



PUBLIC DISCLOSURE

December 08, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Crossroads Bank
Charter Number 704175

1205 N Cass St Wabash, IN 46992-1027

Office of the Comptroller of the Currency

Indianapolis Field Office 8777 Purdue Road, Suite 105 Indianapolis, IN 46268

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of 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.

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Factors supporting Crossroads Bank (Crossroads or bank) Satisfactory rating include:

- Reasonable loan-to-deposit (LTD) ratio;
- Substantial majority of primary product loans inside the assessment area (AA);
- Reasonable penetration to borrowers of different income levels;
- Excellent dispersion of loans to moderate-income areas; and,
- Adequate responsiveness to the community development (CD) needs of its AAs through CD loans, qualified investments, and CD services.

Scope of Examination

Examiners utilized the Intermediate Small Bank (ISB) examination procedures to evaluate the bank's record of meeting the credit needs of its community. ISB procedures include a Lending Test and a Community Development Test. The Lending Test focused on the bank's primary lending products, which we determined to be home purchase and home mortgage refinance loans reported under the Home Mortgage Disclosure Act (HMDA). Home mortgage refinance loans were given more weight in the analysis, due to the larger volume of loans. We tested HMDA data to verify the accuracy of the data and determined it to be reliable. We used HMDA loans reported in 2012 and 2013 in our lending test analysis. Demographic data is from the 2010 Census unless otherwise noted.

The Community Development Test will consider all activities since the last CRA evaluation, dated April 25, 2011 through September 30, 2014. The Community Development Test evaluates an ISB's performance based on its responsiveness to the needs of its AAs through eligible community development loans, qualified investments, and community development services. The adequacy of a bank's responsiveness depends on its capacity for community development activities, AA needs, and the availability of opportunities within the AAs.

Description of Institution

Crossroads Bank is a federally chartered stock savings bank located in Wabash, Indiana, wholly owned by FFW Corporation. The bank has five full-service locations, including the main office, and five non-deposit taking automated teller machines (ATMs) in its AAs, detailed below. No branches were opened or closed since the last CRA evaluation. As of September 30, 2014 Crossroads had \$341.3 million in total assets. The bank offers a variety of credit and deposit products to its community. Lending products are primarily focused on single-family mortgage loans and loans to area businesses.

As of September 30, 2014, the bank reported \$224.6 million in outstanding loans, reflecting loans and leases to total assets of 65.9 percent. The table below shows a summary of Crossroads loan portfolio, as of September 30, 2014.

| Crossroads' Investment in Loans | | | |
|--|------------------|------------------------|-------------------------|
| Loan Category | Amount (\$000's) | Percent of Total Loans | Percent of Total Assets |
| Real Estate | \$167,728 | 74.7% | 49.2% |
| Commercial Loans | 26,454 | 11.8% | 7.8% |
| Consumer and Other Loans | 30,446 | 13.5% | 8.9% |
| Total | \$224,628 | 100% | 65.9% |

Source: 9/30/14 Uniform Bank Performance Report

The bank's ability to meet the credit needs of its AAs is not impaired by its financial condition or other impediments. Crossroads received a rating of "Satisfactory" in its prior CRA performance evaluation, dated April 25, 2011.

Description of Assessment Area(S)

The bank has two AAs, both receiving full-scope reviews. The AAs consist of one metropolitan statistical area (MSA) and a Non-MSA area in Indiana. The AAs include Whitley County in the Fort Wayne MSA and a Non-MSA AA made up of two Indiana counties in its entirety, Kosciusko and Wabash counties. The Non-MSA AA carried the most weight, since the largest number and dollar volume of loans were made in this AA.

Non-MSA

The Non-MSA AA consists of two counties in Indiana, Kosciusko and Wabash. The bank's main office, one branch, and two ATMs are located in Wabash County, in middle-income census tracts. One full service branch and one ATM are located in Kosciusko County, in middle-income census tracts. There are no low-income census tracts, two moderate-income, 20 middle-income, and five upper-income census tracts in this AA. The FFIEC estimated median family income for 2012 was \$53,600 and \$52,700 for 2013. The bank is ranked second, out of 16 institutions, in deposit market share in this AA, with 14.9 percent of total deposits.

