

PUBLIC DISCLOSURE

May 16, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Wayne Bank & Trust Co.
RSSD# 451246

145 West Main Street
Cambridge City, Indiana 47327

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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BANK'S CRA RATING

Wayne Bank & Trust Co. is rated Satisfactory.

Wayne Bank & Trust Co. (Wayne Bank) is meeting the credit needs of its assessment area based on an analysis of the bank's lending activities. The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and the assessment area credit needs. A majority of home mortgage and small business loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of different sizes. Neither Wayne Bank, nor this Reserve Bank have received any Community Reinvestment Act (CRA)-related complaints since the previous examination.

SCOPE OF EXAMINATION

Wayne Bank's performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Small Institution CRA Examination Procedures. Performance was evaluated in the context of information about the institution and its assessment area, including the bank's asset size, financial condition, competition, and economic and demographic characteristics. The bank's primary product lines, which include home mortgage and small business loans, were reviewed.

This evaluation included a full scope review of the bank's Non-Metropolitan Statistical Area (Non-MSA) Indiana assessment area. The Non-MSA Indiana assessment area consists of Fayette, Henry, and Wayne counties in their entirety.

Performance in the assessment area was evaluated using streamlined assessment method for small banks based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 24-quarter average loan-to-deposit ratio from March 31, 2016, through December 31, 2021, was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – The bank's home mortgage and small business loans originated from January 1, 2021, to December 31, 2021, were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – The bank's home mortgage and small business loans originated in the assessment area, from January 1, 2021, to December 31, 2021, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.

- ***Lending to Borrowers of Different Income and to Businesses of Different Sizes*** – The bank’s home mortgage and small business loans originated in the assessment area, from January 1, 2021, to December 31, 2021, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.

In addition, two community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. The following types of organizations were contacted: affordable housing and economic development.

DESCRIPTION OF INSTITUTION

Wayne Bank is a wholly owned subsidiary of Waytru Bancorp, a one bank holding company, both located in Cambridge City, Indiana. The bank maintains one main office in Cambridge City, Indiana with a cash-only ATM and two full-service branch offices, both in Richmond, Indiana, each with a cash-only ATM. Since the previous examination, the bank closed the loan production office (LPO) in Indianapolis.

Wayne Bank offers a range of traditional loan and deposit products and services. While the bank is primarily a commercial lender, it offers residential real estate, agricultural, and consumer loan products. In addition, traditional deposit products are also offered and include checking and savings accounts, NOW accounts, and certificates of deposit. As demonstrated in the chart below, the bank’s commercial, residential real estate, and consumer lending represent 56.4 percent, 34.3 percent, and 3.7 percent, respectively, of the loan portfolio by dollar volume. The bank reported total assets of \$217.1 million and total deposits of \$198.1 million as of March 31, 2022.

Composition of Loan Portfolio As of March 31, 2022		
Loan Type	Dollar Volume (\$ in 000s)	% Of Portfolio
Commercial	\$82,463	56.4
Residential Real Estate	\$50,182	34.3
Consumer	\$5,350	3.7
Agriculture	\$4,243	2.9
Other	\$3,992	2.7
Total	\$146,230	100.0
<i>Note: Percentages may not total to 100.0 percent due to rounding.</i>		

According to the Federal Deposit Insurance Corporation (FDIC) Market Share Report, as of June 30, 2021, Wayne Bank held a 5.4 percent market share and ranked seventh of 13 FDIC-insured financial institutions in Fayette, Henry, and Wayne Counties. The financial institutions comprising the largest percentage of the deposit market share are Merchants Bank of Indiana (25.1 percent), First Bank Richmond (16.2 percent), and U.S. Bank (12.2 percent).

There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated Satisfactory under the CRA at its previous evaluation conducted on May 2, 2016.

