

PUBLIC DISCLOSURE

May 18, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Antwerp Exchange Bank Company
Certificate Number: 14523

305 South Main Street
Antwerp, Ohio 45813

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Chicago Regional Office

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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

TABLE OF CONTENTS

INSTITUTION RATING.....	1
DESCRIPTION OF INSTITUTION.....	1
DESCRIPTION OF ASSESSMENT AREAS	2
SCOPE OF EVALUATION	3
CONCLUSIONS ON PERFORMANCE CRITERIA	4
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	5
DESCRIPTION OF INSTITUTION’S OPERATIONS IN OHIO NON-MSA.....	5
SCOPE OF EVALUATION - OHIO NON-MSA.....	8
CONCLUSIONS ON PERFORMANCE CRITERIA IN OHIO NON-MSA.....	8
STATE OF INDIANA – Full-Scope Review	11
DESCRIPTION OF INSTITUTION’S OPERATIONS IN FORT WAYNE, IN MSA	11
SCOPE OF EVALUATION - FORT WAYNE, IN MSA	13
CONCLUSIONS ON PERFORMANCE CRITERIA IN FORT WAYNE, IN MSA	13
SMALL BANK PERFORMANCE CRITERIA	17
SUMMARY OF RATINGS FOR RATED AREAS.....	18
GLOSSARY	19

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area in a manner consistent with its resources and capabilities.

The Antwerp Exchange Bank Company (AEB) satisfactory performance under the Interagency Small Institution CRA Examination Procedures is summarized below.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs
- A majority of loans and other lending related activities are in the institution's assessment area.
- The assessment area does not have any low- or moderate-income geographies. As such, a review of the geographic distribution criterion would not result in a meaningful conclusion. Therefore, this criterion was not evaluated and is not considered in the overall rating.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels (including low- and moderate-income), farms, and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Background

AEB, headquartered in Antwerp, Ohio, operates in northwest Ohio and northeast Indiana. The institution is a wholly owned subsidiary of Diamond Bancshares, Inc., a one-bank holding company also headquartered in Antwerp, Ohio. AEB received a Satisfactory rating at its previous FDIC Performance, dated February 24, 2014, based on Interagency Small Institution CRA Examination Procedures. The bank converted the loan production office in Harlan, Indiana into a full-service branch in March 2019. No mergers or acquisitions have occurred.

Operations

AEB operates three offices: (1) the main office located at 305 South Main Street, Antwerp, Ohio (2) a branch located in Payne, Ohio, and (3) the new branch located in Harlan, Indiana. The bank offers loan products including home mortgage, commercial, agricultural, and consumer loans, primarily focusing on home mortgage, commercial, and agricultural lending. AEB also participates in the Federal Home Loan Bank (FHLB) Welcome Home Program that provides up to \$5,000 down payment assistance to low- and moderate-income borrowers. A variety of deposit products are available including checking, savings, individual retirement accounts, and certificates of deposit. Alternative banking services include internet and mobile banking, bill-pay, 24-hour telephone

banking, automated teller machines, and drive-up facilities. The bank maintains a website at www.antwerpexchangebank.com.

Ability and Capacity

Assets totaled approximately \$126 million as of the March 31, 2020 Consolidated Report of Condition and included total loans of \$87 million and total deposits of \$110 million. As of the same date, the LTD ratio was 78.2 percent, and net loans to total assets was 68.6 percent. The following table contains AEB's loan portfolio as of March 31, 2020.

Loan Portfolio Distribution as of 3/31/2020		
Loan Category	\$(000s)	%
Construction and Land Development	2,078	2.4
Secured by Farmland	22,379	25.7
1-4 Family Residential	31,172	35.8
Multi-family (5 or more) Residential	-	0.0
Commercial Real Estate	13,849	15.9
Total Real Estate Loans	69,478	79.8
Commercial and Industrial	9,380	10.8
Agricultural	3,556	4.1
Consumer	4,178	4.8
Other	495	0.5
Less: Unearned Income	-	0.0
Total Loans	87,087	100.0
<i>Source: Reports of Income and Condition</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. AEB has designated two assessment areas: Ohio Non-Metropolitan Statistical Area (MSA) and Fort Wayne, Indiana MSA. The assessment areas consist of whole geographies, do not arbitrarily exclude low- and moderate-income areas, and include all of the geographies where the bank's offices are located.

