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January 15, 2018

Nadine Wallman, Vice President
1455 East Sixth Street,
Cleveland, OH 44101-2566

Re: Fifth Third Bancorp application to acquire MB Financial, Inc.

Ms. Nadine Wallman:

Advocates for Basic Legal Equality (ABLE), on behalf of our client, the Junction Coalition, submits the enclosed comments under the Community Reinvestment Act in response to Fifth Third Bancorp’s application “to acquire MB Financial, Inc., Chicago, Illinois, and thereby indirectly acquire shares of MB Financial Bank, National Association, Chicago, Illinois.”

ABLE is a nonprofit poverty law firm, serving the civil legal needs of low income people in Northwest Ohio. For purposes of these comments, ABLE is representing the Junction Coalition as its legal counsel. The Junction Coalition is a small 501(c)3 organization serving a disinvested central-city neighborhood in Toledo. Consistent with a larger pattern of disinvestment in the Toledo area, the census tracts covering the Junction neighborhood received no home mortgage loans at all from Fifth Third.

We submit the enclosed comments highlighting Fifth Third’s lack of lending activity in Toledo, Ohio, and its systematic disinvestment in neighborhoods of color, particularly the neighborhood area served by the Junction Coalition.

Sincerely,

/s/ Aisha Sleiman

/s/ George Thomas

Introduction and Summary

Despite its position as the largest bank in Toledo, Ohio, Fifth Third's lending record shows a pattern of disinvestment and discrimination against communities and neighborhoods of color, particularly African American neighborhoods. As explained further below, we believe that Fifth Third can improve these practices with more specific and tangible commitments to the neighborhoods that have received little to no lending activity, which are primarily minority-concentrated areas.

As context to these comments, we recognize that, in 2016, Fifth Third signed an expansive community benefits agreement committing to increase mortgage lending and marketing. We do applaud this effort by Fifth Third. However, it is unclear to us that any benefits of these national CRA commitments will trickle down to Toledo's disinvested neighborhoods, such as the Junction Coalition's service area. Although it has improved somewhat in the past four years, Fifth Third's record in the Toledo, Ohio MSA continues to reveal redlining.

In fact, Fifth Third's overall lending to minority areas has diminished over time. This is exacerbating a historic practice of leaving behind the most disinvested neighborhoods of color. After meeting with Fifth Third Bank recently, in anticipation of these comments, we were encouraged by their openness to dialogue on how we could resolve these issues. However, there are no clear CRA commitments to the Toledo area at this time, or to the Junction neighborhood specifically. Without tangible CRA commitments to areas facing significant disinvestment, and no mortgage lending activity, we must ask that the Federal Reserve withhold approval of Fifth Third's application for acquisition of MB Financial unless and until Fifth Third provides such commitments.

Commentary

Fifth Third Bank is engaging in a pattern or practice unlawful redlining in Toledo, Ohio, by failing to serve the credit needs of majority non-white neighborhoods in its lending, as well as engaging in practices that discourage prospective applicants from those neighborhoods to apply for credit. Fifth Third's activities in Toledo violate both the Fair Housing Act ("FHA"), and the Equal Credit Opportunity Act ("ECOA").

Both the FHA and ECOA prohibit creditors from discriminating based on race, color, and national origin, among other characteristics. The Fair Housing Act makes it unlawful for a bank to discriminate against any person, based on protected characteristics, such as race and color, in making mortgage loans available. ECOA goes further; banks are prohibited from making any statements, implementing any practices, or acting in any way that could possibly discourage a protected class of potential applicants from applying for credit.

