

PUBLIC DISCLOSURE

December 2, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Alliance Bank
Certificate Number: 197

101 W Montgomery St.
Francesville, Indiana 47946

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.

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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, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Alliance Bank's (AB) Lending Test performance is based upon the following:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among individuals of different income levels and businesses and farms of different sizes.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

The Community Development Test is rated Satisfactory.

The institution demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment areas.

DESCRIPTION OF INSTITUTION

AB is headquartered in Francesville, Indiana and mainly operates in the northwest portion of Indiana. It is a wholly owned subsidiary of Alliance Bancorp, a single bank holding company also based in Francesville, Indiana. AB has no subsidiaries. During the previous FDIC Performance Evaluation as of October 4, 2021, AB received a Satisfactory rating based on Interagency Small Institution Examination Procedures.

In addition to the Francesville headquarters, AB operates six full-service offices in the following Indiana counties: Benton County – one office each in Otterbein and Oxford; Jasper County – one office in Rensselaer; Pulaski County – one office in Winamac; and White County – one office each in Monon and Monticello. AB did not open or close any offices since the previous examination.

According to the call report dated September 30, 2024, the bank has total assets of \$426.3 million; total loans and leases of \$278.5 million; total deposits of \$363.5 million; and total equity capital of \$40.8 million.

The bank provides a variety of deposit services including checking and savings accounts, and certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill payment, automated teller machines, and drive-up facilities. The bank’s website, www.Myalliancebank.com, provides additional information.

The bank’s loan products include residential real estate, commercial, agriculture, and consumer loans. Residential real estate loans are sold on the secondary market to investors. The following table illustrates the composition of AB’s loan portfolio as of September 30, 2024. The three major categories of loans by dollar volume are commercial (44.0 percent), agricultural (28.5 percent), and home mortgages (20.9 percent). Examiners did not identify any financial, legal, or other impediments that impact the bank’s ability to meet assessment area credit needs.

Loan Portfolio Distribution as of 9/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	16,172	5.8
Secured by Farmland	39,439	14.2
Secured by 1-4 Family Residential Properties	29,226	10.5
Secured by Multifamily (5 or more) Residential Properties	28,874	10.4
Secured by Nonfarm Nonresidential Properties	91,852	33.0
Total Real Estate Loans	205,563	73.8
Commercial and Industrial Loans	30,634	11.0
Agricultural Production and Other Loans to Farmers	39,824	14.3
Consumer Loans	787	0.3
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	1,719	0.6
Less: Unearned Income	0	0
Total Loans	278,527	100.0
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas to evaluate its performance. AB has three assessment areas in the State of Indiana, as detailed below. Since the last evaluation, Starke County was removed from the assessment areas in September 2024. The current assessment areas are:

1. Indiana Nonmetropolitan Assessment Area (Non-MSA) – all of Pulaski and White Counties.
2. Lafayette-West Lafayette, IN Metropolitan Statistical Area (Lafayette MSA) – all of Benton, Tippecanoe, and Carroll Counties, and two contiguous census tracts in Warren County (9510.01 and 9510.02).
3. Gary, IN Metropolitan Division (Gary MD) – all of Jasper County.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated October 4, 2021, to the current evaluation dated December 2, 2024. Examiners used the Interagency Intermediate Small Bank Examination Procedures to evaluate AB's CRA performance. These procedures include the Lending Test and the Community Development Test. The first appendix provides more detailed information about each test's performance criteria. This evaluation does not consider any lending activity performed by affiliates.

Since the Non-MSA contains the majority of the AB's lending activity, deposits, and branch locations, the performance in that area received the greatest weight in the overall conclusions, followed by the Lafayette MSA. Examiners conducted full-scope reviews in the Non-MSA and Lafayette MSA assessment areas. The Gary MD received a limited-scope review as there is only one banking office and a limited population.

The following table outlines the bank's 2023 lending, 2024 deposit data, and office locations for each assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Non-MSA	16,496	64.4	218,457	60.7	4	57.1
Lafayette MSA	3,955	15.4	62,045	17.2	2	28.6
Gary MD	5,157	20.1	79,223	22.1	1	14.3
Total	25,608	100.0	359,725	100.0	7	100.0

Source: 2023 Bank Records; FDIC Summary of Deposits (6/30/2024)

Activities Reviewed

Examiners considered the bank's business focus, portfolio composition, and the number and dollar volume of loans originated or renewed during the evaluation period. Small business loans provided the most weight followed by small farm and home mortgage loans. Since the last evaluation, home mortgage lending increased as a percentage of the loan portfolio by dollar volume, and farm lending decreased, but commercial lending remained the primary lending product. The bank's main lending products in descending order are small business, small farm, and home mortgage loans.

The bank is not subject to CRA data collection or reporting requirements. Examiners used bank records and considered all of the 2023 small business and small farm loans. In 2023, the bank originated 136 small business loans totaling \$18.8 million and 87 small farm loans totaling \$8.1 million. Examiners used 2023 D&B data as a standard of comparison for the small business and small farm lending.

For home mortgage loans, examiners analyzed the loans reported on the bank's 2021, 2022, and 2023 Home Mortgage Disclosure Act (HMDA) Loan Application Registers. The bank originated 103 home mortgage loans totaling \$16.1 million in 2021; 49 loans totaling \$15.3 million in 2022;

and 42 loans totaling \$9.9 million in 2023. The Assessment Area Concentration presents data from 2021, 2022, and 2023. As the bank’s performance was relatively consistent each year, examiners presented the Geographic Distribution and Borrower Profile analyses for only 2022 and 2023. Examiners used HMDA aggregate data and the 2020 U.S. Census data to analyze mortgage lending and focused primarily on comparisons to aggregate data as it is a better reflection of lending demand and opportunities in the assessment areas.