DESCRIPTION OF ASSESSMENT AREA

The bank's non-MSA Indiana assessment area consists of Fayette, Henry, and Wayne counties in their entirety. Of the 37 total census tracts in the assessment area, one is low-income, 13 are moderate-income, 22 are middle-income, and one is an upper-income census tract. The bank's main office is located in a middle-income census tract, one branch is in a low-income tract, and the other is in a middle-income tract. The assessment area has changed since the previous examination to include both Fayette and Henry counties in their entirety due to their proximity to the bank's main branch and analysis of the bank's lending activities. No distressed or underserved census tracts were located within the bank's assessment area

Assessment Area: 2021 IN Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	2.7	657	1.8	269	40.9	8,801	24.3
Moderate-income	13	35.1	10,169	28.1	2,422	23.8	7,059	19.5
Middle-income	22	59.5	24,207	66.9	2,858	11.8	7,685	21.2
Upper-income	1	2.7	1,159	3.2	71	6.1	12,647	34.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	37	100.0	36,192	100.0	5,620	15.5	36,192	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	2,215	393	1.0	17.7	979	44.2	843	38.1
Moderate-income	20,984	10,064	26.3	48.0	7,251	34.6	3,669	17.5
Middle-income	38,441	26,475	69.2	68.9	7,810	20.3	4,156	10.8
Upper-income	1,577	1,324	3.5	84.0	218	13.8	35	2.2
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	63,217	38,256	100.0	60.5	16,258	25.7	8,703	13.8
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	309	6.7	269	6.4	33	9.6	7	9.1
Moderate-income	1,281	27.7	1,155	27.5	119	34.5	7	9.1
Middle-income	2,888	62.5	2,636	62.8	192	55.7	60	77.9
Upper-income	141	3.1	137	3.3	1	0.3	3	3.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	4,619	100.0	4,197	100.0	345	100.0	77	100.0
	Percentage of Total Businesses:		90.9		7.5		1.7	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	7	2.1	7	2.1	0	0.0	0	0.0
Middle-income	290	88.4	290	88.4	0	0.0	0	0.0
Upper-income	31	9.5	31	9.5	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	328	100.0	328	100.0	0	0.0	0	0.0
	Percentage of Total Farms:		100.0		0.0		0.0	
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

Population Characteristics

The following table presents changes in population within the counties comprising the assessment area, as well as the state of Indiana from 2010 and 2015, according to the 2011 to 2015 U.S. Census Bureau American Community Survey (ACS). Population in the assessment area in 2015 was 140,785, which decreased by 1.3 percent since 2010. Fayette, Henry, and Wayne counties all experienced similar decreases in population during this same period. Conversely, the state of Indiana increased in population by 1.3 percent between 2010 and 2015. One community representative indicated that many rural counties in Indiana lose population to larger cities as individuals seek out education and job opportunities in urban areas which contributed to population losses seen in Fayette and Wayne Counties. Further, community representatives mentioned that while the area has experienced the closure of some manufacturing plants, the population has remained stable due to the entry of new manufacturing plants to the area such as Crowne Equipment and Boar’s Head Meats.

Population Change			
Area	2010 Population	2015 Population	Percentage Change (%)
Assessment Area	142,656	140,785	-1.3
Fayette County, IN	24,277	23,773	-2.1
Henry County, IN	49,462	49,146	-0.6
Wayne County, IN	68,917	67,866	-1.5
Non-MSA Indiana	1,481,934	1,475,951	-0.4
Indiana	6,483,802	6,568,645	1.3
Source: 2010 U.S. Census Bureau Decennial Census 2011 – 2015 U.S. Census Bureau American Community Survey			

Income Characteristics

The following table presents median family income (MFI) for families living in the assessment area, comparing Fayette County, Henry County, Wayne County, and the state of Indiana. According to the U.S. Census Bureau, the assessment area is comprised of 36,192 families, of which 24.3 percent are designated as low-income, 19.5 percent are moderate-income, 21.2 percent are middle-income, and 34.9 percent are upper-income. Families living below the poverty level within the assessment area make up 15.5 percent of families, which is higher than the state of Indiana’s poverty rate of 11.1 percent. According to the 2011-2015 American Community Survey (ACS), the median family income (MFI) for the assessment area in 2015 was \$49,844, which is lower than the state of Indiana, which had a median family income of \$61,119 in 2015. Further, from 2010 to 2015 the MFI decreased within the assessment area by 9.5 percent and the state of Indiana saw a decrease of 4.8 percent. Community representatives indicated that the decrease in median family income in these areas is likely due the closure of some manufacturing companies. Additionally, one representative attributed the decline in MFI to the loss of higher paying manufacturing jobs. These job losses are due to the increased reliance on technology and decreased need for skilled labor. The same

representative mentioned the potential loss of higher paying jobs to skilled individuals migrating to urban metropolitan areas in search of higher wage positions.

