table displays 2016 small business loan activity by geography income level compared to the location of businesses throughout this assessment area and 2016 small business aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2016 through December 31, 2016												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Small Business Loans	1	5.0%	4	20.0%	9	45.0%	6	30.0%	0	0.0%	**20**	**100%**
Business Institutions	6.8%		21.3%		38.1%		33.7%		0.0%		**100%**	
2016 Small Business Aggregate	8.0%		17.5%		37.0%		36.3%		1.2%		**100%**	

The bank's level of lending in low-income census tracts (5.0 percent) is slightly below the estimated percentage of businesses operating inside these census tracts (6.8 percent) and 2016 aggregate lending levels in low-income census tracts (8.0 percent). Consequently, the bank's performance in low-income areas is reasonable. The bank's percentage of loans in moderate-income census tracts (20.0 percent) is above the 2016 aggregate lending percentage in moderate-income census tracts (17.5 percent) and slightly below the percentage of small businesses in moderate-income census tracts (21.3 percent), again representing reasonable performance. Therefore, the bank's overall geographic distribution of small business loans is reasonable.

The bank's geographic distribution of HELOCs was reviewed. The following table displays 2016 HELOC activity by geography income level compared to household population demographics for the assessment area.

Distribution of Bank Loans Inside Assessment Area by Income Level of Geography January 1, 2016 through December 31, 2016												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
HELOC	0	0.0%	6	17.1%	19	54.3%	10	28.6%	0	0.0%	**35**	**100%**
Household Population	8.7%		24.6%		37.4%		29.3%		0.0%		**100%**	

The analysis of HELOCs revealed very poor lending performance to borrowers residing in low-income geographies. The bank did not originate any HELOCs to borrowers in low-income census tracts, which make up 8.7 percent of the total household population in the assessment area.

Bank performance in moderate-income census tracts was also below comparison data and deemed to be poor. The bank's total penetration of moderate-income census tracts by number of loans (17.1 percent) is below the percentage of households located in moderate-income census tracts (24.6 percent). Overall, the bank's geographic distribution of HELOCs in LMI geographies (17.1 percent) is poor.

Finally, based on reviews from all three loan categories, United Bank had loan activity in 61.1 percent of all of the assessment area census tracts. While not all census tracts contain HMDA, small business, and/or HELOC loans, the urban core of the assessment area, which is located in the central part of the city of Lexington, is where the majority of LMI census tracts are located. These census tracts contain a variety of loans in the majority of those LMI census tracts. Therefore, no conspicuous lending gaps were noted in LMI areas.

COMMUNITY DEVELOPMENT TEST

The bank demonstrates adequate responsiveness to community development needs in the Lexington assessment area, considering the bank's capacity and the need and availability of such opportunities for community development. The bank addressed these needs through community development loans, qualified investments, and community development services. Activities are displayed in the following table, with noteworthy activities described below it.

Community Development Activities July 27, 2015 through January 7, 2018			
Community Development Component	**#**		**$**
Loans	2		$9.1 million
Investments, Current and Prior	0		$0
Donations	52		$16,803
Services	34 Services	17 Organizations	

- The bank extended two community development loans totaling $9.1 million in this assessment area, both of which were new originations. One of these loans was to finance construction of a new home for a veteran who could not otherwise afford to purchase a home. The other loan was to renovate 288 units of Section 8 housing.

- The bank made 24 donations totaling $1,438 to a men's homeless shelter.

- Two bank employees provided financial education to two different organizations that primarily serve LMI individuals.

LOUISVILLE/JEFFERSON COUNTY-ELIZABETHTOWN-MADISON, KENTUCKY-INDIANA COMBINED STATISTICAL AREA

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE LOUISVILLE ASSESSMENT AREA

Bank Structure

The bank operates six branches representing 17.6 percent of its total branches, in this assessment area, all of which have ATMs. One branch is located in a moderate-income census tract, four branches are located in middle-income census tracts, and one branch is located in an upper-income census tract. In addition, there are two stand-alone, cash-only ATMs. Of the six branches and two stand-alone ATMs, none are located in Jefferson County. During this review period, the bank did not open or close any branches in this assessment area. Based on this branch network and other service delivery systems, the bank is adequately positioned to deliver financial services to the entire assessment area.

General Demographics

The assessment area is comprised of Hardin, Bullitt, and Jefferson Counties in their entireties, 3 of 17 counties that make up the Louisville-Elizabethtown combined statistical area. The CSA is comprised of two MSAs and two micropolitan statistical areas, which include the Elizabethtown-Fort Knox, Kentucky MSA (Elizabethtown MSA), the Louisville/Jefferson County, Kentucky-Indiana MSA (Louisville MSA), the Bardstown, Kentucky micropolitan statistical area, and the Madison, Indiana micropolitan statistical area.

Hardin County is located in the Elizabethtown MSA and contains the city of Elizabethtown, Kentucky. Bullitt and Jefferson Counties are located in the Louisville MSA. Jefferson County, which contains the city of Louisville, is the largest and most urbanized county in the assessment area. Both Hardin and Bullitt Counties are home to the Fort Knox Military Base.

The following table describes the counties in the bank's assessment area along with their respective populations as of the 2010 U.S Census.

County	Population
Hardin	105,543
Bullitt	74,319
Jefferson	741,096
Total Assessment Area Population	**920,958**

As displayed in the table, Hardin County has a population of 105,543, which is 71.2 percent of the Elizabethtown MSA. Bullitt County has a population of 74,319 and accounts for 6.0 percent of the Louisville MSA. Finally, Jefferson County makes up 60.0 percent of the Louisville MSA with a population of 741,096.