For the Lending Test, examiners reviewed the number and dollar volume of small business, small farm, and home mortgage loans. Examiners emphasized performance by number because it is a better indicator of the number of individuals, businesses, and farms served.

For the Community Development Test, examiners used bank records to assess community development loans, investments, and services since the previous CRA evaluation dated October 4, 2021.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

AB demonstrated reasonable performance under the Lending Test. This is supported by reasonable performance in all assessment areas.

Loan-to-Deposit Ratio

The LTD ratio is reasonable considering seasonal variation and 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 57.9 percent over the past 12 calendar quarters from December 31, 2021, to September 30, 2024. The bank’s ratio increased throughout the review period. It ranged from a low of 45.9 percent as of December 31, 2022, to a high of 76.1 percent as of June 30, 2024. As shown in the following table, the bank’s average LTD ratio is comparable to three similarly-situated institutions, which examiners selected based on asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2024 (\$000s)	Average Net LTD Ratio (%)
Alliance Bank	426,280	57.9
Similarly-Situated Institution #1	405,055	58.1
Similarly-Situated Institution #2	548,455	51.2
Similarly-Situated Institution #3	242,405	61.3
<i>Source: Reports of Condition and Income 12/31/2021 – 09/30/2024</i>		

Assessment Area Concentration

By both number and dollar volume, AB originated a majority of its home mortgage, small business, and small farm loans inside the assessment area during the review period, as shown in the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Home Mortgage										
2021	86	83.5	17	16.5	103	13,224	82.2	2,861	17.8	16,085
2022	39	79.6	10	20.4	49	7,955	51.9	7,373	48.1	15,328
2023	29	69.0	13	31.0	42	5,343	54.2	4,524	45.8	9,867
Subtotal	154	79.4	40	20.6	194	26,522	64.2	14,758	35.8	41,280
Small Business										
2023	112	82.4	24	17.6	136	13,392	71.3	5,397	28.7	18,789
Small Farm										
2023	78	89.7	9	10.3	87	6,873	84.7	1,239	15.3	8,112
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects a reasonable dispersion, based on the bank’s performance in small business, small farm, and home mortgage lending in the three assessment areas. A complete discussion of the performance for this criterion is found in the separate assessment area sections of this evaluation.

Borrower Profile

The distribution of loans to borrowers reflects a reasonable penetration among individuals of different income levels, and businesses and farms of different sizes. A complete discussion of the performance for this criterion is found in the separate assessment area sections of this evaluation.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

AB demonstrated adequate responsiveness to the community development needs in its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities. Examiners evaluated AB’s performance through comparisons to two similarly-situated banks, which have relatively similar asset sizes and operate in roughly the same geographic areas as AB.

Community Development Loans

During the evaluation period, AB originated five community development loans, totaling approximately \$2.7 million. This level of community development lending represents 0.6 percent of total assets and 1.0 percent of total loans as of September 30, 2024. The bank’s performance slightly exceeds both similarly-situated banks. The following table details the bank’s community development lending by year and purpose.

Community Development Lending - Overall										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	0	0	1	510	0	0	0	0	1	510
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	1	800	0	0	1	1,247	2	2,047
2024 (YTD)	0	0	1	150	1	35	0	0	2	185
Total	0	0	3	1,460	1	35	1	1,247	5	2,742
<i>Source: Bank Data</i>										

The bank has been responsive to the needs of its assessment areas; therefore, examiners considered 3 additional community development loans totaling approximately \$6.2 million that benefitted geographies outside of the assessment area. These include a loan in 2021 for \$210,000 which financed affordable housing, a loan in 2022 for \$1.0 million that financed community services for low- and moderate-income individuals, and a loan in 2024 for \$5.0 million that financed the revitalization and stabilization of a moderate-income tract. Additional details on the other community development loans are contained in the separate assessment area discussions later in this evaluation.

Qualified Investments

The Bank made 250 qualified grants and donations totaling approximately \$151,000. The Bank made no qualified investments during the review period. The total level of qualified donations represents 0.04 percent of total assets and 0.1 percent of total securities as of September 30, 2024. This level of activity exceeds one of the similarly-situated banks. The following table shows the bank’s qualified grants and donations by community development purpose.

Qualified Investments - Overall										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Investments	0	0	0	0	0	0	0	0	0	0
Qualified Grants & Donations	3	3	160	70	80	69	7	9	250	151
Total	3	3	160	70	80	69	7	9	250	151
<i>Source: Bank Data</i>										

Community Development Services

Bank employees provided 87 instances of financial expertise and technical assistance to various community development organizations. AB’s level of community development services exceeds both of the similarly-situated banks. The following table represents the bank’s community development services by year and purpose.

Community Development Services - Overall					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	0	3	6	0	9
2022	0	14	9	4	27
2023	0	12	7	3	22
2024 (YTD)	0	22	6	1	29
Total	0	51	28	8	87
<i>Source: Bank Data</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

INDIANA NON-MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE INDIANA NON-MSA ASSESSMENT AREA

The Non-MSA assessment area includes all of Pulaski and White Counties. There are four banking offices in this assessment area.