Median Family Income Change			
Area	2010 Median Family Income (\$)	2015 Median Family Income (\$)	Percentage Change (%)
Assessment Area	55,053	49,844	-9.5
Fayette County, IN	50,746	47,515	-6.4
Henry County, IN	57,389	53,017	-7.6
Wayne County, IN	55,705	49,006	-12.0
Non-MSA Indiana	57,143	55,715	-2.5
Indiana	64,187	61,119	-4.8

*Source: 2006-2010 U.S. Census Bureau American Community Survey
2011-2015 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.*

Housing Characteristics

The bank’s assessment area includes 63,217 housing units. The majority of housing units are owner-occupied at 60.5 percent, whereas rental units account for 25.7 percent of total units. Within the assessment area, 13.8 percent of housing units are vacant. These numbers are comparable to the state of Indiana, with 61.2 percent of housing units owner-occupied, 27.5 percent rental units, and 11.3 percent vacant.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix C. A higher ratio generally suggests more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratio for the assessment area was 44.3, which is above the state of Indiana at 39.7. This suggests that housing within the assessment area is more affordable when compared to the state of Indiana as a whole.

The following table represents housing cost burden for individuals within the assessment area and the state of Indiana. The cost burden is a measure of affordability via a comparative analysis of individuals of different income levels that spend 30.0 percent or more of their income on housing costs. As evidenced by the following table, low-income individuals are generally impacted at a higher rate than moderate-income individuals as both renters and owners. For renters, Fayette County has the highest proportion of renters who meet the cost burden criteria at 48.8 percent, with Wayne and Henry Counties at 41.2 and 39.6 percent, respectively. Comparatively, the state of Indiana had a renter cost burden criteria at 41.9 percent. In terms of owner cost burden criteria, Fayette had the highest proportion of owners who meet the cost burden criteria at 16.7 percent, followed by Wayne County at 16.4 percent and Henry County at 14.6 percent. These owner burden criteria percentages were comparable to the state of Indiana at 16.1 percent.

2020 Housing Cost Burden						
Area	Cost Burden (%) - Renters			Cost Burden (%) - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Assessment Area	69.5	29.1	42.1	55.5	23.2	15.8
Fayette County, IN	75.3	47.9	48.8	59.3	20.2	16.7
Henry County, IN	68.2	28.5	39.6	51.7	23.9	14.6
Wayne County, IN	68.1	23.8	41.2	56.9	23.9	16.4
Non-MSA Indiana	67.2	25.6	35.5	55.1	23.7	15.2
Indiana	74.3	33.4	41.9	59.5	28.0	16.1

Cost Burden is housing cost that equals 30 percent or more of household income

Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy

Community representatives indicated that there is a need for additional affordable housing in the area. Although they highlighted that there is housing available, it is not affordable for low- and moderate-income individuals. One contact mentioned that affordable housing is not being built as construction costs are unusually high due to labor and supply shortages resulting from the COVID-19 pandemic. In addition, both representatives noted a shortage of affordable rental properties, with one attributing the shortage to homeowners taking advantage of rising home values to downsize to lower-cost rental units while having extra cash available from the increased profits realized from the sale of their homes.

Employment Conditions

The following table shows unemployment statistics for Fayette, Henry, and Wayne Counties, as well as the state of Indiana. The unemployment rates within Henry (6.6) and Wayne (6.8) Counties are slightly lower than the state of Indiana’s unemployment rate at 7.1 percent in 2020, while the unemployment rate in Fayette County is higher at 9.9 percent. The assessment area, based on individual county statistics, experiences unemployment at a similar rate as the rest of the state of Indiana.

Unemployment Rates (%)					
Area	2016	2017	2018	2019	2020
Assessment Area	4.8	3.9	3.6	3.5	7.2
Fayette County, IN	5.7	5.0	4.5	4.6	9.9
Henry County, IN	4.6	3.6	3.4	3.2	6.6
Wayne County, IN	4.7	3.7	3.5	3.5	6.8
Non-MSA Indiana	4.2	3.3	3.2	3.1	6.5
Indiana	4.4	3.5	3.4	3.2	7.1

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

Community representatives indicated that the COVID-19 pandemic negatively impacted businesses’ ability to recruit and retain employees. One community representative stated that since

the start of COVID, there was an increase in early retirements as well as an increase in parental departures from the labor market due to rising child-care needs. Additionally, there have been some major manufacturers that have left the area, such as the Ford Motor Company; however, other employers have entered the market including Crowne Equipment and Boar's Head Meats.