Despite holding the largest market share of over 30% in this Metropolitan Statistical Area, Fifth Third avoids majority black neighborhoods of Toledo. Fifth Third's policies and practices that discouraged applicants from majority black census tracts include:

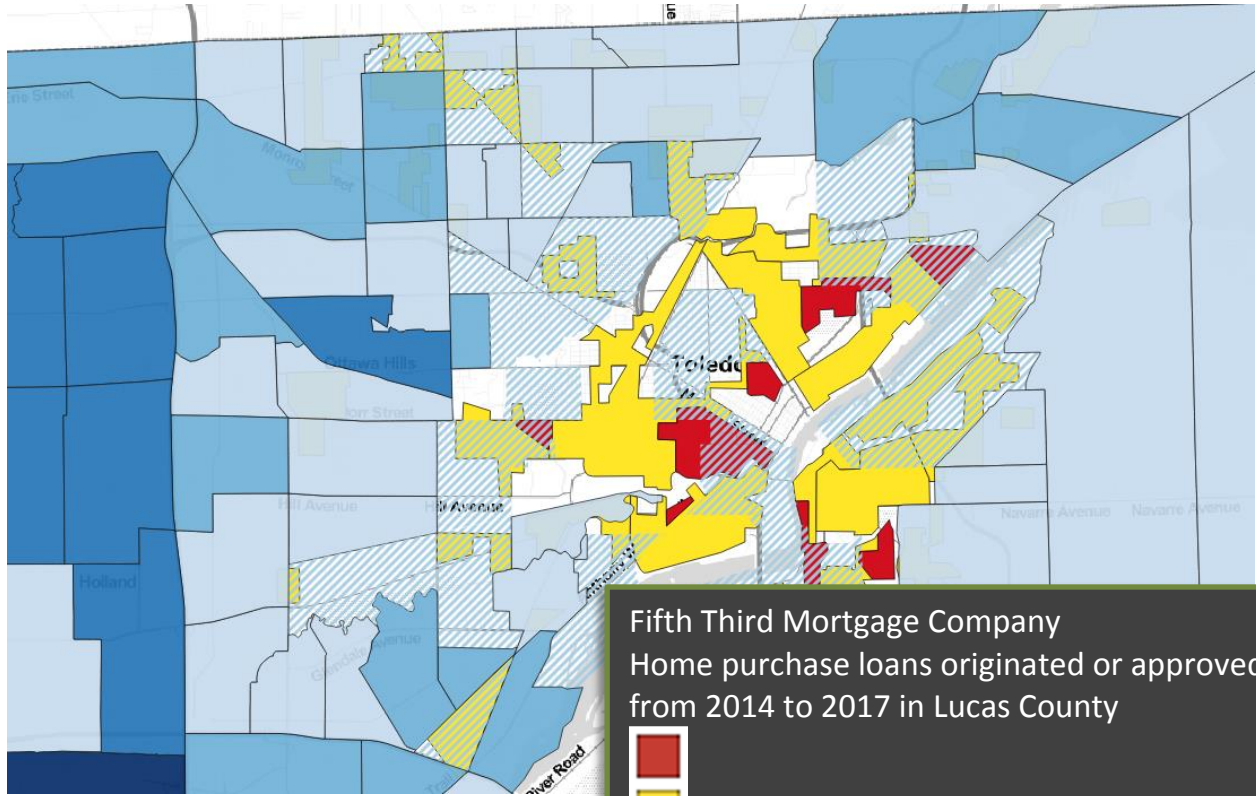
- branch locations that avoid serving majority-black neighborhoods;
- a focus of lending activity in predominantly white neighborhoods; and

- a failure to effectively market to majority black neighborhoods to compensate for a lack of branch locations in those neighborhoods.

Fifth Third has a large presence in Toledo, especially given Toledo's size. Deposits from Toledo make up nearly 5% of Fifth Third's total market share, and they are the largest deposit banking institution in the City, with over 30% of a market share in Toledo. Of the 123 census tracts in this MSA, 32 of them are predominantly minority neighborhoods, most of which are low income (29). There are 52 low income census tracts total. The focus of this comment will be on these 52 census tracts, with an emphasis on the 32 minority neighborhoods.