This assessment area is a competitive banking market, with 33 total financial institutions operating with a branch presence in the assessment area. According to the FDIC Deposit Market Share Report as of June 30, 2017, the bank ranked thirteenth out of the 33 FDIC-insured depository institutions, possessing 1.0 percent of the total assessment area deposit dollars.

This assessment area covers a wide area, and the population and demographics are diverse. As a result, credit needs in the area vary and include a blend of consumer and business credit products. Furthermore, significant community development opportunities are available for financial institution participation.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	34	44	86	64	3	**231**
	14.7%	19.0%	37.2%	27.7%	1.3%	**100%**
Family Population	22,943	35,128	104,239	70,348	0	**232,658**
	9.9%	15.1%	44.8%	30.2%	0.0%	**100%**

As shown in the preceding table, 33.7 percent of the census tracts in the assessment area are LMI geographies, but only 25.0 percent of the family population resides in these tracts. All low- and 35 moderate-income census tracts are located in Jefferson County. These LMI areas are primarily concentrated in and around the city of Louisville.

Based on 2010 U.S. Census data, the median family income for the assessment area was $58,763. At the same time, the Elizabethtown MSA median family income was $53,414, and the Louisville MSA income was $60,164. More recently, the FFIEC estimated the 2016 median family income for the Elizabethtown MSA and the Louisville MSA to be $58,600 and $66,800, respectively. The following table displays population percentages of assessment area families by income level compared to the Elizabethtown MSA and the Louisville MSA family populations as a whole.

Family Population by Income Level

Dataset	Low-	Moderate-	Middle-	Upper-	TOTAL
Assessment Area	51,631	40,771	47,229	93,027	**232,658**
	22.2%	17.5%	20.3%	40.0%	**100%**
Elizabethtown MSA	7,394	7,102	8,047	15,536	**38,079**
	19.4%	18.7%	21.1%	40.8%	**100%**
Louisville MSA	67,830	56,485	66,376	127,391	**318,082**
	21.3%	17.8%	20.9%	40.0%	**100%**

In reference to the data in the preceding table, the assessment area is similar in affluence to both MSAs. Although the first table in this section indicated that a large portion of the assessment area families live in middle-income census tracts, this table reveals that a significant portion of assessment area families (39.7 percent) are considered LMI. This LMI family population figure is similar to that of both MSA comparisons. However, the level of assessment area families living below the poverty level (11.2 percent) is slightly above both the Elizabethtown MSA (10.0 percent) and the Louisville MSA (10.5 percent).

Housing Demographics

As displayed in the following table, housing affordability in the assessment area appears to be below the Elizabethtown MSA but similar to the Louisville MSA.

Housing Demographics

Dataset	Median Housing Value	Affordability Ratio	Median Gross Rent (monthly)
Assessment Area	$144,392	31.9%	$666
Elizabethtown MSA	$123,009	37.2%	$629
Louisville MSA	$144,568	33.0%	$667

Based on median housing values, housing appears to be more affordable in Bullitt County ($143,000) and Hardin County ($131,900) when compared to Jefferson County ($145,900). This is further supported by affordability ratios, which also indicate housing in Bullitt County (36.0) and Hardin County (36.0) is more affordable than Jefferson County (31.1). While community contacts did not indicate that there were any particular housing needs, they did highlight a growing demand for housing and a boom in both sales and purchases.

Industry and Employment Demographics

The assessment area supports a large and diverse business community, including a strong healthcare sector. County business patterns indicate that there are 469,092 paid employees in the assessment area as of 2015. By percentage of employees, the three largest job categories in the assessment area are healthcare and social assistance (15.7 percent), followed by retail trade (11.0 percent) and manufacturing (11.0 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area as a whole, the Elizabethtown MSA, and the Louisville MSA.

	Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**Elizabethtown MSA**	**Louisville MSA**
2014	6.0%	6.4%	5.8%
2015	4.8%	5.1%	4.7%
2016	4.4%	4.5%	4.2%

As shown in the table above, unemployment levels in the assessment area are above the Louisville MSA and below the Elizabethtown MSA levels. In addition, unemployment levels have decreased throughout the review period.

Community Contact Information

For the Louisville assessment area, two community contact interviews were completed as part of this evaluation. One interview was with an individual specializing in housing, and the other was with a representative from a small business development center.

The community contact interviewees characterized the local economy as being robust and growing at a faster rate than the national economy. Furthermore, the contacts indicated that unemployment is low, and because of this, one of the contacts noted the challenge small businesses face is finding qualified labor. Both contacts also indicated that manufacturing was a dominant industry in the area. The contact specializing in housing indicated there is a healthy housing supply but that the demand for housing is growing. Similarly, the representative with the small business development center indicated there has been a boom in housing sales and purchases but that they were unaware of any particular housing needs. The contact went on to highlight a need for more financial education programs and stressed the significant number of opportunities that financial institutions have for community development.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE LOUISVILLE ASSESSMENT AREA

LENDING TEST

The distribution of loans in the Louisville assessment area reflects poor penetration among borrowers of different income levels and businesses of different sizes. However, the geographic distribution of loans reflects reasonable penetration throughout the assessment area. Furthermore, the bank's lending patterns indicate that loans are being made throughout the assessment area.