Economic and Demographic Data

This assessment area includes 13 census tracts. According to the 2020 Census, these tracts reflect the following income designations:

- 2 moderate-income tracts,
- 9 middle-income tracts, and
- 2 upper-income tracts.

The following table provides a summary of the demographics, housing, and business information within the assessment area.

Demographic Information of the Non-MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	13	0.0	15.4	69.2	15.4	0.0
Population by Geography	37,202	0.0	17.2	67.3	15.4	0.0
Housing Units by Geography	19,272	0.0	15.9	66.1	18.0	0.0
Owner-Occupied Units by Geography	11,469	0.0	14.5	69.8	15.7	0.0
Occupied Rental Units by Geography	3,436	0.0	21.3	68.7	10.0	0.0
Vacant Units by Geography	4,367	0.0	15.3	54.4	30.3	0.0
Businesses by Geography	3,718	0.0	20.6	67.0	12.4	0.0
Farms by Geography	602	0.0	10.5	73.9	15.6	0.0
Family Distribution by Income Level	9,884	16.7	21.7	25.0	36.6	0.0
Household Distribution by Income Level	14,905	21.7	17.8	21.2	39.3	0.0
Median Family Income Non-MSAs - IN		\$67,032	Median Housing Value			\$118,131
			Median Gross Rent			\$661
			Families Below Poverty Level			5.9%
<i>Source: 2020 U.S. Census and 2023 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.</i>						

There are 19,272 housing units in this assessment area. Of those, 59.5 percent are owner-occupied. Additionally, with a median housing value of \$118,131 and a median family income of \$67,032, housing is relatively affordable in the Non-MSA assessment area.

Examiners utilized the FFIEC median family incomes shown in the following table to analyze home mortgage loans under the Borrower Profile criterion. It is notable that median family incomes rose \$8,200 (11.0 percent) from 2022 to 2023.

Median Family Income Ranges – Indiana Non-MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$74,500)	<\$37,250	\$37,250 to <\$59,600	\$59,600 to <\$89,400	≥\$89,400
2023 (\$82,700)	<\$41,350	\$41,350 to <\$66,160	\$66,160 to <\$99,240	≥\$99,240
<i>Source: FFIEC</i>				

Services represent the assessment area’s largest industry sector at 27.5 percent followed by agriculture, forestry & fishing at 13.9 percent. In addition, 65.7 percent of area businesses have four or fewer employees, and 91.8 percent of area businesses operate from a single location. Major employers in Pulaski County include manufacturer BraunAbility and Pulaski Memorial Hospital. Major employers in White County include Indiana Beach Amusement Park and Vanguard National Trailer Corporation.

The local economy relies heavily upon small businesses with 3,718 non-farm businesses located in the Non-MSA assessment area. According to the 2023 D&B data, non-farm businesses reported the following gross annual revenues (GARs):

- 86.9 percent had \$1 million and less.
- 3.2 percent had more than \$1 million.
- 9.9 percent had unknown revenues.

Farming is also a major industry with 602 farms in the Non-MSA assessment area. According to the 2023 D&B data, the farms reported the following GARs:

- 97.7 percent had \$1 million and less.
- 1.3 percent had more than \$1 million.
- 1.0 percent had unknown revenues.

Additionally, according to the 2022 United States Department of Agriculture Census, the total market value of agricultural products for Pulaski County was \$369.3 million and White County was \$439.3 million. Since the previous agricultural census in 2017, these numbers represent a 96.0 percent increase for Pulaski County and a 71.0 percent increase for White County. This suggests improving economic conditions for farmers in both Pulaski and White County.

From the Bureau of Labor Statistics, the October 2024 unemployment rates for Pulaski and White Counties were both 3.5 percent. This rate is lower than both the State (4.4 percent) and National (4.1 percent) rates reported in October 2024. Examiners also analyzed the trend in the unemployment rate since the last exam, as shown in the following table.

Unemployment Rates October 2021 – October 2024 – Indiana Non-MSA				
County	October 2021	October 2022	October 2023	October 2024
	%	%	%	%
Pulaski	2.4	2.5	2.5	3.5
White	2.4	2.4	2.5	3.5
<i>Source: Bureau of Labor Statistics</i>				

Unemployment rates remained stable from 2021 through 2024, which indicates a steady labor market in the Non-MSA assessment area. Moreover, although the rate increased in 2024 for both Pulaski and White Counties, it is still below both the State and National rates.

Competition

The assessment area is a moderately competitive market for banking services. According to FDIC Deposit Market Share data from June 30, 2024, there are 10 financial institutions operating 17 offices within the Non-MSA assessment area. Of these institutions, AB ranked 3rd with 18.0 percent of the deposit market share. The five most prominent institutions, including AB, accounted for 80.0 percent of total deposit market share.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2023 aggregate HMDA data, 134 lenders originated or purchased 897 home mortgage loans. AB ranked 17th out of this group of lenders with a market share of 1.9 percent. The five most prominent home mortgage lenders accounted for 27.7 percent of total market share.

The bank is not required to collect or report its small business or small farm loan data. Therefore, the analysis of small business and small farm lending does not include direct comparisons to aggregate data. However, the aggregate data is a useful illustration of local demand and competition. In 2022, 48 lenders reported 534 small business loans originated in the assessment area, reflecting a moderate degree of competition and demand for this product. In 2022, 14 lenders reported 186 small farm loans originated in the assessment area. This reflects a limited demand for this product.

Community Contacts

As part of the evaluation process, examiners interview third parties active in the assessment area to assist in identifying local credit and community development needs. This helps illustrate local opportunities and whether local financial institutions are responsive to these needs.