Industry Characteristics

According to location quotients developed by the U.S. Bureau of Labor Statistics, the assessment area contains a diverse employment base and is heavily impacted by the industries of manufacturing, healthcare, and retail. As stated previously, community representatives noted the departure of manufacturing employers, as well as, COVID-19 still impacting the labor market, with many employers searching for laborers.

Community Representatives

Two community representatives were contacted during the evaluation to provide information regarding local economic and demographic conditions. The representatives provided information on housing, employment, and economic development needs within the assessment area, as well as providing information about how the COVID-19 pandemic affected the local economy. The representatives stated that there are challenges within their respective areas in which local financial institutions can participate. Community representatives indicated that there is a sustained need for additional affordable housing in the assessment area. Both community contacts stated that there is a need for additional labor as businesses recover from the COVID-19 pandemic and address the return to normal operations. One community representative mentioned that some residents are leaving the community in order to pursue higher education and better job prospects, but highlighted that there are opportunities for education and jobs within the community. Finally, representatives indicated that banks within the assessment area are willing to lend to the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Wayne Bank's performance relative to the lending test is rated satisfactory. Overall, the bank is meeting the credit needs of its assessment area based on an analysis of the bank's lending activities. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The majority of home mortgage and small business loans were originated in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, and lending activity reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes. No CRA-related complaints were received by the institution or the Reserve Bank since the previous examination.

Loan-to-Deposit Ratio

Wayne Bank’s loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs. As of December 31, 2021, the bank’s LTD ratio averaged 84.5 percent over a 24-quarter period. The LTD shows a slight increase since the previous examination in which the bank had a ratio of 83.1 percent. The following table compares the bank’s LTD ratio to its local competitors.

Comparative Loan-to-Deposit Ratios as of December 31, 2021	
Institution	Loan-to-Deposit Ratio (%)
	24 – Quarter Average
Wayne Bank & Trust Company	84.5
Competitors	
First Bank Richmond	96.3
Union Savings & Loan Association	95.1
Star Financial Bank	78.8
Citizens State Bank of New Castle	69.1
FCN Bank NA	62.9

Assessment Area Concentration

During the evaluation period, Wayne Bank originated a majority of home mortgage and small business loans in the assessment area. The bank originated 68.1 percent of total loans by number and 58.0 percent by dollar inside the assessment area. Small business loans made up a larger percentage of loans within the assessment area than residential real estate loans, with 70.9 percent of loans by number and 63.3 percent of loans by dollar. Residential real estate loans made up 66.4 percent of loans by number and 54.7 percent of loans by dollar amount. The lower percentage of mortgage loans within the assessment area is attributed to residual lending within Marion County from the since closed loan production office, while small business loans by dollar was affected by a small number of large commercial loans originated outside of the assessment area. Overall, performance indicates the bank is actively serving the credit needs of the local community.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Residential	83	66.4	10,425	54.7	42	33.6	8,617	45.3
Small Business	56	70.9	7,725	63.0	23	29.1	4,527	37.0
Total Loans	139	68.1	18,150	58.0	65	31.9	13,145	42.0

Geographic Distribution of Loans

Wayne Bank’s distribution of loans reflects reasonable dispersion of lending throughout the bank’s assessment area. A gap analysis was completed as part of the evaluation. The bank made loans in 62.2 percent of all assessment area census tracts including low- and moderate-income tracts. Based upon this analysis, it was determined that bank is lending in a majority of census tracts within their assessment area, including low- and moderate-income tracts, and there were no unexplained or conspicuous gaps in contiguous census tracts.

Home Mortgage Loans

Home mortgage lending reflects reasonable dispersion among census tracts of differing income levels, including low- and moderate-income tracts. In 2021, the bank originated 1.2 percent of its home mortgage loans in low-income tracts. Further, 25.3 percent were originated to moderate-income borrowers. The bank’s performance is comparable to the assessment area demographics as the percentage of owner-occupied units in low- and moderate-income tracts is 1.0 and 26.3 percent, respectively.

The following table presents the bank’s geographic distribution of home mortgage loans in 2021.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: 2021 IN Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units
		2021				
		Count Bank		Dollar Bank		
		#	%	\$ (000s)	\$ %	
Totals	Low	1	1.2	88	0.8	1.0
	Moderate	21	25.3	1,959	18.8	26.3
	Middle	51	61.4	6,785	65.1	69.2
	Upper	10	12.0	1,593	15.3	3.5
	Unknown	0	0.0	0	0.0	0.0
	Total	83	100.0	10,425	100.0	100.0
2021 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Loans

Small business lending reflects reasonable dispersion among census tracts of differing income levels, including low- and moderate-income tracts. In 2021, the bank originated 21.4 percent of its small business loans to businesses located within low-income tracts, which is above the assessment area demographics at 6.7 percent. In moderate-income tracts, the bank originated 19.6 percent of its small business loans. The bank’s performance is below the 27.7 percent of small businesses located within moderate-income tracts. Overall, the bank is responsive to businesses in low- and

moderate-income census tracts in the normal course of business.