<u>Loan Distribution by Borrower's Profile</u>

Overall, the bank's loan distribution by borrower's profile is poor based on performance from all three loan categories reviewed. Again, the greatest emphasis is placed on performance in the HMDA loan category.

Borrowers are classified into low-, moderate-, middle- and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($58,600 and $66,800 for the Elizabethtown MSA and Louisville MSA, respectively, as of 2016). The following table shows the distribution of HMDA reported loans by borrower income level compared to family population income demographics for the assessment area. Additionally, 2016 aggregate data for the assessment area is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income
January 1, 2016 through December 31, 2016

	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	2	4.7%	7	16.3%	11	25.6%	23	53.5%	0	0.0%	**43**	**100%**
Refinance	4	5.0%	5	6.3%	10	12.5%	51	63.8%	10	12.5%	**80**	**100%**
Home Improvement	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3	100.0%	**3**	**100%**
TOTAL HMDA	**6**	**4.8%**	**12**	**9.5%**	**21**	**16.7%**	**74**	**58.7%**	**13**	**10.3%**	**126**	**100%**
Family Population	22.2%		17.5%		20.3%		40.0%		0.0%		**100%**	
2016 HMDA Aggregate	9.1%		18.9%		19.5%		32.3%		20.2%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (4.8 percent) is substantially below both the low-income family population figure (22.2 percent) and the 2016 aggregate lending level to low-income borrowers (9.1 percent), reflecting poor performance. Similarly, the bank's level of lending to moderate-income borrowers (9.5 percent) is far below both the moderate-income family population percentage (17.5 percent) and the aggregate lending levels of 18.9 percent, reflecting poor performance. Therefore, considering performance to both income categories, the bank's overall distribution of HMDA loans by borrower's profile is poor.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2016 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2016 through December 31, 2016								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	≤$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	15	48.4%	2	6.5%	7	22.6%	**24**	**77.4%**
Greater than $1 Million/ Unknown	1	3.2%	1	3.2%	5	16.1%	**7**	**22.6%**
TOTAL	**16**	**51.6%**	**3**	**9.7%**	**12**	**38.7%**	**31**	**100%**
Dun & Bradstreet Businesses ≤ $1million							**89.6%**	
Small Business Aggregate ≤ $1million							**46.3%**	

The bank's level of lending to small businesses is 77.4 percent, which is below demographic data (89.6 percent). However, the bank's lending level is above the aggregate lending data (46.3 percent) and is considered reasonable. Additionally, the bank originated 51.6 percent of its business loans in dollar amounts less than $100,000, indicating a willingness to lend to businesses of all sizes.

As with the bank's performance in HMDA and small business products, its distribution of HELOCs was also reviewed. The review of HELOCs reflects poor penetration among individuals of different income levels, including LMI borrowers. The following table reflects the bank's lending activity, compared to the percent of household population in the assessment area.

Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower January 1, 2016 through December 31, 2016												
	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
HELOC	5	13.5%	5	13.5%	8	21.6%	19	51.4%	0	0.0%	**37**	**100%**
Household Population	24.7%		16.4%		18.1%		40.7%		0.0%		**100%**	

The percentage of households below poverty in the assessment area is 14.0 percent, which exceeds the percentage in the Louisville MSA (13.2 percent) and the Elizabethtown MSA (12.6 percent) and likely reduces the number of individuals that might qualify for this product.

Nevertheless, the bank's lending performance to low-income borrowers (13.5 percent) is significantly below the household population (24.7 percent), which reflects poor performance. On the other hand, the bank's lending to moderate-income borrowers is 13.5 percent and is slightly below the percent of household population of 16.4 percent, reflecting reasonable performance. Despite reasonable performance to moderate-income borrowers, overall, the bank's combined HELOC lending to LMI borrowers is considered poor.

Geographic Distribution of Loans

As noted previously, the Louisville assessment area includes 34 low- and 44 moderate-income census tracts, representing 33.8 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects reasonable penetration throughout these LMI census tracts based on the HMDA, small business, and HELOC loan categories with primary emphasis on the bank's HMDA lending. In determining the overall performance of the bank's geographic distribution of the three loan categories reviewed, greater emphasis was placed on the bank's performance in moderate-income census tracts, because all of the bank's low-income census tracts are located in Jefferson County, which does not contain any bank offices.

The following table displays the geographic distribution of 2016 HMDA loans compared to owner-occupied housing demographics for the assessment area and aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography
January 1, 2016 through December 31, 2016

	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Home Purchase	0	0.0%	7	16.3%	24	55.8%	12	27.9%	0	0.0%	**43**	**100%**
Refinance	4	5.0%	13	16.3%	45	56.3%	18	22.5%	0	0.0%	**80**	**100%**
Home Improvement	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	**0**	**100%**
Multifamily	0	0.0%	3	100.0%	0	0.0%	0	0.0%	0	0.0%	**3**	**100%**
TOTAL HMDA	**4**	**3.2%**	**23**	**18.3%**	**69**	**54.8%**	**30**	**23.8%**	**0**	**0.0%**	**126**	**100%**
Owner-Occupied Housing	5.9%		13.9%		46.5%		33.7%		0.0%		**100%**	
2016 HMDA Aggregate	3.0%		11.5%		45.5%		39.9%		0.0%		**100%**	

The analysis of HMDA loans revealed reasonable lending performance to borrowers residing in low-income geographies. The bank's total penetration of low-income census tracts by number of loans (3.2 percent) is below the percentage of owner-occupied housing units in low-income census tracts (5.9 percent). However, the bank's performance in low-income census tracts is above that of other lenders in the assessment area based on 2016 HMDA aggregate data, which indicate that 3.0 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in low-income geographies.