| Demographic Information for Full Scope Area: Non-MSA (Wabash and Kosciusko County) | | | | | | |
|---|------------|------------|-----------------|---------------|--------------|------------|
| Demographic Characteristics | Number (#) | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 27 | 0.00 | 7.41 | 74.07 | 18.52 | 0.00 |
| Population by Geography | 110,246 | 0.00 | 5.59 | 73.26 | 21.15 | 0.00 |
| Owner-Occupied Housing by Geography | 33,639 | 0.00 | 4.51 | 74.58 | 20.91 | 0.00 |
| Business by Geography | 8,099 | 0.00 | 9.73 | 70.29 | 19.98 | 0.00 |
| Farms by Geography | 906 | 0.00 | 2.87 | 78.04 | 19.09 | 0.00 |
| Family Distribution by Income Level | 31,181 | 15.27 | 18.50 | 25.10 | 41.13 | 0.00 |

| | | | | | | |
|--|--------|---|---------|-------|-------|------|
| Distribution of Low and Moderate Income Families throughout AA Geographies | 10,529 | 0.00 | 9.25 | 76.88 | 13.87 | 0.00 |
| Median Family Income | 52,796 | Median Housing Value | 125,295 | | | |
| FFIEC Adjusted Median Family Income for 2013 | 52,700 | Unemployment Rate (2013 Bureau of Labor Statistics) | 6.75% | | | |
| Households Below Poverty Level | 10% | | | | | |

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 US Census, 2013 FFIEC estimated MFI, and 2013 Bureau of Labor Statistics

The community contact made in this AA noted that community banks are very involved in both lending and also volunteering and giving back to the community. As in many small communities, there is a need for more senior housing and services for the homeless, specifically shelters. The local economy experienced a downturn with the rest of the country but the last two years has seen growth in the community with new small businesses and larger employers coming to the area.

Fort Wayne MSA

The Fort Wayne MSA is made up of three counties in Indiana: Allen, Wells, and Whitley counties. The bank's AA includes only Whitley County. The bank has two full service branches and two ATMs in this AA, located in middle-income census tracts. There are no low- or moderate-income census tracts in this AA. There are six middle-income and one upper-income census tracts in the AA. The FFIEC estimated median family income for 2012 was \$63,800 and \$61,900 for 2013. The bank is ranked third, out of eight institutions, in deposit market share in this AA, with 13.2 percent of total deposits.

| Demographic Information for Full Scope Area: Fort Wayne MSA (Whitley County) | | | | | | |
|--|------------|---|-----------------|---------------|--------------|------------|
| Demographic Characteristics | Number (#) | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 7 | 0.00 | 0.00 | 85.71 | 14.29 | 0.00 |
| Population by Geography | 33,292 | 0.00 | 0.00 | 89.78 | 10.22 | 0.00 |
| Owner-Occupied Housing by Geography | 11,021 | 0.00 | 0.00 | 89.00 | 11.00 | 0.00 |
| Business by Geography | 2,436 | 0.00 | 0.00 | 90.44 | 9.56 | 0.00 |
| Farms by Geography | 340 | 0.00 | 0.00 | 75.00 | 25.00 | 0.00 |
| Family Distribution by Income Level | 8,996 | 14.44 | 17.95 | 28.08 | 39.53 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 2,914 | 0.00 | 0.00 | 92.48 | 7.52 | 0.00 |
| Median Family Income | 60,235 | Median Housing Value | 123,358 | | | |
| FFIEC estimated Median Family Income for 2013 | 61,900 | Unemployment Rate (2013 Bureau of Labor Statistics) | 6.8% | | | |
| Households Below Poverty Level | 7% | | | | | |

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 US Census, 2013 FFIEC estimated MFI, and 2013 Bureau of Labor Statistics

Conclusions with Respect to Performance Tests

LENDING TEST

Crossroads performance in helping meet the needs of its AAs through lending is satisfactory.

Loan-to-Deposit Ratio

Crossroads' average loan-to-deposit (LTD) ratio is considered reasonable. The bank's average quarterly LTD ratio since the last evaluation is 74.44 percent. This represents 14 quarters from April 1, 2011 through September 30, 2014. During the review period, the LTD ratio ranged from a high of 80.90 percent to a low of 69.79 percent. The ratio declined during the review period but stabilized over the last four quarters. The decline is attributed to adverse economic conditions that resulted lower loan demand. The bank's LTD ratio is reasonable compared to other similarly situated lenders located in the bank's AA. The other similarly situated lenders have LTD ratios ranging from 101.16 percent to 62.94 percent.