Examiners interviewed a representative from a local economic development organization. The contact detailed several community needs and opportunities for Pulaski County. Specifically, the contact stated the greatest credit need is related to home ownership. The contact said that down payment assistance is a primary concern but anything that helps with the costs and risks associated with home ownership is important. Another need is to improve financial literacy for all individuals and groups in Pulaski County.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined home mortgage and small business loans represent the primary credit needs in the Non-MSA assessment area. While the contact identified no major credit needs that are unmet by local financial institutions, there remains further opportunities for affordable housing and financial literacy activities.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE INDIANA NON-MSA ASSESSMENT AREA

LENDING TEST

AB demonstrated reasonable performance in the Non-MSA assessment area under the Lending Test. The Geographic Distribution and Borrower Profile performance support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. This is based upon the bank’s excellent performance in small business and home mortgage lending and reasonable performance in small farm lending.

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. In 2023, the bank’s percentage of lending in the moderate-income tracts was more than double the percentage of businesses located in those tracts. The following table details the geographic distribution of small business loans in this assessment area.

Geographic Distribution of Small Business Loans – Indiana Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2023	20.6	35	44.3	4,062	43.2
Middle					
2023	67.0	41	51.9	4,881	51.9
Upper					
2023	12.4	3	3.8	470	5.0
Totals					
2023	100.0	79	100.0	9,413	100.0
<i>Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the bank’s lending to farms in the moderate-income tracts was slightly below the percentage of farms located in those tracts. This reflects reasonable performance.

Geographic Distribution of Small Farm Loans – Indiana Non-MSA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate					
2023	10.5	3	7.7	511	13.5
Middle					
2023	73.9	35	89.7	3,266	86.1
Upper					
2023	15.6	1	2.6	16	0.4
Totals					
2023	100.0	39	100.0	3,793	100.0
<i>Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the assessment area. As shown in the following table, the bank’s lending in the moderate-income tracts in both 2022 and 2023 greatly exceeded the percentage of owner-occupied housing units in those tracts and the aggregate performance.

Geographic Distribution of Home Mortgage Loans – Indiana Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2022	14.5	13.1	8	30.8	1,207	31.5
2023	14.5	13.0	4	23.5	828	25.2
Middle						
2022	69.8	65.6	14	53.8	2,150	56.1
2023	69.8	67.8	11	64.7	2,034	61.8
Upper						
2022	15.7	21.3	4	15.4	477	12.4
2023	15.7	19.2	2	11.8	428	13.0
Totals						
2022	100.0	100.0	26	100.0	3,833	100.0
2023	100.0	100.0	17	100.0	3,290	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes in the Non-MSA assessment area. This is supported by reasonable performance in small business and small farm lending. The bank's home mortgage performance was poor; however, this product carried the least amount of weight.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, the bank's lending trailed the percentage of businesses with GARs of \$1 million or less. However, not all businesses seek traditional financing and instead use alternate forms of credit, such as credit cards. Additionally, aggregate CRA data from 2022, the most recent data available, showed only 47.1 percent of small business loans were originated to businesses with GARs of \$1 million or less, indicating limited demand and opportunity in the assessment area. Considering these performance context factors, the bank's performance is reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category – Indiana Non-MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2023	86.9	43	54.4	4,168	44.3
>\$1,000,000					
2023	3.2	36	45.6	5,245	55.7
Revenue Not Available					
2023	9.9	0	0.0	0	0.0
Totals					
2023	100.0	79	100.0	9,413	100.0

*Source: 2023 D&B Data; Bank Data;
Due to rounding, totals may not equal 100.0%*

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. As shown in the following table, the bank’s lending trailed the percentage of farms with GARs of \$1 million or less. However, not all farms seek financing each year. Additionally, 2022 aggregate data showed that only 38.5 percent of reported loans were originated to farms with GARs of \$1 million or less, indicating limited demand and opportunity in that revenue category. The bank’s performance is reasonable.

Distribution of Small Farm Loans by Gross Annual Revenue Category – Indiana Non-MSA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2023	97.7	32	82.1	2,189	57.7
>\$1,000,000					
2023	1.3	7	17.9	1,604	42.3
Revenue Not Available					
2023	1.0	0	0.0	0	0.0
Totals					
2023	100.0	39	100.0	3,793	100.0

*Source: 2023 D&B Data; Bank Data;
Due to rounding, totals may not equal 100.0%*

Home Mortgage Loans

The distribution of borrowers reflects poor penetration among individuals of different income levels. As shown in the following table, AB’s home mortgage lending to low-income borrowers trailed the aggregate in both 2022 and 2023. U.S. Census data shows that 5.9 percent of families in the assessment area had incomes below the poverty level. These families are unlikely to qualify for a traditional mortgage loan, which limits the lending opportunities for the bank. Despite this consideration, the bank’s performance to low-income borrowers remained poor. Similarly, lending

to moderate-income borrowers was well below the aggregate and percentage of families in both 2022 and 2023. In 2023, the bank did not originate any home mortgage loans to moderate-income borrowers in this assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level – Indiana Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	16.7	11.7	1	3.8	55	1.4
2023	16.7	11.3	1	5.9	18	0.5
Moderate						
2022	21.7	23.8	2	7.7	192	5.0
2023	21.7	25.2	0	0.0	0	0.0
Middle						
2022	25.0	23.6	9	34.6	1,406	36.7
2023	25.0	24.2	6	35.3	1,079	32.8
Upper						
2022	36.6	27.7	10	38.5	1,719	44.8
2023	36.6	25.3	4	23.5	1,006	30.6
Not Available						
2022	0.0	13.3	4	15.4	461	12.0
2023	0.0	14.0	6	35.3	1,188	36.1
Totals						
2022	100.0	100.0	26	100.0	3,833	100.0
2023	100.0	100.0	17	100.0	3,290	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

AB demonstrates adequate responsiveness to the community development needs of the assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities.