The following table presents the bank’s geographic distribution of small business loans in 2021.

Geographic Distribution of Small Business Loans						
Assessment Area: 2021 IN Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
				2021		Total Businesses
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	%
Small Business	Low	12	21.4	2,323	30.1	6.7
	Moderate	11	19.6	695	9.0	27.7
	Middle	30	53.6	3,778	48.9	62.5
	Upper	3	5.4	929	12.0	3.1
	Unknown	0	0.0	0	0.0	0.0
	Total		56	100.0	7,725	100.0
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

Wayne Bank’s distribution of loans reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and business of different sizes. Wayne Bank’s loan distribution is reflective of the assessment area incomes and business sizes, and indicates the bank is serving the assessment area’s credit needs.

Home Mortgage Loans

Home mortgage lending reflects reasonable penetration among borrowers of different income levels, including low- and moderate-income borrowers. The bank originated 13.3 percent of its home mortgage loans to low-income borrowers and 14.5 percent to moderate-income borrowers. While the bank’s performance is below assessment area demographics of low- and moderate-income families at 24.3 percent and 19.5 percent, respectively, the bank’s performance is considered reasonable as the bank is primarily a commercial lender.

The following table presents the bank’s borrower distribution of home mortgage loans in 2021.

Borrower Distribution of Home Mortgage Loans						
Assessment Area: 2021 IN Non MSA						
	Borrower Income Levels	Bank & Demographic Comparison				Families by Family Income
		2021				
		Count		Dollar		
		#	%	\$ (000s)	\$ %	%
Totals	Low	11	13.3	776	7.4	24.3
	Moderate	12	14.5	999	9.6	19.5
	Middle	25	30.1	2,867	27.5	21.2
	Upper	35	42.2	5,783	55.5	34.9
	Unknown	0	0.0	0	0.0	0.0
	Total	83	100.0	10,425	100.0	100.0
2021 FFIEC Census Data						
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>						

Small Business Loans

Small business lending reflects reasonable penetration among businesses of different revenue sizes. The bank originated 48.2 percent of its small business loans to businesses with annual revenues of \$1.0 million or less, which is below the assessment area demographics at 90.9 percent. However, 57.1 percent of the bank’s small business loans were in loan amounts of \$100,000 or less and 59.3 percent were in loan amounts of \$100,000 or less to businesses with revenues of \$1.0 million or less. Loans in amounts of \$100,000 or less are considered more responsive to business needs demonstrating the bank’s willingness to meet small business credit needs within the assessment area. In addition, during this examination period, the bank participated in the Paycheck Protection Program (PPP) and made 109 loans totaling \$5.3 million to local businesses during the COVID-19 pandemic, which further illustrates the bank’s willingness in meeting the credit needs of the communities it serves.

The following table presents the bank’s borrower distribution of small business loans in 2021.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2021 IN Non MSA							
Product Type		Bank & Demographic Comparison					
		Count Bank		2021		Total Businesses	
				Dollar Bank			
#	%	\$ 000s	\$ %	%			
Small Business	Revenue	\$1 Million or Less	27	48.2	3,036	39.3	90.9
		Over \$1 Million	29	51.8	4,689	60.7	7.5
		Unknown	0	0.0	0	0.0	1.7
		Total	56	100.0	7,725	100.0	100.0
	Loan Size	\$100,000 or Less	32	57.1	1,337	17.3	
		\$100,001 - \$250,000	15	26.8	2,196	28.4	
		\$250,001 - \$1 Million	9	16.1	4,192	54.3	
		Total	56	100.0	7,725	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	16	59.3	563	18.5	
		\$100,001 - \$250,000	8	29.6	1,109	36.5	
		\$250,001 - \$1 Million	3	11.1	1,364	44.9	
		Total	27	100.0	3,036	100.0	
Originations & Purchases							
2021 FFIEC Census Data & 2021 Dun & Bradstreet information according to 2015 ACS							
<i>Note: Percentages may not add to 100.0 percent due to rounding</i>							