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Fifth Third has engaged in unlawful redlining, by essentially avoiding investing in minority neighborhoods, despite their “outstanding” CRA rating. We allege that Fifth Third is not meeting the credit needs of their community, whether advertently or inadvertently, because of the deep disinvestment in these neighborhoods. Their policies and practices have led to redlining that looks eerily similar to the 1939 Home Owners Loan Corporation redlining map of the past. Whether purposeful or not, Fifth Third’s policies and practices have resulted in a discouragement of prospective applicants from minority areas, leaving them deeply disinvested and forcing them to turn to other, less secure, forms of lending.



This map overlays the 1938 Home Owners’ Loan Corporation map with Fifth Third’s current home purchase lending activity.

See <http://guides.osu.edu/maps-geospatial-data/maps/redlining/>

Fifth Third Mortgage Company
Home purchase loans originated or approved from 2014 to 2017 in Lucas County

-   = Redlined and yellow-lined areas, based on 1938 HOLC map.
-  = Minimal lending – 1 to 8 home loans.
-  = 9 to 17 home loans
-  = 18 to 31 home loans
-  = 32 to 50 home loans
-  = 50 to 114 home loans

According to the most recent Census data, over 35% of Toledo residents are non-white, with just over 27% black. It's important to note how segregated Toledo is, in general. The most widely used index to measure racial segregation is the dissimilarity index. The dissimilarity index measures the percentage of a city's population (as in, how many people would have to move), in order to achieve integration. Toledo's dissimilarity index is 73-meaning, 73% of the City's residents would have to move in order to achieve some level of integration. This is all to say, that Toledo is a deeply segregated city, and Fifth Third is perpetuating that segregation by keeping non-white residents and neighborhoods of Toledo cut off from any investment.

1. Branch Locations and Access

Fifth Third has engaged in a pattern of locating branches in a manner that is designed to serve the banking and credit needs of majority white neighborhoods. This is a long-standing pattern, and one that is not addressed by the CRA exams. However, it continues to be an important consideration in bank service and credit access. In addition, Fifth Third has failed to hire individuals from the communities they serve, that may be able to help them reach those same populations. Overall, the current system of allocating branches and loan officers is not conducive to meet the credit needs of minority neighborhoods, and is in fact, actively working against serving those needs, whether purposeful or not.

Fifth Third has 13 full service branches in the Toledo MSA, according to data from the FDIC. Only three of those are in predominantly distressed and disinvested areas: and two of those three are in downtown Toledo, a rapidly gentrifying area. In short, even the branches that appear to serve the needs of minority and low-income individuals, are not realistically serving those needs. For context: much of the residents of inner city zip codes (including 43604, 43605, 43607, 43608, 43609, 43610, 43611, 43620) have to travel an *average* of 5.3 miles to get a Fifth Third branch. The majority of branches are actually located about seven miles away from the central city.

It is also important to note that this lack of access to a full-service branch is exacerbated by the lack of a reliable and solid public transportation system, particularly connecting the lower income areas to the higher income areas. If an individual lives in a certain area and does not have a car (as many people in minority and low income neighborhoods are), then accessing another full service branch in another part of town is nearly impossible. And while Fifth Third's E-bus is a commendable effort, it is only a temporary solution to a systemic problem. The E-bus is not an adequate solution to the larger problem of access. It does not operate enough, nor does it go to the heart of meeting the credit needs of the communities they go.