Community Development Loans

During the evaluation period, the bank originated 4 community development loans totaling approximately \$2.6 million in this assessment area. These loans supported community services for low- and moderate-income individuals, economic development, and the revitalization and stabilization of a moderate-income census tract. The following table details the bank’s community

development lending by year and purpose.

Community Development Lending – Indiana Non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	0	0	1	510	0	0	0	0	1	510
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	1	800	0	0	1	1,247	2	2,047
2024 (YTD)	0	0	0	0	1	35	0	0	1	35
Total	0	0	2	1,310	1	35	1	1,247	4	2,592

Source: Bank Data

Notable examples of the bank’s community development lending in this assessment area include:

- Two loans totaling \$1.3 million to a community hospital which provides free healthcare services and financial assistance to low- and moderate-income individuals. The hospital is designated as a critical access hospital since it provides healthcare services to communities that may have limited access to healthcare facilities.
- One loan totaling \$1.3 million to a farm located in a moderate-income tract for equipment which helped retain the farm and its employees.

Qualified Investments

The Bank made 111 qualified grants and donations totaling approximately \$79,000 in this assessment area. Qualified grants and donations supported all types of community development but primarily focused on community services. The following table represents the bank’s community development qualified grants and donations by purpose.

Qualified Investments – Indiana Non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Qualified Grants & Donations	3	3	74	38	30	34	4	4	111	79
Total	3	3	74	38	30	34	4	4	111	79

Source: Bank Data

Notable examples of the bank’s community development grants and donations in this assessment area include:

- One donation of \$1,000 in each of 2022, 2023, and 2024 which provided assistance to low-income families in building a home.
- Four donations totaling \$4,040 between 2022 and 2024 to a non-profit organization that provides food to service agencies free of charge to help low- and moderate-income individuals.

Community Development Services

Bank employees provided 39 instances of financial expertise and technical assistance to various community development organizations in this assessment area. These efforts primarily supported community services to low- and moderate-income individuals and economic development. The following table represents the bank’s community development services by year and purpose.

Community Development Services – Indiana Non-MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	0	1	3	0	4
2022	0	5	6	1	12
2023	0	4	5	1	10
2024 (YTD)	0	9	4	0	13
Total	0	19	18	2	39
<i>Source: Bank Data</i>					

Notable examples of the Bank’s community development services in this assessment area include:

- One bank employee taught a financial literacy course to high school students at schools where at least half of the students receive free or reduced cost lunches in 2024.
- One bank employee participated on the Board of an organization in 2022 and 2023 whose purpose is to revitalize a downtown area located in a moderate-income tract through improving economic vitality and supporting local businesses.

LAFAYETTE MSA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE LAFAYETTE MSA ASSESSMENT AREA

The Lafayette MSA assessment area consists of all of Benton, Tippecanoe, and Carroll Counties, and two contiguous census tracts in Warren County (9510.01 and 9510.02). There are two AB offices located in this assessment area.

Economic and Demographic Data

This assessment area includes 55 census tracts. These tracts reflect the following income designations according to the 2020 Census:

- 3 low-income tracts,
- 12 moderate-income tracts,
- 26 middle-income tracts,
- 10 upper-income tracts, and
- 4 NA income tracts.

The four NA tracts include Purdue University, located in West Lafayette. The following table provides a summary of the demographics, housing, and business information within the assessment area.

Demographic Information of the Lafayette MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	55	5.5	21.8	47.3	18.2	7.3
Population by Geography	220,047	5.3	18.2	45.3	23.2	8.0
Housing Units by Geography	92,685	6.3	19.2	48.5	21.9	4.1
Owner-Occupied Units by Geography	49,966	2.2	14.5	52.0	31.2	0.0
Occupied Rental Units by Geography	35,087	11.8	24.2	44.9	9.7	9.4
Vacant Units by Geography	7,632	7.6	26.6	41.5	17.3	7.1
Businesses by Geography	20,724	7.1	24.0	41.0	24.5	3.4
Farms by Geography	1,410	1.8	15.2	58.5	24.0	0.4
Family Distribution by Income Level	49,355	21.6	17.5	20.6	40.4	0.0
Household Distribution by Income Level	85,053	25.7	15.4	16.9	42.0	0.0
Median Family Income MSA - 29200 Lafayette-West Lafayette, IN MSA		\$73,007	Median Housing Value			\$144,976
			Median Gross Rent			\$881
			Families Below Poverty Level			8.3%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Additionally, examiners utilized the FFIEC-updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the assessment area in 2022 and 2023.

Median Family Income Ranges – Lafayette MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$78,100)	<\$39,050	\$39,050 to <\$62,480	\$62,480 to <\$93,720	≥\$93,720
2023 (\$85,900)	<\$42,950	\$42,950 to <\$68,720	\$68,720 to <\$103,080	≥\$103,080
<i>Source: FFIEC</i>				

Services represent the assessment area’s largest industry sector at 34.3 percent followed by finance, insurance and real estate at 10.3 percent. In addition, 62.4 percent of area businesses, which include the agriculture sector, have four or fewer employees, and 92.2 percent operate from a single location. The largest employer in the Lafayette MSA is Purdue University. Other major employers in the MSA include Subaru and Caterpillar.