Moreover, bank performance in moderate-income census tracts was significantly above comparison data and deemed excellent. The bank's total penetration of moderate-income census tracts by number of loans (18.3 percent) is well above the percentage of owner-occupied housing units in moderate-income census tracts (13.9 percent). The bank's performance in moderate-income census tracts is also above that of other lenders based on aggregate lending data, which indicate that 11.5 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income census tracts. Combined, the bank's geographic distribution of HMDA loans in LMI geographies (21.5 percent) is excellent.

Second, the bank's geographic distribution of small business loans was reviewed. The following table displays 2016 small business loan activity by geography income level compared to the location of businesses throughout this assessment area and 2016 small business aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography
January 1, 2016 through December 31, 2016

	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Small Business Loans	0	0.0%	6	19.4%	14	45.2%	11	35.5%	0	0.0%	**31**	**100%**
Business Institutions	12.5%		13.6%		34.9%		38.8%		0.4%		**100%**	
2016 Small Business Aggregate	11.4%		13.6%		31.9%		41.8%		1.3%		**100%**	

The bank did not originate any loans in low-income census tracts, while the estimated percentage of businesses operating inside these census tracts is 12.5 percent, and the 2016 aggregate lending levels in low-income census tracts was 11.4 percent. Consequently, the bank's performance in low-income areas is very poor. The bank's percentage of loans in moderate-income census tracts (19.4 percent) is significantly higher than both the percentage of small businesses in moderate-income census tracts (13.6 percent) and 2016 aggregate lending performance (13.6 percent), representing excellent performance. When combined, the percentage of loans made in LMI geographies (19.4 percent) reflects reasonable performance.

The bank's geographic distribution of HELOCs was reviewed. The following table displays 2016 HELOC activity by geography income level compared to household population demographics for the assessment area.

Distribution of Bank Loans Inside Assessment Area by Income Level of Geography
January 1, 2016 through December 31, 2016

	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
HELOC	0	0.0%	3	8.1%	29	78.4%	5	13.5%	0	0.0%	**37**	**100%**
Household Population	11.5%		16.5%		43.1%		29.0%		0.0%		**100%**	

The analysis of HELOCs revealed very poor lending performance to borrowers residing in low-income geographies. The bank did not originate any HELOCs to borrowers in low-income census tracts, which make up 11.5 percent of the total household population in the assessment area.

Bank performance in moderate-income census tracts was also below comparison data and deemed poor. The bank's total penetration of moderate-income census tracts by number of loans (8.1 percent) is well below the percentage of owner-occupied housing units in moderate-income census tracts (16.5 percent). Given the greater emphasis on lending in moderate-income census tracts, the bank's combined geographic distribution of HELOCs in LMI geographies is poor.

Lastly, based on reviews from all three loan categories, United Bank had loan activity in 29.0 percent of all of the assessment area census tracts. While not all census tracts contain HMDA, small business, and/or HELOCs loans, the urban core of the assessment area, where the majority of LMI census tracts are located, contains loans in LMI census tracts. Therefore, given the absence of a branch presence in Jefferson County, no conspicuous lending gaps were noted in LMI areas.

COMMUNITY DEVELOPMENT TEST

The bank's overall community development performance demonstrates poor responsiveness to the community development needs in this assessment area considering the vast need/availability of such opportunities for community development, as noted by one of the community contacts, and in light of a significant declining performance trend. Notwithstanding this declining performance, the bank has addressed some of the community development needs of the assessment area through community development loans, qualified investments, and community development services. Activities are shown in the following table, with noteworthy activities described below the table.

Community Development Activities
May 9, 2015 through January 7, 2018

Community Development Component	#		$
Loans	3		$1,640,801
Investments, Current and Prior	3		$698,000
Current Period	2		$448,000
Prior Period, Still Outstanding	1		$250,000
Donations	18		$22,100
Services	21 Services	14 Organizations	

- The bank refinanced two loans totaling $668,488 for businesses located in moderate-income census tracts

- The bank made two new community development investments totaling $448,000 and had one prior period investment with a current balance totaling $250,000. All of the investments were in a CDFI that serves distressed neighborhoods in Louisville.

  - The bank made four donations to an organization that provides rent assistance and other basic necessity assistance services to LMI individuals.

- 11 bank employees served on a board and provided financial expertise to organizations that provide services to LMI individuals.

NONMETROPOLITAN STATISTICAL AREA KENTUCKY

(Full-Scope Review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NONMSA KENTUCKY ASSESSMENT AREA

Bank Structure

United Bank operates 8 of its 34 offices (23.5 percent), including its main office, in this assessment area, all of which have ATMs. Of the eight offices, none are located in LMI census tracts, one is located in a middle-income census tract, and seven are located in upper-income census tracts. Since the last examination, the bank did not open or close any branches in this assessment area. Based on its branch network and service delivery systems, the bank is well positioned to deliver financial services to substantially all of the assessment area.

General Demographics

The assessment area is comprised of Anderson, Franklin, and Mercer Counties in their entireties. This assessment area is located in a nonMSA portion of the state of Kentucky and directly west of the Lexington Assessment Area. The following table lists the counties in the bank's assessment area along with their respective populations as of the 2010 U.S. Census.