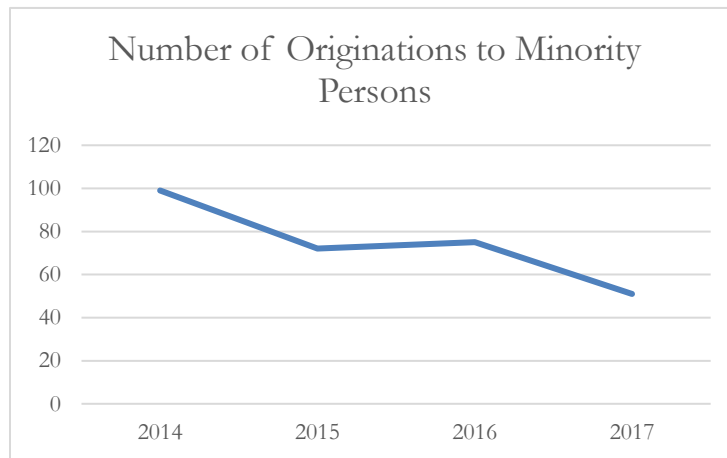
Just as important is a lack of diverse hiring of loan officers. A bank's CRA record can improve with committed individuals and managers, who are willing and incentivized to reach out to unserved communities, and who work with them to make sure their credit needs are met. In a search of Fifth Third loan officers in the Toledo area, it became clear that minority hiring can be improved substantially. That, coupled with the inadequate branch access, is an important element in understanding the extent of Fifth Third's failure to reach significant populations of Toledo's low income and people of color.

2. Applications and Originations from Majority Non-White Tracts

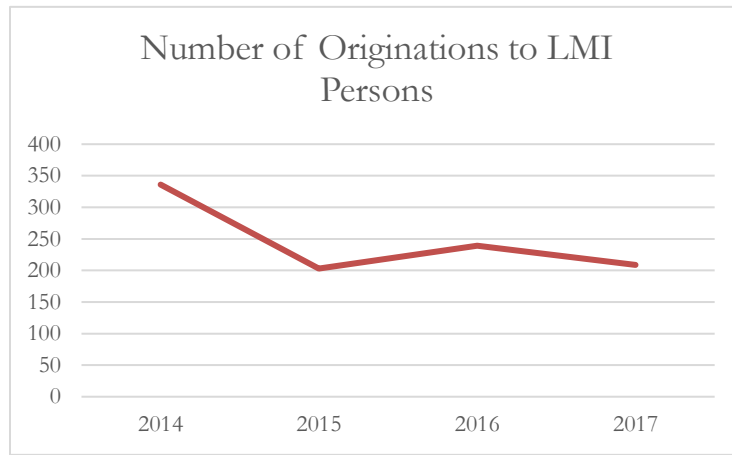
Fifth Third's assessment area of the Toledo MSA includes parts of Lucas County, Wood County and Fulton County. These assessment areas are used to evaluate whether the Bank is "meeting the credit needs" of their community, under the Community Reinvestment Act.

Basic statistical analysis of the last four years, show that, despite commitments to the contrary, Fifth Third served the credit needs of majority white census tracts/neighborhoods significantly better than they did for residents of predominantly non-white neighborhoods, within this assessment area. This section is organized by data points ranging from: applications from and originations to minority persons, applications from and originations to LMI persons, applications from and originations to minority neighborhoods, and applications from and originations to LMI neighborhoods. We have also examined the likelihood of loan origination based on those same variables.

Fifth Third rightfully and understandably celebrated the historic CBA that was signed with NCRC. However, the numbers show that CBA or no CBA, there hasn't been significant community investment. In 2017, the first year the CBA was supposed to be in effect, Fifth Third actually originated *less* loans to persons of color. In fact, there has been a steady decrease in loan originations from 2014 through 2017, to persons of color. See the graph below: +