The Ohio Non-MSA assessment area includes all of five census tracts in Paulding County, Ohio. Since the last evaluation, AEB expanded its assessment area to include portions of Indiana as a result of the new full-service branch in Harlan. AEB added three census tracts in Allen County, Indiana and one census tract in DeKalb County, Indiana (tract 208). The Harlan branch is located in Allen County, which is part of the Fort Wayne, Indiana MSA. While DeKalb County is part of the Indiana Non-MSA, tract 208 will be evaluated as part of the Fort Wayne, Indiana MSA assessment area. The single tract in DeKalb County is adjacent to the census tract in Allen County where the bank's branch is located and does not extend substantially beyond the MSA boundary. The Ohio Non-MSA assessment area will receive more weight to the overall conclusion as a majority of AEB's offices, loans, and deposits are in this assessment area. The following table details the breakdown of each assessment area.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
Ohio Non-MSA	Paulding	5	2
Fort Wayne, IN MSA	Allen	3	1
	DeKalb	1	-
Source: Bank Data			

Refer to the Description of Institution's Operations sections of this evaluation for more detailed demographic and economic information for each assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated February 24, 2014. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate AEB's CRA performance. These procedures cover the Small Institution Lending Test. The criteria for this test are described in the first Appendix.

Activities Reviewed

Examiners determined that AEB's major product lines are home mortgage, small business, and small farm loans. This conclusion considered the bank's business strategy, the portfolio composition, and number and dollar volume of loans originated during the evaluation period. Home mortgage and small business loans received greater weight in this evaluation, as they represent a higher concentration of originations during the evaluation period. Furthermore, no other loan types, such as consumer loans, represent major product lines. Therefore, they provided no material support for conclusions or rating and are not presented.

The bank's lending performance in 2019 was considered representative of performance throughout the entire evaluation period. As the bank is not required to collect or report home mortgage, small business, or small farm data, the bank's performance was evaluated using a sample of loans originated in 2019. The following table details the universes and samples by year for each loan product analyzed in this evaluation.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage	67	10,092	36	5,298
Small Business	63	4,999	36	2,577
Small Farm	42	4,661	30	3,163
Source: Bank Data				

Examiners reviewed the number and dollar volume of home mortgage, small business, and small farm loans. While the number and dollar volume are presented, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of individuals and businesses or farms served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

AEB demonstrated reasonable performance under the Lending Test. The bank's performance under the LTD ratio, Assessment Area Concentration, and Borrower Profile criteria primarily support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 87.1 percent over the past 25 calendar quarters from March 31, 2014, to March 31, 2020. The ratio ranged from a high of 93.9 percent at September 30, 2018 to a low of 76.2 percent at March 31, 2014. As shown in the following table, AEB maintained a ratio higher than two of the similarly situated institutions, which examiners selected based on their asset size, geographic location, and lending focus.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 3/31/2020 (\$000s)	Average Net LTD Ratio (%)
Antwerp Exchange Bank	125,776	87.1
Similarly-Situated Institution #1	133,622	76.5
Similarly-Situated Institution #2	120,983	66.0
Similarly-Situated Institution #3	130,519	115.7
<i>Source: Reports of Condition and Income 3/31/2014 - 3/31/2020</i>		

Assessment Area Concentration

The bank originated a majority of its home mortgage, small business, and small farm loans, by number and dollar amount, within its assessment area. See the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	31	86.1	5	13.9	36	4,616	87.1	682	12.9	5,298
Small Business										
2019	28	77.8	8	22.2	36	2,013	78.1	564	21.9	2,577
Small Farm										
2019	26	86.7	4	13.3	30	2,457	77.7	706	22.3	3,163
Source: Evaluation Period: 1/1/2019 - 12/31/2019 Bank Data										