County	Population
Anderson	21,421
Franklin	49,285
Mercer	21,331
Total Assessment Area Population	**92,037**

As displayed in the table, the assessment area population was 92,037. Based on the June 30, 2017 FDIC Market Share Report, the bank ranked first out of the 15 FDIC-insured depository institutions in the assessment area with a market share of 38.4 percent of total deposit dollars.

Credit needs in the assessment area include a standard combination of consumer and business loan products. Community contacts noted a need for flexible loans to meet the needs of consumers with less-than-perfect credit who are seeking to start a small business. Other needs highlighted include down payment assistance loans and small dollar loans to assist current homeowners. Both contacts agreed that the assessment area offers many opportunities for community development involvement by financial institutions.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population in those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	0	1	4	16	0	**21**
	0.0%	4.8%	19.0%	76.2%	0.0%	**100%**
Family Population	0	500	3,769	20,589	0	**24,858**
	0.0%	2.0%	15.2%	82.8%	0.0%	**100%**

As shown above, the assessment area does not contain any low-income census tracts and contains only one moderate-income census tract, representing 4.8 percent of all census tracts. Only 2.0 percent of the family population resides in this tract. A large majority of the assessment area family population resides in upper-income census tracts.

Dataset	2010 U.S. Census Median Family Income
Anderson County	$63,815
Franklin County	$61,086
Mercer County	$55,127
Assessment Area	$60,779
nonMSA Kentucky	$43,402

The table above displays median family income data from the 2010 U.S. Census for each county in the assessment area, the assessment area overall, and nonMSA Kentucky overall. The median family income for the assessment area, $60,779, was significantly higher than the median family income for all nonMSA Kentucky of $43,402. More recently, the FFIEC estimates the 2016 median family income for all nonMSA Kentucky to be $46,400.

The following table displays population percentages of assessment area families by income level compared to all of nonMSA Kentucky.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	3,249	2,936	4,206	14,467	**24,858**
	13.1%	11.8%	16.9%	58.2%	**00%**
NonMSA Kentucky	113,894	81,702	92,223	203,383	**491,202**
	23.2%	16.6%	18.8%	41.4%	**100%**

As shown in the table above, 24.9 percent of families in the assessment area were considered LMI, which is significantly below the percentage of LMI families in nonMSA Kentucky of 39.8 percent. The percentage of families living below the poverty level in the assessment area, 9.9 percent, is substantially less than the 16.9 percent in nonMSA Kentucky. Considering these factors, the assessment area is substantially more affluent than nonMSA Kentucky.

Housing Demographics

As shown in the table below, housing in the assessment area appears to be much less affordable than nonMSA Kentucky.

Housing Demographics			
Dataset	**Median Housing Value**	**Affordability Ratio**	**Median Gross Rent (monthly)**
Assessment Area	$135,705	36.2%	$598
NonMSA Kentucky	$84,511	40.0%	$513

Median housing values in the assessment area are significantly higher than nonMSA Kentucky. Within the assessment area, median housing values ranged from $129,400 in Mercer County to $138,900 in Franklin County. Median gross rents are higher in the assessment area than nonMSA Kentucky as well. Within the assessment area, median gross rents are lowest in Mercer County at $542 and highest in Franklin County at $643. Furthermore, affordability ratios are lower than nonMSA Kentucky, indicating homes are less affordable. They also varied between counties in the assessment area, from a low of 34.5 in Franklin County to a high of 42.1 in Anderson County. Based on the median housing values, median gross rents, and affordability ratios, home ownership in the assessment area, and especially in Franklin County, appears to be out of reach for many LMI residents.

Industry and Employment Demographics

The assessment area supports a large and diverse business community and is dominated by four main sectors. County business patterns indicate that there are 25,291 paid employees in the assessment area as of 2015. By percentage of employees, the four top job categories are manufacturing (23.9 percent), retail trade (15.8 percent), accommodation and food services (12.9

percent), and healthcare and social assistance (12.7 percent). The following table details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area and nonMSA Kentucky as a whole.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**NonMSA Kentucky**
2014	5.5%	7.7%
2015	4.4%	6.4%
2016	4.2%	6.3%

As shown in the preceding table, unemployment levels in the assessment area decreased slightly during the review period and were consistently lower than nonMSA Kentucky.

Community Contact Information

Two community contacts were interviewed for the assessment area. One of the contacts specialized in housing, and the other contact was from a small business development center.

Both contacts indicated that the local economy has been improving since the recession and that the economy is supported by several strong industry sectors, including state government, education, auto manufacturing, and whisky production. The housing representative indicated the biggest obstacles facing LMI individuals wanting to own their own homes is credit history or lack of credit. Accordingly, the contact mentioned a need for more credit and homeownership counseling programs. In addition, the contact identified a need for weatherization-related programs, small dollar loans to assist current homeowners in making home modifications, and affordable housing for LMI seniors.

The contact specializing in small business development indicated there is a need for workforce development programs, small business counseling programs, and revolving microloan funds. Both contacts agreed many opportunities for community development involvement by financial institutions exist in the assessment area and highlighted United Bank as being particularly involved in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE NONMSA KENTUCKY ASSESSMENT AREA

LENDING TEST

The overall distribution of loans by borrower's income/revenue profile in the nonMSA Kentucky assessment area reflects reasonable penetration among borrowers of different income levels and businesses of different revenue sizes. Similarly, the overall geographic distribution of loans reflects reasonable penetration throughout the assessment area.