The local economy relies heavily upon small businesses with 20,724 non-farm businesses in the assessment area. According to the 2020 D&B data, non-farm businesses reported GARs of:

- 89.0 percent have \$1 million and less,
- 2.5 percent have more than \$1 million, and

- 8.5 percent have unknown revenues.

Farming is another major industry with 1,410 farms present in the Lafayette MSA assessment area. According to the 2020 D&B data, small farms had the following GARs:

- 97.7 percent have \$1 million and less,
- 1.3 percent have more than \$1 million, and
- 1.0 percent have unknown revenues.

Regarding the yield of agricultural products sold in the assessment area, the following table presents data from the 2022 United States Department of Agriculture Agricultural Census. This table shows the market value of agricultural products sold by each county in the assessment area. This table also presents the percent change (+/-) in products sold since the last agricultural census in 2017. Since then, the percent change of the market value of products sold increased in each county. This suggests improving economic conditions for farmers in the Lafayette MSA assessment area. Due to data limitations, the entirety of Warren County was used (three census tracts), but only two census tracts are in the assessment area.

Market Value of Agricultural Products - 2022		
County	Market Value of Products Sold	Change Since 2017
	\$(000s)	%
Benton	298,356	+67.0
Carroll	299,907	+20.0
Tippecanoe	244,176	+71.0
Warren	216,652	+66.0

Source: 2022 United States Department of Agriculture Agricultural Census

As shown in the following table, the October 2024 unemployment rate for each county in the assessment area was below both the State (4.4 percent) and National (4.1 percent) unemployment rates. Examiners also analyzed the trend in the unemployment rate since the last exam. Although the rates increased in 2024 for each county, they are still below both the State and National rates. Overall, unemployment rates have remained stable from 2021 through 2024, which indicates a steady labor market in the Lafayette MSA assessment area.

Unemployment Rates October 2021 – October 2024 – Lafayette MSA				
County	October 2021	October 2022	October 2023	October 2024
	%	%	%	%
Benton	2.2	2.4	2.5	3.3
Carroll	2.7	2.8	2.6	3.6
Tippecanoe	2.9	2.9	2.9	3.6
Warren	2.1	2.7	2.8	3.5

Source: Bureau of Labor Statistics

Competition

The assessment area is a moderately competitive market for banking services. According to FDIC Deposit Market Share data as of June 30, 2024, there are 20 financial institutions operating 61 offices within the Lafayette MSA assessment area. Of these institutions, AB ranked 16th with 1.3 percent of the deposit market share. The five most prominent institutions accounted for 66.8 percent of total deposit market share.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders in the assessment area. Based on 2023 aggregate HMDA data, 250 lenders originated or purchased 4,714 home mortgage loans in the assessment area. AB ranked 72nd out of this group of lenders with a market share of 0.2 percent. The five most prominent home mortgage lenders accounted for 35.2 percent of total market share.

The bank is not required to report its small business or small farm loan data. Therefore, the analysis of small business and small farm lending does not include direct comparisons to aggregate data. However, the aggregate data reflects the level of demand and competition. In 2022, 75 lenders reported 2,879 small business loans originated in the assessment area, reflecting a high degree of competition and demand for this product. In 2022, 17 lenders originated 375 small farm loans in the assessment area, reflecting a moderate degree of competition and demand.

Community Contacts

Examiners utilized a recent interview with a contact from a local housing organization. The contact stated that affordable housing remains a challenge in the assessment area.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined home mortgage and small business loans represent the primary credit needs in the Lafayette MSA assessment area. There are opportunities for additional housing services, economic development, and revitalization/stabilization activities for financial institutions within the Lafayette MSA assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LAFAYETTE MSA ASSESSMENT AREA

LENDING TEST

AB demonstrated reasonable performance in this assessment area under the Lending Test. Geographic Distribution and Borrower Profile performance support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Lafayette MSA assessment area. Reasonable small business, small farm, and home mortgage lending performance support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the bank’s lending in moderate-income tracts was comparable to the percentage of businesses in those tracts, although the bank did not originate any small business loans in the low-income tracts. Due to the small volume of small business loans in this assessment area, one loan in the low-income tract would have resulted in a similar percentage of bank lending as the demographic comparator. This represents overall reasonable performance.

Geographic Distribution of Small Business Loans – Lafayette MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2023	7.1	0	0.0	0	0.0
Moderate					
2023	24.0	3	23.1	413	27.7
Middle					
2023	41.0	8	61.5	1,054	70.7
Upper					
2023	24.5	2	15.4	24	1.6
Not Available					
2023	3.4	0	0.0	0	0.0
Totals					
2023	100.0	13	100.0	1,491	100.0
<i>Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. As shown in the following table, the bank did not originate any small farm loans in the low-income tracts. However, there are only approximately 25 farms in those tracts, limiting demand and opportunity. The bank’s lending in moderate-income tracts was slightly below the percentage of farms. One additional loan in the moderate-income tracts would bring the bank’s lending in-line with the demographic comparator. This represents reasonable performance.