Geographic Distribution

The assessment area does not have any low- or moderate-income geographies. As such, a review of the geographic distribution criterion would not result in a meaningful conclusion. Therefore, this criterion was not evaluated and is not considered in the overall rating.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessments areas, reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses and farms of different sizes. The bank demonstrated reasonable penetration under this criterion in both assessment areas. Refer to the separate assessment area discussions for this criterion.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

STATE OF OHIO – Full-Scope Review

CRA RATING FOR OHIO: SATISFACTORY

DESCRIPTION OF INSTITUTION'S OPERATIONS IN OHIO NON-MSA

Economic and Demographic Data

The Ohio Non-MSA assessment area includes five census tracts. These tracts reflect the following income designations according to the 2015 American Community Survey (ACS):

- 4 middle-income tracts, and
- 1 upper-income tract

As previously mentioned, neither of the assessment areas have low- or moderate-income tracts.

The following table illustrates select demographics of the assessment area based on the 2015 ACS data.

Demographic Information of the Assessment Area						
Assessment Area: Antwerp AA OH						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	80.0	20.0	0.0
Population by Geography	19,165	0.0	0.0	85.3	14.7	0.0
Housing Units by Geography	8,692	0.0	0.0	83.5	16.5	0.0
Owner-Occupied Units by Geography	6,010	0.0	0.0	83.6	16.4	0.0
Occupied Rental Units by Geography	1,689	0.0	0.0	94.0	6.0	0.0
Vacant Units by Geography	993	0.0	0.0	65.3	34.7	0.0
Businesses by Geography	959	0.0	0.0	83.0	17.0	0.0
Farms by Geography	191	0.0	0.0	74.3	25.7	0.0
Family Distribution by Income Level	5,303	17.3	18.5	22.0	42.2	0.0
Household Distribution by Income Level	7,699	22.1	17.1	19.5	41.3	0.0
Median Family Income Non-MSAs - OH		\$55,785	Median Housing Value			\$91,289
			Median Gross Rent			\$594
			Families Below Poverty Level			9.3%
Source: 2015 ACS and 2019 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

Housing units total 8,692, of which 69.1 percent are owner-occupied, 19.4 percent are occupied rental units, and 11.4 percent are vacant units.

Examiners use the Federal Financial Institutions Examination Council (FFIEC) median family income to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
OH NA Median Family Income (99999)				
2019 (\$61,000)	<\$30,500	\$30,500 to <\$48,800	\$48,800 to <\$73,200	≥\$73,200
Source FFIEC				

The largest employment sectors in this assessment area are services, agriculture, forestry, fishing, and retail trade. Major employers in Paulding County are as follows: Alex Products Incorporated, Cooper Farms Incorporated, Atwood Spec-Temp Glass, and Herbert E Orr Company. Data obtained from the U.S. Bureau of Labor Statistics indicated that the unemployment rate in the assessment is below the Ohio statewide rate and slightly above the national rate. As of March 2020,

the Ohio statewide unemployment rate was 5.8 percent and the national unemployment rate was 4.4 percent. The unemployment rate for Paulding County during the same time was 4.8 percent.

The analysis of small business and small farm loans under the Borrower Profile criterion compares the distribution of businesses and farms by gross annual revenues (GARs) level to the bank's lending. Approximately 68.3 percent of area-wide businesses (farm and non-farm) have 4 or fewer employees, and 87.8 percent operate from a single location.

According to the 2019 D&B data, 959 non-farm businesses are in the assessment area. The GARs for those businesses are as follows:

- 78.4 percent reported revenues of \$1 million and less.
- 6.1 percent reported revenues over \$1 million.
- 15.5 percent have unknown revenues.

According to the 2019 D&B data, 191 farms are in the assessment area. The GARs for those farms are as follows:

- 99.0 percent reported revenues of \$1 million and less.
- 1.0 percent reported revenues over \$1 million.

Competition

The assessment area is a moderately competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2019, four institutions operated six full-service offices within the assessment area. Of these institutions, AEB ranked first with 29.4 percent deposit market share.

The bank is not required to collect or report its home mortgage loan data, and has elected not to do so. Therefore, the analysis of home mortgage loans under the Lending Test does not include comparisons against aggregate data. However, aggregate home mortgage data is helpful in identifying the level of demand for such loans in the assessment area. In 2018, 97 lenders reported 611 residential mortgage loans originated or purchased, reflecting a moderate level of demand and competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. The ten most prominent home mortgage lenders accounted for 62.9 percent of total market share by number.