<u>Loan Distribution by Borrower's Profile</u>

Overall, the bank's loan distribution by borrower's profile is reasonable based on performance from the three loan categories reviewed. In reaching an overall conclusion, 1–4 family residential real estate loans were given the most weight, followed by small business loans, and then HELOCs, reflecting the volume distribution of the bank's products.

The following table shows the distribution of 1–4 family residential real estate loans by borrower income level compared to family population income demographics for the assessment area. Additionally, 2016 aggregate data for the assessment area is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income
January 1, 2016 through December 31, 2016

	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
1–4 Family Residential Real Estate	7	8.0%	14	15.9%	11	12.5%	56	63.6%	0	0.0%	**88**	**100%**
Family Population	13.1%		11.8%		16.9%		58.2%		0.0%		**100%**	
2016 HMDA Aggregate	2.1%		12.3%		20.8%		43.3%		21.5%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (8.0 percent) is below the low-income family population figure (13.1 percent) but above the 2016 aggregate lending level to low-income borrowers (2.1 percent), reflecting reasonable performance.

The bank's level of lending to moderate-income borrowers (15.9 percent) is slightly above both the moderate-income family population percentage (11.8 percent) and the aggregate lending level of 12.3 percent, also reflecting reasonable performance. Therefore, the bank's overall distribution of 1–4 family residential real estate loans by borrower's profile is reasonable.

Small business loans were also reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2016 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2016 through December 31, 2016								
Gross Revenue	Loan Amounts in $000s						TOTAL	
	≤$100		>$100 and ≤$250		>$250 and ≤$1,000			
$1 Million or Less	17	48.6%	3	8.6%	3	8.6%	**23**	**65.7%**
Greater than $1 Million/ Unknown	7	20.0%	2	5.7%	3	8.6%	**12**	**34.3%**
TOTAL	**24**	**68.6%**	**5**	**14.3%**	**6**	**17.1%**	**35**	**100%**
Dun & Bradstreet Businesses ≤ $1million							**90.1%**	
Small Business Aggregate ≤ $1million							**52.8%**	

The bank's level of lending to small businesses is 65.7 percent, which is below demographic data (90.1 percent) but above the aggregate lending data (52.8 percent). Therefore, the bank's performance is reasonable. Additionally, the bank originated 68.6 percent of its business loans in dollar amounts less than $100,000, indicating a willingness to lend to businesses of all sizes.

Finally, the bank's HELOC lending was analyzed by borrower income level compared to household population income demographics for the assessment area.

Distribution of Bank Loans Inside Assessment Area by Income Level of Borrower January 1, 2016 through December 31, 2016												
	Borrower Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
HELOC	1	3.8%	5	19.2%	4	15.4%	16	61.5%	0	0.0%	**26**	**100%**
Household Population	15.6%		11.3%		15.4%		57.7%		0.0%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (3.8 percent) is significantly below the low-income household population figure (15.6 percent), reflecting very poor performance. Conversely, the bank's level of lending to moderate-income borrowers (19.2 percent) is significantly above the moderate-income household population percentage (11.3 percent) and reflects excellent performance. Combined lending to LMI borrowers was 23.0 percent, compared to the household population of 26.9 percent; therefore, the bank's overall distribution of HELOCs by borrower's profile is reasonable.

Geographic Distribution of Loans

As noted previously, the nonMSA Kentucky assessment area does not include any low-income census tracts and contains only one moderate-income census tract, representing 4.8 percent of all census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects reasonable dispersion throughout this assessment area, based on the 1–4 family residential real estate, small business, and HELOC loan categories.

The following table displays the geographic distribution of 2016 1–4 family residential real estate loans compared to owner-occupied housing demographics for the assessment area and aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2016 through December 31, 2016												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
1–4 Family Residential Real Estate	0	0.0%	4	4.5%	6	6.8%	78	88.6%	0	0.0%	**88**	**100%**
Owner-Occupied Housing	0.0%		1.4%		15.3%		83.3%		0.0%		**100%**	
2016 HMDA Aggregate	0.0%		1.7%		12.4%		85.9%		0.0%		**100%**	

As the bank does not have any low-income census tracts, this analysis focuses on the bank's performance in the moderate-income geography. The bank's total penetration of the moderate-income census tract by number of loans (4.5 percent) is considered reasonable given that it is above the percentage of owner-occupied housing units (1.4 percent) and aggregate (1.7 percent).

Next, the bank's geographic distribution of small business loans was reviewed. The following table displays 2016 small business loan activity by geography income level compared to the location of businesses throughout this assessment area and 2016 small business aggregate data.

Distribution of Loans Inside Assessment Area by Income Level of Geography January 1, 2016 through December 31, 2016												
	Geography Income Level										TOTAL	
	Low-		Moderate-		Middle-		Upper-		Unknown			
Small Business Loans	0	0.0%	1	2.8%	4	11.1%	31	86.1%	0	0.0%	**36**	**100%**
Business Institutions	0.0%		3.5%		21.1%		75.4%		0.0%		**100%**	
2016 Small Business Aggregate	0.0%		3.6%		19.2%		76.1%		1.0%		**100%**	

As displayed in the table above, the bank's level of lending in the moderate-income census tract (2.8 percent) is slightly below both the estimated percentage of businesses operating inside these census tracts (3.5 percent) and the 2016 aggregate lending levels in moderate-income census tracts (3.6 percent). Consequently, the bank's performance in the moderate-income area is reasonable.

Moreover, the bank's geographic distribution of HELOCs was reviewed. The following table displays 2016 HELOC loan activity by geography income level compared to household population demographics for the assessment area.