Geographic Distribution of Small Farm Loans – Lafayette MSA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low					
2023	1.8	0	0.0	0	0.0
Moderate					
2023	15.2	2	10.0	208	15.3
Middle					
2023	58.5	13	65.0	818	60.3
Upper					
2023	24.0	5	25.0	330	24.3
Not Available					
2023	0.4	0	0.0	0	0.0
Totals					
2023	100.0	20	100.0	1,356	100.0
<i>Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

As shown in the following table, the geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The bank’s lending in low-income tracts exceeded the percentage of owner-occupied housing units in those tracts and the aggregate performance for both 2022 and 2023. Additionally, 2022 performance in the moderate-income tracts also exceeded the comparators. However, the bank did not originate any home mortgage loans in the moderate-income tracts in 2023. Overall, this represents reasonable performance.

Geographic Distribution of Home Mortgage Loans – Lafayette MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	2.2	2.6	1	9.1	184	4.7
2023	2.2	3.1	1	14.3	79	7.1
Moderate						
2022	14.5	15.8	2	18.2	246	6.3
2023	14.5	15.5	0	0.0	0	0.0
Middle						
2022	52.0	48.7	5	45.5	748	19.0
2023	52.0	49.0	5	71.4	850	76.7
Upper						
2022	31.2	32.8	3	27.3	2,753	70.0
2023	31.2	32.3	1	14.3	180	16.2
Not Available						
2022	0.0	0.1	0	0.0	0	0.0
2023	0.0	0.2	0	0.0	0	0.0
Totals						
2022	100.0	100.0	11	100.0	3,930	100.0
2023	100.0	100.0	7	100.0	1,108	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects reasonable penetration overall among individuals of different income levels and businesses and farms of different sizes in the Lafayette MSA assessment area.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. As shown in the following table, AB's lending to businesses with GARs of \$1 million or less was slightly above the percentage of businesses in that revenue category. This represents a reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenue Category – Lafayette MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2023	89.0	12	92.3	1,341	89.9
>\$1,000,000					
2023	2.5	1	7.7	150	10.1
Revenue Not Available					
2023	8.5	0	0.0	0	0.0
Totals					
2023	100.0	13	100.0	1,491	100.0
<i>Source: 2023 D&B Data; Bank Data Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The distribution of borrowers reflects reasonable penetration among farms of different sizes. As shown in the following table, AB’s lending to farms with GARs of \$1 million or less was comparable to the percentage of farms in that revenue category. This represents a reasonable performance.

Distribution of Small Farm Loans by Gross Annual Revenue Category – Lafayette MSA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2023	97.7	19	95.0	1,214	89.5
>\$1,000,000					
2023	1.3	1	5.0	142	10.5
Revenue Not Available					
2023	1.0	0	0.0	0	0.0
Totals					
2023	100.0	20	100.0	1,356	100.0
<i>Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. As shown in the following table, the bank did not originate any home mortgage loans to low-income borrowers in 2022. This performance improved in 2023. Additionally, U.S. Census data shows that 8.3 percent of families in the assessment area had incomes below the poverty level. These families are unlikely to qualify for a traditional mortgage loan, which limits the lending opportunities for the bank. The bank’s lending to moderate-income borrowers in 2022 exceeded the aggregate performance and the percentage of families. The bank’s lending to moderate-income borrowers in 2023 was below the aggregate but close to the percentage of families. This represents reasonable performance overall.

Distribution of Home Mortgage Loans by Borrower Income Level – Lafayette MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	21.6	9.7	0	0.0	0	0.0
2023	21.6	9.2	1	14.3	79	7.1
Moderate						
2022	17.5	21.4	3	27.3	417	10.6
2023	17.5	21.3	1	14.3	119	10.7
Middle						
2022	20.6	22.0	3	27.3	418	10.6
2023	20.6	23.8	1	14.3	139	12.5
Upper						
2022	40.4	34.2	0	0.0	0	0.0
2023	40.4	34.3	1	14.3	140	12.6
Not Available						
2022	0.0	12.7	5	45.5	3,095	78.8
2023	0.0	11.4	3	42.9	632	57.1
Totals						
2022	100.0	100.0	11	100.0	3,930	100.0
2023	100.0	100.0	7	100.0	1,108	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

AB demonstrates adequate responsiveness to the community development needs of the assessment area through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities.

Community Development Loans

During the evaluation period, the Bank originated no community development loans in this assessment area.

Qualified Investments

During the evaluation period, the Bank made 88 qualified grants and donations totaling approximately \$30,000 in this assessment area. These efforts primarily supported community

services for low- and moderate-income individuals and economic development. The following table represents the bank’s community development qualified grants and donations by purpose.

Qualified Investments – Lafayette MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Qualified Grants & Donations	0	0	53	12	32	13	3	5	88	30
Total	0	0	53	12	32	13	3	5	88	30

Source: Bank Data

Notable examples of the bank’s qualified grants and donations include:

- Two donations in 2023 totaling \$400 to an organization that provides food and other resources to low- and moderate-income individuals.
- Two donations in 2024 totaling approximately \$1,200 to an organization that provides financial assistance, mental health support, and other services to low- and moderate-income individuals in an effort to prevent homelessness for struggling veterans.

Community Development Services

During the evaluation period, bank employees provided 33 instances of financial expertise and technical assistance to various community development organizations in this assessment area. These efforts primarily supported the provision of various community services for low- and moderate-income individuals in the assessment area. The following table represents the bank’s community development services by year and purpose.

Community Development Services – Lafayette MSA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	0	2	1	0	3
2022	0	7	2	3	12
2023	0	7	2	2	11
2024 (YTD)	0	5	1	1	7
Total	0	21	6	6	33

Source: Bank Data

Notable examples of the bank’s community development services in this assessment area include:

- Three instances in 2022 of employees providing a presentation on how to save money to students at schools where at least half of the students receive free or reduced cost lunches.
- One employee served on the board of a non-profit organization during each year within the review period. This organization provides grants to other organizations involved in projects that relate to advancing and providing healthcare within low- and moderate-income areas.