Additionally, the bank is not required to collect or report its small business or small farm loan data, and has elected not to do so. Similar to home mortgage, aggregate data will not be presented in the small business or small farm lending tables, but does give insight into the level of demand for such loans in the assessment area. In 2018, 32 lenders reported 204 small business loans in the assessment area. The ten most prominent small business lenders accounted for 72.5 percent of the total market share by number. In 2018, 13 lenders reported 88 small farm loans in the assessment area. The five most prominent small farm lenders accounted for 85.2 percent of total market share by number. The level of demand and competition in the assessment area for small business and small farm loans is moderate.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners contacted a representative of a community action agency in the Maumee Valley area, which includes Paulding County. The organization provides housing assistance, and community and economic development. The contact identified a need for affordable housing. The contact stated they have grant funds available for qualified (low- and moderate-income) homeowners to address necessary repairs to their homes. The contact notes that local and regional financial institutions are aware of and adequately meet the assessment area credit needs.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage lending represent primary credit needs in the AA. Although no major unmet credit needs were identified, there remains opportunities for affordable housing.

SCOPE OF EVALUATION - OHIO NON-MSA

Refer to overall “Scope of Evaluation” section.

CONCLUSIONS ON PERFORMANCE CRITERIA IN OHIO NON-MSA

LENDING TEST

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and among businesses and farms of different sizes. This conclusion is supported by reasonable performance under home mortgage and excellent performance under small business and small farm. Only loans originated in the AA are included in this analysis.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable performance to individuals of different income levels, including low-and moderate-income borrowers.

In 2019, the bank originated two sampled loans to low-income borrowers in the AA, at 11.1 percent, which trails the corresponding low-income family demographic. However, 9.3 percent of the families had incomes below the poverty level. Due to their limited financial resources, families with incomes below the poverty level have difficulty affording a home; limiting the demand and opportunity for lending to low-income borrowers.

Two of the sampled loans were originated to moderate-income borrowers in the AA in 2019. While the bank’s performance at 11.1 percent trails demographics, it should be noted that AEB originated two

loans in the assessment area using the FHLB's Welcome Home Program that were not captured in the loan sample. As previously mentioned, the Welcome Home Program provides down payment assistance to low- and moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level					
Assessment Area: Antwerp AA OH					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2019	17.3	2	11.1	72	6.2
Moderate					
2019	18.5	2	11.1	96	8.3
Middle					
2019	22.0	5	27.8	394	33.9
Upper					
2019	42.2	5	27.8	446	38.4
Not Available					
2019	0.0	4	22.2	154	13.2
Totals					
2019	100.0	18	100.0	1,162	100.0
Source: 2015 ACS; 1/1/2019 - 12/31/2019 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0					

Small Business

The distribution of small business loans reflects excellent penetration of loans to businesses with GARs of \$1 million or less. AEB's sampled small business loans were compared to the percentage of businesses in the assessment area with GARs of \$1 million or below. As seen in the following table, the bank's performance exceeded the percentage of businesses by 12.5 percent.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Antwerp AA OH					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	78.4	10	90.9	538	93.1
>\$1,000,000					
2019	6.1	1	9.1	40	6.9
Revenue Not Available					
2019	15.5	-	-	-	-
Totals					
2019	100.0	11	100.0	578	100.0
Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0					

Small Farm

The distribution of small farm loans reflects excellent penetration of loans to farms with GARs of \$1 million or less. The following tables shows that the institution made all sampled small farm loans in 2019 to farms with GARs of \$1million or less, which reflects strong performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Antwerp AA OH					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2019	99.0	9	100.0	351	100.0
>\$1,000,000					
2019	1.0	0	0.0	0	0.0
Revenue Not Available					
2019	0.0	--	--	--	--
Totals					
2019	100.0	9	100.0	351	100.0
Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0					

STATE OF INDIANA – Full-Scope Review

CRA RATING FOR INDIANA: SATISFACTORY

DESCRIPTION OF INSTITUTION’S OPERATIONS IN FORT WAYNE, IN MSA

Economic and Demographic Data

The Fort Wayne MSA assessment area includes four census tracts. These tracts reflect the following income designations according to the 2015 American Community Survey (ACS):

- 4 middle-income tracts

As previously mentioned, neither of the assessment areas have low- or moderate-income tracts.