Lending in Assessment Area

A substantial majority of the bank's loans are made inside its AAs. For the evaluation period, the bank made 85.31 percent of loans in its AAs by number and 84.81 percent by dollar.

| Lending in Assessment Area | | | | | | | | | | |
|----------------------------|-----------------|-------|---------|-------|-------|------------------|-------|---------|-------|---------|
| Loan Type | Number of Loans | | | | | Dollars of Loans | | | | |
| | Inside | | Outside | | Total | Inside | | Outside | | Total |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Mortgage Refinance | 706 | 87.59 | 100 | 12.41 | 806 | 80,987 | 87.05 | 12,045 | 12.95 | 93,032 |
| Home Purchase | 235 | 79.12 | 62 | 20.88 | 297 | 23,006 | 77.74 | 6,587 | 22.26 | 29,593 |
| Totals | 941 | 85.31 | 162 | 14.69 | 1,103 | 103,993 | 84.81 | 18,632 | 15.19 | 122,625 |

Source: Data reported under 2012-2013 HMDA

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The overall distribution of Crossroads home purchase and home mortgage refinance loans to low- and moderate-income borrowers reflects reasonable penetration.

Non-MSA

The bank's overall distribution of loans to borrowers of low- and moderate-income in the Non-MSA AA is considered reasonable. The bank's percentage of home purchase loans made to low-income borrowers is higher than that of other institutions in the AA, while home mortgage refinance lending is similar to other AA lenders. Home purchase loans to moderate-income borrowers is below the percentage of loans made by other institutions in the area, while home mortgage refinance loans exceed those made by other AA lenders.

| Borrower Distribution of Residential Real Estate Loans in Non-MSA Assessment Area | | | | | |
|--|----------------------|-----------|--------------------------|-----------|-------------------------------------|
| Borrower Income Level | % Total Thrift Loans | | % of Loans by AA Lenders | | % of AA Families by Income Level |
| Loan Type | Purchase | Refinance | Purchase | Refinance | |
| Low | 9.73 | 6.49 | 7.39 | 6.94 | 15.27 |
| Moderate | 23.78 | 17.72 | 28.11 | 15.59 | 18.50 |
| Middle | 28.65 | 31.58 | 28.52 | 25.61 | 25.10 |
| Upper | 37.84 | 44.21 | 35.98 | 51.87 | 41.13 |

Source: Data reported under 2012-2013 HMDA; 2013 Peer Mortgage Data

Fort Wayne MSA

The bank’s overall distribution to low- and moderate-income borrowers in the Fort Wayne MSA AA is considered reasonable. The bank’s lending to low-income borrowers is slightly below that of other lenders in the assessment area for home purchase loans and slightly above other lenders for home mortgage refinance loans. The bank's home purchase lending to moderate-income borrowers is well below that of other lenders; however, it significantly exceeds the percentage of moderate-income families in the AA. Home mortgage refinance lending, by the bank, is also below that of other lenders in the AA but exceeds the percentage of moderate-income families in the AA.

| Borrower Distribution of Residential Real Estate Loans in Fort Wayne MSA Assessment Area | | | | | |
|---|----------------------|-----------|--------------------------|-----------|-------------------------------------|
| Borrower Income Level | % Total Thrift Loans | | % of Loans by AA Lenders | | % of AA Families by Income Level |
| Loan Type | Purchase | Refinance | Purchase | Refinance | |
| Low | 15.22 | 9.45 | 16.20 | 8.54 | 14.44 |
| Moderate | 26.09 | 22.05 | 34.82 | 26.36 | 17.95 |
| Middle | 32.61 | 30.71 | 22.35 | 27.39 | 28.08 |
| Upper | 26.09 | 37.80 | 26.63 | 37.70 | 39.53 |

Source: Data reported under 2012-2013 HMDA; 2013 Peer Mortgage Data

Geographic Distribution of Loans

The overall geographic distribution of Crossroads’ home purchase loans and home mortgage refinance loans in moderate-income geographies reflects excellent dispersion. There are no low-income census tracts in the bank’s AAs.