GARY MD – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE GARY MD ASSESSMENT AREA

The Gary MD assessment area consists of all of Jasper County. There is one AB office in this assessment area, in Rensselaer, Indiana. Based on the 2020 U.S. Census, Jasper County consists of eight census tracts, all of which are middle-income. The following table provides a summary of the demographics, housing, and business information within the assessment area.

Demographic Information of the Gary MD Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	0.0	0.0	100.0	0.0	0.0
Population by Geography	32,918	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	13,639	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	9,853	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	2,823	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	963	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	3,342	0.0	0.0	100.0	0.0	0.0
Farms by Geography	439	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	8,690	19.1	19.1	25.2	36.6	0.0
Household Distribution by Income Level	12,676	24.1	15.4	19.9	40.6	0.0
Median Family Income MSA - 23844 Gary, IN	\$75,625	Median Housing Value				\$152,295
		Median Gross Rent				\$788
		Families Below Poverty Level				6.4%
<i>Source: 2020 U.S. Census and 2023 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.</i>						

With a median housing value of \$152,295 and a median family income of \$75,625, housing in the assessment area is relatively affordable. Regarding the labor market, according to the October 2024 report from the Bureau of Labor Statistics, the unemployment rate for Jasper County (4.1 percent) was below the State (4.4 percent) rate and equal to the National (4.1) rate. Services represent the largest industry sector in the assessment area at 28.7 percent, followed by agriculture, forestry & fishing at 11.6 percent. Farming is also an important industry in the Gary MD assessment area. According to the 2022 census from the Department of Agriculture, the market value of agricultural products sold increased 97.0 percent since the last census in 2017. This suggests improving economic conditions for farmers in Jasper County.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE GARY MD ASSESSMENT AREA

LENDING TEST

The bank’s Lending Test performance in this assessment area is consistent with the performance in the full-scope assessment areas. There are no low- or moderate-income census tracts in the assessment area. This limits meaningful geographic distribution analysis and it therefore did not impact the rating. Similarly, for the borrower profile criterion, there were not enough home mortgage loans to result in a meaningful analysis. Therefore, home mortgage loans did not impact the rating.

Borrower Profile

The distribution of borrowers is consistent with the full-scope assessment areas. The following tables detail the small business, small farm, and home mortgage lending in this assessment area.

Distribution of Small Business Loans by Gross Annual Revenue Category – Gary MD					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2023	88.5	18	90.0	2,028	81.5
>\$1,000,000					
2023	2.6	2	10.0	460	18.5
Revenue Not Available					
2023	8.9	0	0.0	0	0.0
Totals					
2023	100.0	20	100.0	2,488	100.0
<i>Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Distribution of Small Farm Loans by Gross Annual Revenue Category – Gary MD						
Gross Revenue Level	% of Farms	#	%	\$(000s)	%	
<=\$1,000,000						
2023	96.6	18	94.7	1,570	91.1	
>\$1,000,000						
2023	2.3	1	5.3	154	8.9	
Revenue Not Available						
2023	1.1	0	0.0	0	0.0	
Totals						
2023	100.0	19	100.0	1,724	100.0	
<i>Source: 2023 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>						

Distribution of Home Mortgage Loans by Borrower Income Level – Gary MD						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	19.1	12.1	0	0.0	0	0.0
2023	19.1	9.7	0	0.0	0	0.0
Moderate						
2022	19.1	22.7	0	0.0	0	0.0
2023	19.1	24.3	2	40.0	242	25.6
Middle						
2022	25.2	24.9	2	100.0	192	100.0
2023	25.2	25.5	2	40.0	343	36.3
Upper						
2022	36.6	23.0	0	0.0	0	0.0
2023	36.6	20.2	1	20.0	360	38.1
Not Available						
2022	0.0	17.3	0	0.0	0	0.0
2023	0.0	20.3	0	0.0	0	0.0
Totals						
2022	100.0	100.0	2	100.0	192	100.0
2023	100.0	100.0	5	100.0	945	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 & 2023 HMDA Aggregate Data Due to rounding, totals may not equal 100.0%</i>						

COMMUNITY DEVELOPMENT TEST

The institution's community development performance in the Gary, IN MD assessment area is consistent with the institution's community development performance in its full-scope assessment areas. The following tables detail the community development loans, qualified investments, and community development services in the assessment area.

Community Development Lending – Gary MD										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021 (Partial)	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
2024 (YTD)	0	0	1	150	0	0	0	0	1	150
Total	0	0	1	150	0	0	0	0	1	150
<i>Source: Bank Data</i>										

Qualified Investments – Gary MD										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Qualified Grants & Donations	0	0	33	20	18	22	0	0	51	42
Total	0	0	33	20	18	22	0	0	51	42
<i>Source: Bank Data</i>										

Community Development Services – Gary MD					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021 (Partial)	0	0	2	0	2
2022	0	2	1	0	3
2023	0	1	0	0	1
2024 (YTD)	0	8	1	0	9
Total	0	11	4	0	15
<i>Source: Bank Data</i>					

APPENDICES

INTERMEDIATE 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 geographic distribution of the bank's loans;
- 4) The bank'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; 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).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

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 bank 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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income 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. 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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 Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating 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.

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.