The following table illustrates select demographics of the assessment area based on the 2015 ACS data.

Demographic Information of the Assessment Area						
Assessment Area: Antwerp AA IN						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4	0.0	0.0	100.0	0.0	0.0
Population by Geography	22,748	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	7,637	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	6,338	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	986	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	313	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,421	0.0	0.0	100.0	0.0	0.0
Farms by Geography	164	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	5,830	10.8	20.7	23.7	44.8	0.0
Household Distribution by Income Level	7,324	12.6	16.4	21.6	49.3	0.0
Median Family Income MSA - 23060 Fort Wayne, IN MSA		\$60,681	Median Housing Value			\$151,578
Median Family Income Non-MSAs - IN		\$55,715	Median Gross Rent			\$808
			Families Below Poverty Level			6.6%
Source: 2015 ACS and 2019 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

Housing units total 7,637 of which 83 percent are owner-occupied, 12.9 percent are occupied rental units, and 4.1 percent are vacant units.

Examiners use the FFIEC median family income to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Fort Wayne, IN MSA Median Family Income (23060)				
2019 (\$65,800)	<\$32,900	\$32,900 to <\$52,640	\$52,640 to <\$78,960	≥\$78,960
<i>Source FFIEC</i>				

The largest employment sectors in this assessment area are services, construction, and non-classifiable establishments. Major employers in this assessment are as follows: Parkview Health Systems, Lutheran Health Network, and General Motors. Data obtained from the U.S. Bureau of Labor Statistics indicated that the unemployment rate in the assessment is slightly above the Indiana statewide rate and below the national rate. As of March 2020, the Indiana statewide unemployment rate was 3.0 percent and the national unemployment rate was 4.4 percent. The unemployment rate for Allen County during the same time was 3.2 percent.

The analysis of small business and small farm loans under the Borrower Profile criterion compares the distribution of businesses and farms by gross annual revenues (GARs) level to the bank's lending. Approximately 71.5 percent of area-wide businesses (farm and non-farm) have 4 or fewer employees, and 95.8 percent operate from a single location.

According to the 2019 D&B data, 1,421 non-farm businesses are in the assessment area. The GARs for those businesses are as follows:

- 90.4 percent reported revenues of \$1 million and less.
- 4.2 percent reported revenues over \$1 million.
- 5.4 percent have unknown revenues.

According to the 2019 D&B data, 164 farms are in the assessment area. The GARs for those farms are as follows:

- 99.4 percent reported revenues of \$1 million and less.
- 0.6 percent reported revenues over \$1 million.

Competition

The assessment area is a highly competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2019, 21 institutions operated 96 full-service offices within the assessment area. Of these institutions, AEB ranked last with 0.2 percent deposit market share.

The bank is not required to collect or report its home mortgage loan data, and has elected not to do so. Therefore, the analysis of home mortgage loans under the Lending Test does not include

comparisons against aggregate data. However, aggregate home mortgage data is helpful in identifying the level of demand for such loans in the assessment area. In 2018, 125 lenders reported 1,036 residential mortgage loans originated or purchased, reflecting a high level of demand and competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. The ten most prominent home mortgage lenders accounted for 54.2 percent of total market share by number.

Additionally, the bank is not required to collect or report its small business or small farm loan data, and has elected not to do so. Similar to home mortgage, aggregate data will not be presented in the small business or small farm lending tables, but does give insight into the level of demand for such loans in the assessment area. In 2018, 89 lenders reported 7,022 small business loans in the assessment area. The ten most prominent small business lenders accounted for 68.8 percent of the total market share by number. In 2018, 22 lenders reported 288 small farm loans in the assessment area. The ten most prominent small farm lenders accounted for 88.5 percent of total market share by number. The level of demand and competition in the assessment area for small business and small farm loans is high.