Distribution of Bank Loans Inside Assessment Area by Income Level of Geography January 1, 2016 through December 31, 2016												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Consumer Loans (HELOCs)	0	0.0%	1	3.8%	2	7.7%	23	88.5%	0	0.0%	**26**	**100%**
Household Population	0.0%		3.3%		16.2%		80.4%		0.0%		**100%**	

Bank performance in the moderate-income census tract was above comparison data and deemed to be reasonable. The bank's total penetration of the moderate-income census tract by number of loans (3.8 percent) is slightly above the percentage of owner-occupied housing units in moderate-income census tracts (3.3 percent).

Finally, based on reviews from all three loan categories, United Bank had loan activity in 95.2 percent of all of the assessment area census tracts. While not all census tracts contain 1–4 family residential real estate, small business, and/or HELOC loans, the sole moderate-income census tract contained all three types of loans. Therefore, no conspicuous lending gaps were noted in the LMI area.

COMMUNITY DEVELOPMENT TEST

The bank demonstrates adequate responsiveness to community development needs in the nonMSA Kentucky assessment area, considering the bank's capacity and the need and availability of such opportunities for community development. The bank addressed these needs through community development loans, qualified investments, and community development services. Activities are displayed in the table below, followed by noteworthy activities.

Community Development Activities October 27, 2014 through January 7, 2018			
Community Development Component	**#**		**$**
Loans	4		$1,374,852
Investments, Current Period	2		$373,349
Donations	22		$17,575
Services	18 Services	17 Organizations	

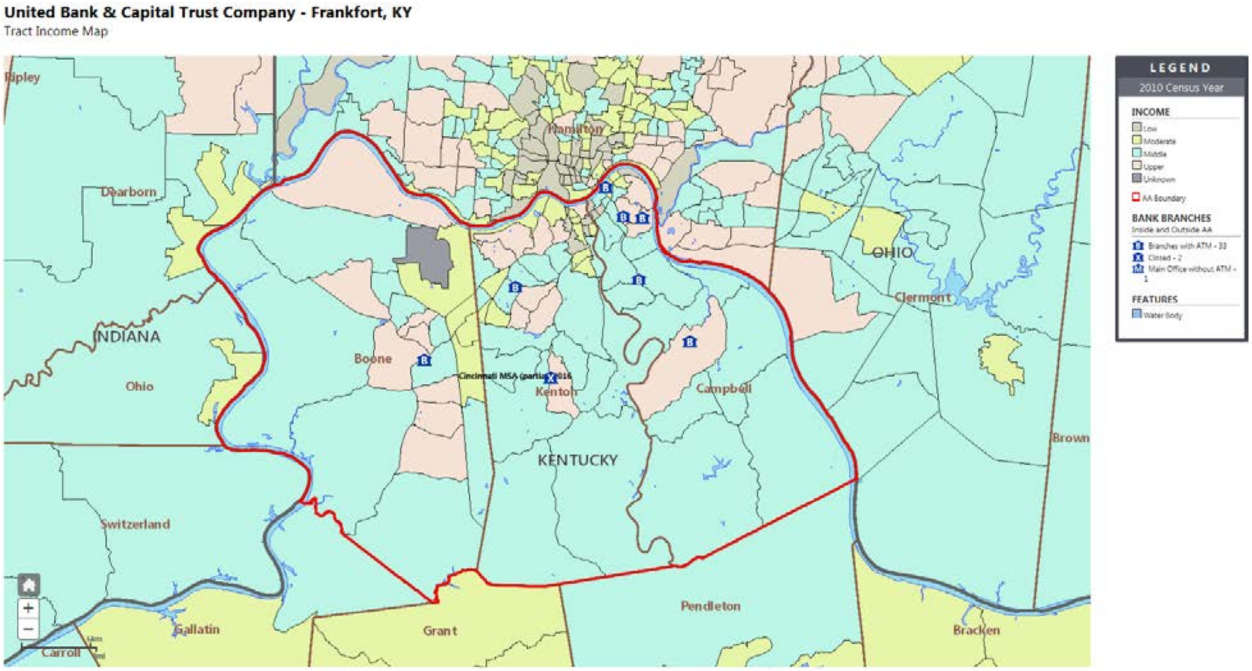
- The bank extended one community development loan totaling $1.0 million to fund the purchase of 20 buses for an organization that provides community services to low-income families and individuals.

- The bank made two current period investments totaling $373,349 in municipal bonds. The bonds were for renovations to school districts in the assessment area that have a majority of students who qualify for free or reduced lunch.