Non-MSA

There are no low-income census tracts in this AA. The bank's dispersion of loans to moderate-income census tracts is considered excellent. The bank's percentage of home purchase loans in moderate-income census tracts is well above the percentage made by other lenders in the AA and is above the percentage of owner occupied housing units in the AA. The bank's percentage of home mortgage refinance loans is also above other lenders in the AA and above the percentage of owner-occupied housing units in the AA. The bank made loans in all census tracts in this assessment area.

| Geographic Distribution of Residential Real Estate Loans in Non-MSA Assessment Area | | | | | |
|--|----------------------|-----------|--------------------------|-----------|--|
| Census Tract Income Level | % Total Thrift Loans | | % of Loans by AA Lenders | | % of AA Owner Occupied Housing Units |
| | Purchase | Refinance | Purchase | Refinance | |
| Low | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Moderate | 13.23 | 5.57 | 4.52 | 2.79 | 4.51 |
| Middle | 74.60 | 75.48 | 66.35 | 72.76 | 74.58 |
| Upper | 12.17 | 18.96 | 29.13 | 24.44 | 20.91 |

Source: Data reported under 2012-2013 HMDA; 2013 Peer Mortgage Data

Fort Wayne MSA

A geographic distribution analysis was not performed for the Fort Wayne MSA since the AA has no low- or moderate-income census tracts. The analysis would not be meaningful.

Responses to Complaints

There were no consumer complaints relating to the bank’s CRA performance during the evaluation period.

COMMUNITY DEVELOPMENT TEST

Crossroads’ CD performance is rated satisfactory. Crossroads demonstrates adequate responsiveness to the CD needs of its assessment areas through its level of CD loans, qualified investments, and services.

Number and Amount of Community Development Loans

The bank's CD lending performance demonstrates adequate responsiveness to the CD needs of its AAs through qualified loans considering the bank's capacity and the need and availability of such opportunities in the bank's AAs. Crossroads made a total of \$3.98MM in CD loans during the review period.

Non-MSA

The bank made seven qualified CD loans totaling \$1,329,600 in the AA. Qualifying loans include revolving lines of credit with Habitat for Humanity and small business loans that promote economic development. This demonstrates adequate responsiveness.

Fort Wayne MSA

The bank made four qualified CD loans totaling \$2,635,000 in the AA. Qualifying loans include small business loans that promote economic development and revolving lines of credit for organizations providing services to low- and moderate-income individuals. This demonstrates adequate responsiveness.

Number and Amount of Qualified Investments

The bank's qualified investment performance demonstrates adequate responsiveness to the CD needs of its AAs through qualified investments considering the bank's capacity and the need and availability of such opportunities in the bank's AAs. Crossroads made a total of \$94,270 in qualified investments, during the review period, in the form of grants and donations in its AAs. The bank made additional investments and donations totaling \$535,240 to organizations outside of its AAs, located in the greater statewide or regional area. Approximately 98 percent was an investment in the Great Lakes Capital Fund, to support affordable housing and promote economic development.

Non-MSA

The bank's CD investment performance demonstrates adequate responsiveness to the CD needs of the Non-MSA AA. Crossroads provided 38 donations and grants totaling \$73,132 during the review period. The donations and grants went to various organizations in the MSA, which assist low-and moderate-income individuals and promote economic development.

Fort Wayne MSA

The bank's CD investment performance demonstrates adequate responsiveness to the CD needs of the Fort Wayne MSA given the bank's concentration in only one county in this AA. Crossroads provided 12 donations and grants totaling \$21,138 during the review period. The donations and grants went to various organizations in the MSA that assist low-and moderate-income individuals and support affordable housing.

Extent to Which the Bank Provides Community Development Services

The bank's CD service performance demonstrates adequate responsiveness to the CD needs of its AAs through services considering the bank's capacity and the need and availability of such opportunities in the bank's AAs. Crossroads' employees provided CD services to multiple organizations and modified 24 loans for struggling borrowers.

Non-MSA

Crossroads' CD service performance demonstrates adequate responsiveness to the community development needs of its Non-MSA AA.

Twelve employees provided CD services to ten organizations during the review period. The services include serving on the board of directors and/or financial committee of various organizations including, but not limited to, Wabash County Economic Development Group, Community Action of Northeast Indiana, and Wabash County United Fund. Twenty-two loan modifications for struggling borrowers were also completed in this area.

Fort Wayne MSA

Crossroads' CD service performance demonstrates adequate responsiveness to the community development needs of its Fort Wayne MSA AA through qualified services.

Eleven employees provided CD services to ten organizations during the review period. The services include serving on the board of directors and/or financial committee of various organizations including, but not limited to, Habitat for Humanity, Whitley County Chamber of Commerce, and Whitley County Community Foundation. Two loan modifications for struggling borrowers were also completed in this area.

Responsiveness to Community Development Needs

The bank's overall CD performance demonstrates adequate responsiveness to the community development needs of its AAs through CD loans, qualified investments, and services.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.