Response to Complaints

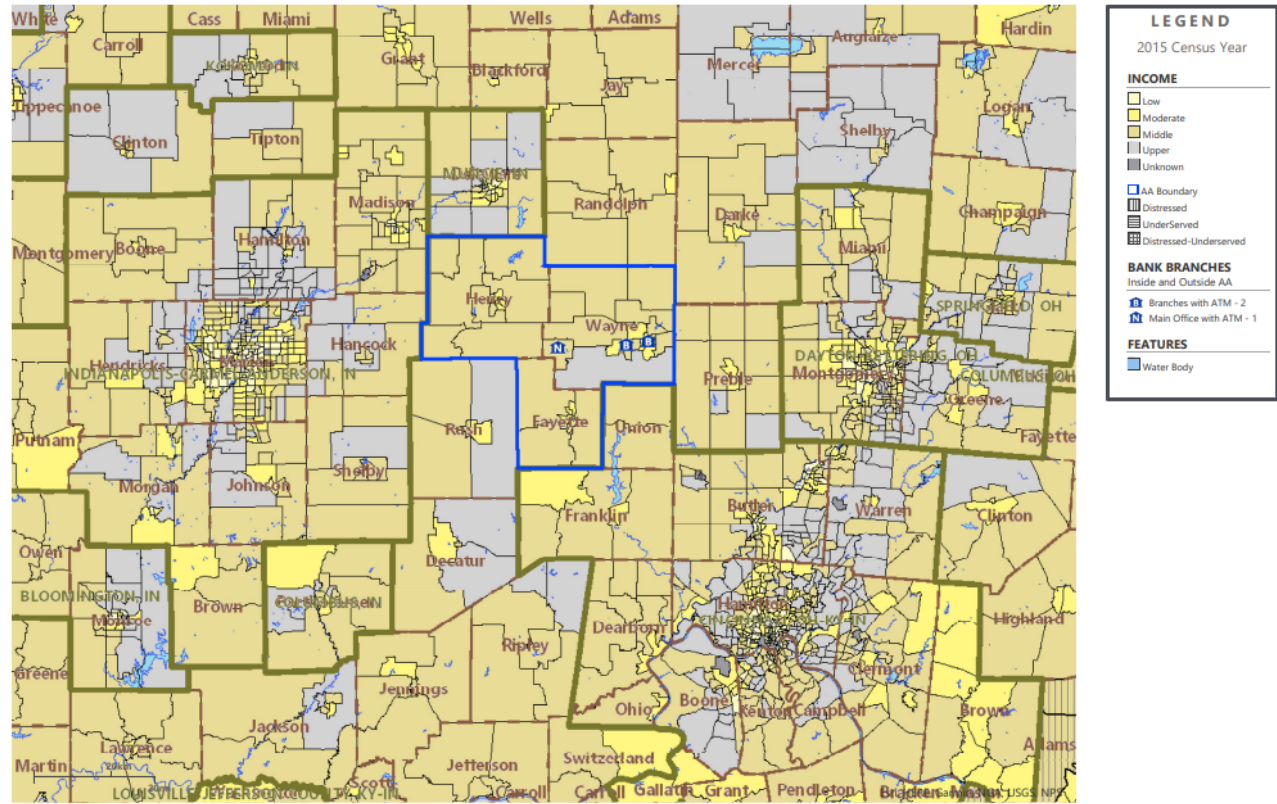
Neither Wayne Bank, nor this Reserve Bank has received any CRA-related complaints since the previous examination.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – Map of Assessment Area

Wayne Bank and Trust Co.
IN Non MSA



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		January 1, 2021 – December 31, 2021	
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
Wayne Bank & Trust Co.			- Home Mortgage loans - Small Business loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	None		None
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Fayette, Henry, and Wayne Counties Non-MSA – Indiana	Full scope review	None	None

APPENDIX C – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.¹

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

¹ Source: FFIEC press release dated October 19, 2011.

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:
 - a. Rates of poverty, unemployment or population loss; or

- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank’s assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: 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 of loans: motor vehicle, credit card, other consumer secured loan, including a home improvement loan not secured by a dwelling, and other consumer unsecured loan, including a loan for home improvement not secured.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into “male householder” (a family with a male household and no wife present) or “female householder” (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing

units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level: Income level means:

- 1) Low-income – an 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 census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;
- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan production office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

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: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm: This term refers to a loan that is included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand 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.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).