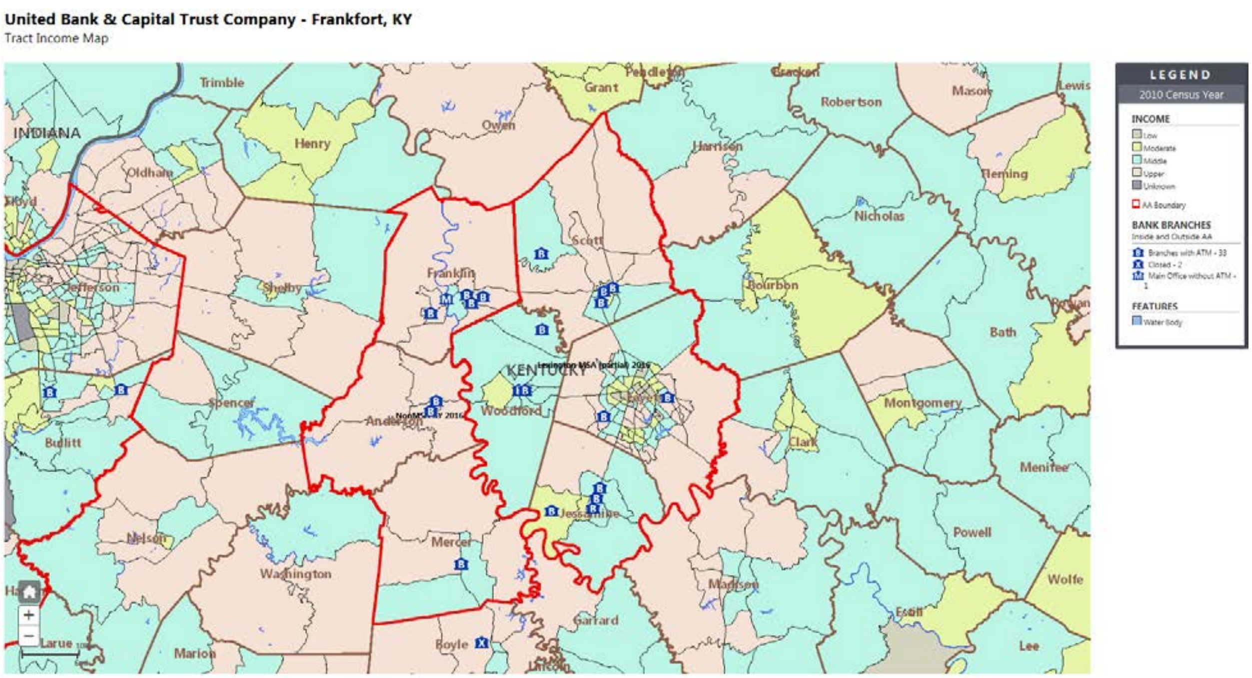
- The bank made six donations totaling $1,450 to a local homeless shelter for adult women who are pregnant or have children.

- 16 bank employees taught financial education courses at local schools that have a majority of students who qualify for free or reduced lunch.

Cincinnati Assessment Area

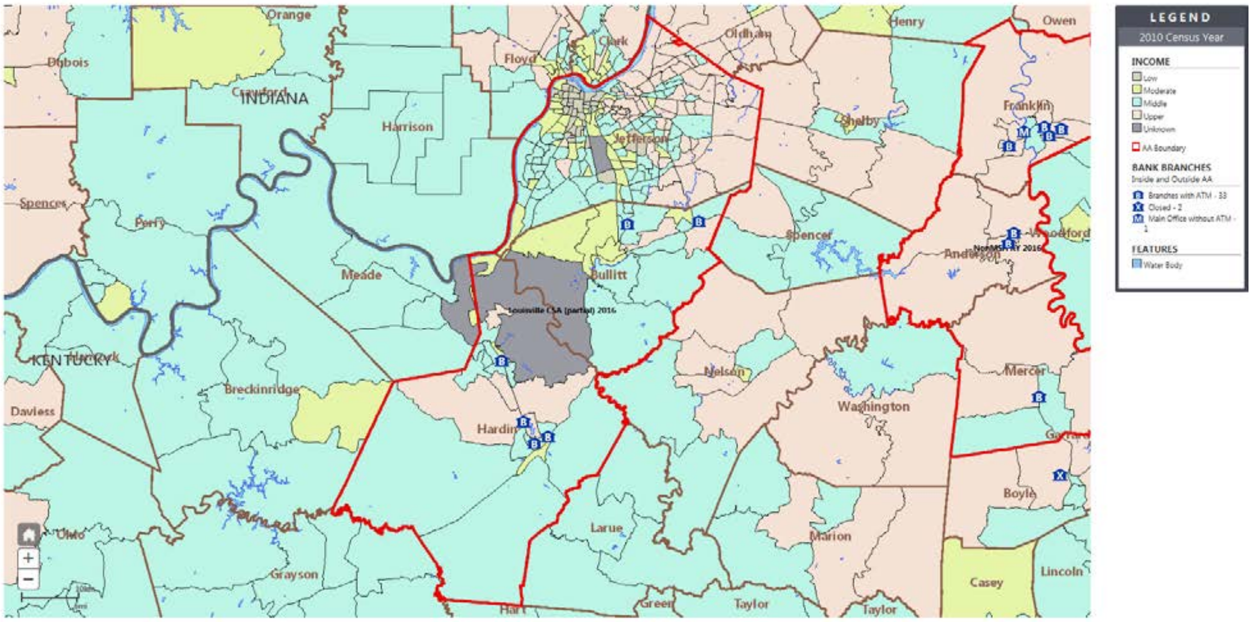


Lexington and NonMSA Kentucky Assessment Areas



Louisville Assessment Area

United Bank & Capital Trust Company - Frankfort, KY
Tract Income Map



GLOSSARY

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 metropolitan area/assessment area.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and non-metropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and 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 contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) <u>affordable housing</u> (including multifamily rental housing) for low- or moderate-income individuals (LMI); (2) <u>community services</u> targeted to low- or moderate-income individuals; (3) activities that promote <u>economic development</u> by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; (4) activities that <u>revitalize or stabilize</u> LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate- and middle-income individuals and geographies.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed non-metropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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-scope 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 do 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, 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 metropolitan area/assessment area.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of a MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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 businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are secured either by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

Small loan(s) to farm(s): That is, "small farm loans" are included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Reports 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.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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