Community Contact

Examiners interviewed an economic development organization in the AA. The contact identified needs for the development and improvement of affordable housing, as well as affordable small-dollar loans for LMI individuals in the AA. Furthermore, the contact identified a need for financial institutions to support community development organizations working to alleviate poverty and improve workforce educational attainment in the AA.

Credit Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage and small business lending represent primary credit needs in the AA. Although no major unmet credit needs were identified, there remain opportunities for affordable housing.

SCOPE OF EVALUATION – FORT WAYNE, IN MSA

Refer to overall “Scope of Evaluation” section.

CONCLUSIONS ON PERFORMANCE CRITERIA IN FORT WAYNE, IN MSA

LENDING TEST

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels (including low- and moderate-income) and among businesses and farms of different sizes. This conclusion is supported by reasonable performance under home mortgage, small business, and small farm. Only loans originated in the AA are included in this analysis.

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable performance to individuals of different income levels, including low-and moderate-income borrowers.

The bank originated one sampled loan to a low-income borrower in 2019 at 7.7 percent, which slightly trails the corresponding low-income family demographic in 2019. However, 6.6 percent of the families had incomes below the poverty level. Due to their limited financial resources, families with incomes below the poverty level have difficulty affording a home; limiting the demand and opportunity for lending to low-income borrowers.

The bank's home mortgage lending to moderate-income borrowers was also below the percentage of families. AEB originated two loans to moderate-income borrowers, trailing the percentage of families by 5.3 percent.

The bank continues to make an effort to make home ownership affordable to low- and moderate - income families through its participation in the Welcome Home Program. However, the program offers limited funds, and the bank's participation does not fully mitigate the less than adequate performance to moderate -income borrowers. As previously mentioned, there is high competition in the AA for home mortgage loans. National and regional banks also offer a broader range of home mortgage products than the bank does, specifically including loans with lower down payment requirements.

Considering lending to both low- and moderate -income borrowers, the bank's overall performance is reasonable. The following table illustrates the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level					
Assessment Area: Antwerp AA IN					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2019	10.8	1	7.7	261	7.6
Moderate					
2019	20.7	2	15.4	403	11.7
Middle					
2019	23.7	4	30.8	1,111	32.2
Upper					
2019	44.8	6	46.1	1,679	48.5
Totals					
2019	100.0	13	100.0	3,454	100.0
Source: 2015 ACSs; 1/1/2019 - 12/31/2019 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0					

Small Business

The distribution of small business loans, as shown in the following table, reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. While the majority of the bank's lending was to small businesses, the bank's performance fell below the percentage of businesses in the assessment area. However, it should be noted that the percentage of business with GARs of \$1 million or less is not an indication that such businesses are actually seeking traditional financing, as many small businesses seek financing through other non-traditional avenues such as business credit cards. Therefore, the bank's performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Antwerp AA IN					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	90.4	14	82.4	999	69.6
>\$1,000,000					
2019	4.2	3	17.6	436	30.4
Revenue Not Available					
2019	5.3	-	-	-	-
Totals					
2019	100.0	17	100.0	1,435	100.0
Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0					

Small Farm

The distribution of small farm loans, as shown in the following table, reflects reasonable penetration of loans to farms with GARs of \$1 million or less. While the majority of the bank's lending was to small farms, the bank's performance fell below the percentage of farms in the assessment area. However, it should be noted that the percentage of farms with GARs of \$1 million or less is not an indication that such farms are actually seeking traditional financing, as many small farms seek financing through other non-traditional avenues such as business credit cards. Therefore, the bank's performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Antwerp AA IN					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2019	99.4	16	94.1	1,981	94.1
>\$1,000,000					
2019	0.6	1	5.9	125	5.9
Revenue Not Available					
2019	0.0	--	--	--	--
Totals					
2019	100.0	17	100.0	2,106	100.0
Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0					

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
- 4) The geographic distribution of the bank's loans; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Rating
Overall	Satisfactory
State of Ohio	Satisfactory
State of Indiana	Satisfactory

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.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the institution under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in

information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, 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 Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

Rated Area: A rated area is a state or multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.