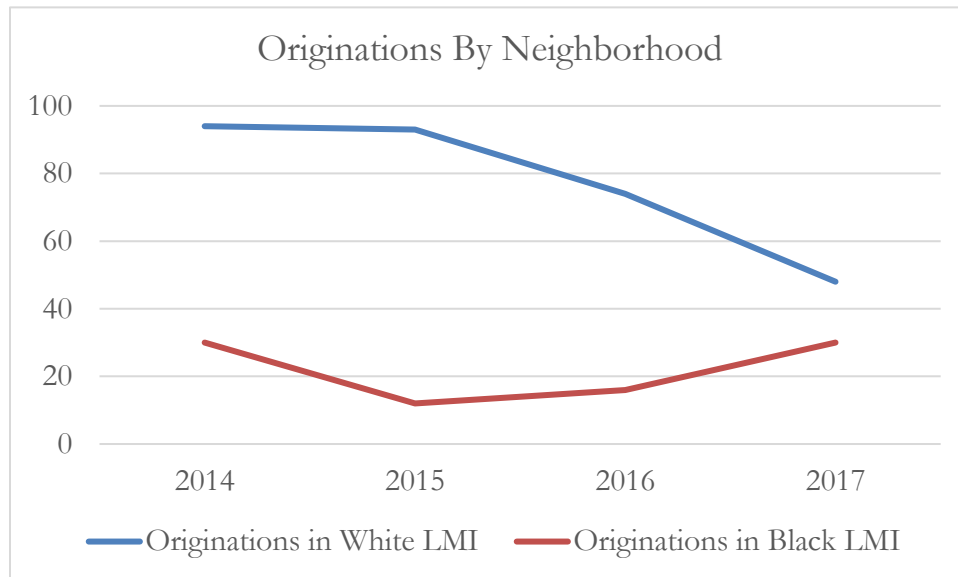


We see the same pattern for lending to low and moderate-income persons; although it is stronger than lending to minorities, it is still overall heading in a downward trend. See graph below:



The most important data to look at is the discrepancy between white low income neighborhoods and black low income neighborhoods. Again, we recognize that Fifth Third has made important strides in this area; however, we need to see more in order to reverse and correct the nearly decade long pattern of disinvestment.

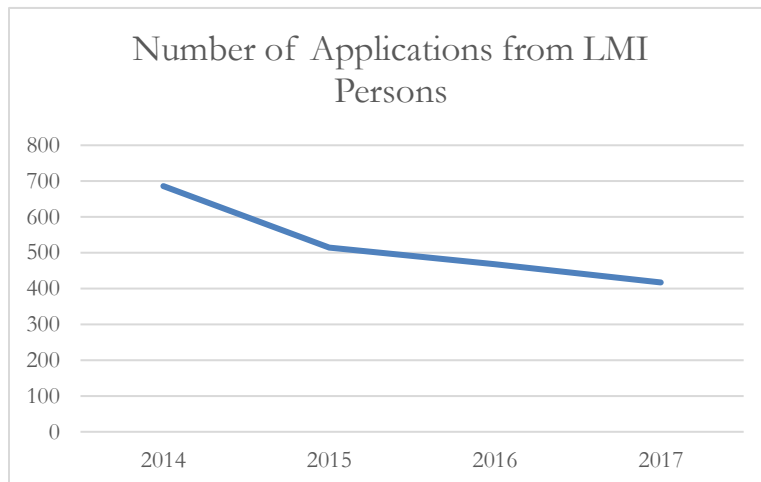
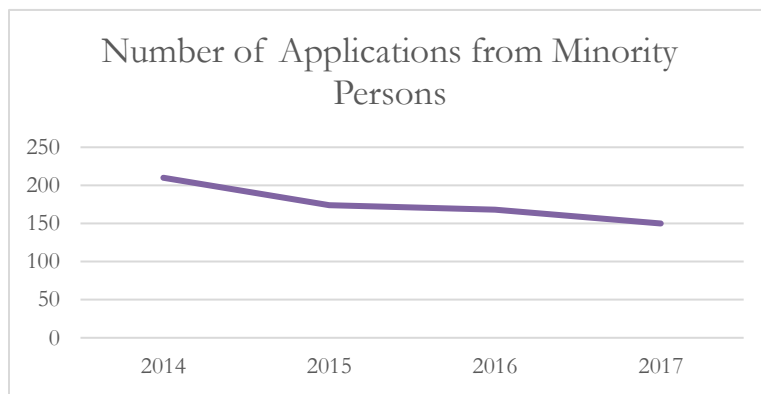
There are 27 white low income census tracts in Toledo, and 33 black low income census tracts in Toledo. Yet, each year for the last four years, white low and moderate income census tracts have seen more lending activity than black low and moderate income census tracts. See graphs below:



3. Failure to Compensate for Lack of Branch Locations

Fifth Third Bank took inadequate steps to market their credit services to non-white persons, or people living in majority-minority neighborhoods. In a search of the different newspapers and media that serves primarily black and Latino consumers, we could find no marketing by from Fifth Third Bank. In addition, through various community outreach events and conversations, it is clear to us that most residents of these disinvested neighborhoods are not aware of what lending programs they could potentially qualify for through Fifth Third. Fifth Third's products simply are not marketed to minority communities to compensate for a lack of physical branch access. And despite commitments in the recent CBA with NCRC to increase advertising efforts, we can find no real implementation or oversight to ensure implementation in the Toledo MSA. A successfully targeted advertising and outreach campaign by the bank must include the disinvested neighborhoods, with an array of the products that could actually serve those areas, provided by people who understand how to serve those communities.

This lack of marketing is confirmed as we examine applications data to evaluate whether progress has been made on this front, and whether Fifth Third took steps to mitigate the impacts of the lack of access to physical branch locations. Application data is similar to the trends we saw above, with a general pattern of decrease over the past four years. See graphs below:



4. Federal Reserve CRA Exams Confirm a Need to Improve in the Toledo MSA

The last time the Federal Reserve did a full exam of lending in Toledo was in 2014, when Fifth Third received a “Needs to Improve” rating. Both the 2014 CRA exam as well as the 2016 exam confirm that the Federal Reserve itself saw issues in Fifth Third’s lending record in Toledo.

The last time the Federal Reserve did a full scope review of Fifth Third’s lending in Toledo, they found [among others]: “geographic distribution of refinance loans is poor.”, “geographic distribution of home purchase loans is poor.” And while Fifth Third did better in some areas than others, the crux of the issue remains: as the largest bank in Toledo, Fifth Third continues to disinvest communities of color in Toledo.

In the 2016 exam, even after only a limited scope review of Toledo, the Fifth Third was found to be “below” their overall state rating of “outstanding” on two of the three tests. On their lending test, which looks at both geographic and income distribution, the Federal Reserve determined that Fifth Third was below their state rating. In addition, on their investment test, which reviews a bank’s investment portfolio, including community investments, they were also below their state rating. This is only after a limited scope review.

Smaller and medium-size cities such as Toledo are unfortunately often left behind in evaluations of a bank’s nation-wide activity. The current request for merger provides an opportunity for additional review where, for the Toledo MSA, additional review is very clearly required. While Fifth Third’s public filing for merger with MB Financial includes an exhaustive list of all of their CRA activities, Toledo is left with the same recurring problems already identified by the Federal Reserve in previous exams: there is no specific commitment to our area, despite the CRA’s clear language that a bank has an affirmative obligation to meet the credit needs of their *community*. Fifth Third’s community includes Toledo, and as the largest bank serving this area, its activity must be more closely scrutinized.

5. Need for specific commitments to the Toledo MSA, and the Junction neighborhood area

On behalf of our client, the Junction Coalition, we have requested a local benefits agreement with Fifth Third. The agreement, we hope, will aim to redress the issues described above, and ensure clearer commitments specifically to the disinvested areas that have continued to see declines in lending activity. We request that the Federal Reserve, in response to our comments, please require as a prerequisite to approval of its application that Fifth Third meet with the Junction Coalition and their counsel, and enter a reasonable community benefits agreement to address issues in the Toledo area, especially in the Junction area. We recognize the efforts Fifth Third have made in attempting to resolve these discrepancies through general CRA commitments. However, until there are clear commitments to disinvested areas described above, we must request stronger assurances and transparency for how Toledo will benefit from Fifth Third’s CRA activities.

We ask that the Federal Reserve please contact us directly to confirm receipt of our comments, and indicate whether it will encourage or require Fifth Third to enter a community

benefits agreement. You may reach Aisha Sleiman and George Thomas directly at asleiman@ablelaw.org and gthomas@ablelaw.org.